Telefónica

CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2015, December 31, 2014 and March 31, 2014 (not audited)

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

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Notes to the Consolidated Financial Statements

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

	Notes	03.31.2015	12.31.2014
		ThCh$	ThCh$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	(5)	132,992,308	120,638,713
Other current financial assets	(6)	7,057,536	6,396,473
Other current non-financial assets	(7)	16,791,003	15,007,653
Current trade and other accounts receivable	(8a)	120,884,911	127,158,359
Current receivables from related companies	(9a)	60,323,875	55,738,039
Inventory	(10a)	13,036,117	5,036,459
Current tax assets	(11b)	9,138,745	3,762,578
Total current assets other than assets groups of assets for disposal, classified as available for sale or as held for distribution to owners		**360,224,495**	**333,738,274**
Non-current assets or groups of assets for disposal, classified as available for sale or held for distribution to owners	(16)	159,244	168,640
TOTAL CURRENT ASSETS		**360,383,739**	**299,338,947**
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	117,950,383	108,075,246
Other non-current non-financial assets	(7)	2,547,373	1,022,442
Non-current trade and other accounts receivable	(12)	18,030,284	17,817,548
Non-current receivables from related companies	(9b)	1,366,521	1,366,521
Intangible assets other than goodwill, net	(13a)	38,106,651	43,796,059
Goodwill	(14)	21,660,128	21,660,128
Property, plant and equipment, net	(15a)	998,694,028	996,058,664
Deferred tax assets	(11c)	7,235,925	10,771,710
TOTAL NON-CURRENT ASSETS		**1,205,591,293**	**1,200,568,318**
TOTAL ASSETS		**1,565,975,032**	**1,534,465,836**

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

	Notes	03.31.2015	12.31.2014
		ThCh$	ThCh$
LIABILITIES			
CURRENT LIABILITIES			
Other current financial liabilities	(17)	15,766,275	13,308,865
Trade and other payables	(18a)	119,130,840	143,963,646
Current payables to related companies	(9c)	117,188,550	79,702,322
Other current provisions	(20)	1,834,794	1,754,983
Current tax liabilities	(11f)	1,490,433	2,741,836
Current employee benefits accrual	(21a)	5,149,936	4,837,090
Other current non-financial liabilities	(22)	21,374,380	20,930,879
TOTAL CURRENT LIABILITIES		**281,935,208**	**267,239,621**
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(17)	428,696,838	415,609,529
Non-current Current payables to related companies	(9d)	73,907,269	73,072,215
Other non-current provisions		543,244	543,244
Deferred tax liabilities	(11c)	76,696,056	76,691,852
Non-current employee benefits accrual	(21a)	26,441,327	25,901,322
Other non-current non-financial liabilities	(22)	5,963,388	6,191,689
TOTAL NON-CURRENT LIABILITIES		**612,248,122**	**598,009,851**
TOTAL LIABILITIES		**894,183,330**	**865,249,472**
NET SHAREHOLDERS' EQUITY			
Issued capital	(23a)	578,078,382	578,078,382
Retained earnings		82,251,278	79,323,406
Other reserves	(23d)	1,473,677	2,107,165
Shareholders' equity attributable to owners of the parent		661,803,337	659,508,953
Non-controlling interest	(23f)	9,988,365	9,707,411
TOTAL NET SHAREHOLDERS' EQUITY		**671,791,702**	**669,216,364**
TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY		**1,565,975,032**	**1,534,465,836**

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

		For the periods ended March 31,	
	Notes	2015	2014 (not audited)
STATEMENTS OF COMPREHENSIVE INCOME		ThCh$	ThCh$
Income from ordinary operations	(25a)	169,205,643	165,347,706
Other income, by segment	(25b)	31,976	47,789
Employee benefits expenses	(21d)	(19,518,340)	(22,863,841)
Depreciation and amortization expense	(13b)(15b)	(46,484,265)	(44,527,458)
Other expenses, by nature	(25c)	(94,245,520)	(81,634,910)
Profit from operating activities		**8,989,494**	**16,369,286**
Interest income	(25d)	1,247,449	1,934,014
Interest expense	(25d)	(5,498,523)	(7,597,153)
Foreign exchange differences	(25e)	(115,418)	78,141
Income from indexation units	(25e)	1,624	(49,450)
Profits before tax from continuing operations		**4,624,626**	**10,734,838**
Income tax expense	(11e)	(1,380,218)	(1,364,852)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**3,244,408**	**9,369,986**
Profit attributable to holders of equity instruments of the controller and minority interest:			
Profit attributable to owners of the parent		2,927,873	8,481,994
Profit attributable to non-controlling interest	(23e)	316,535	887,992
PROFIT FOR THE PERIOD		**3,244,408**	**9,369,986**
EARNINGS PER SHARE		Ch$	Ch$
Earnings per basic share			
Earnings per basic share for continuing operations	(24)	3.06	8.86
Earnings per basic share for discontinuing operations			-
Earnings per basic share		3.06	8.86
Diluted earnings per share			
Diluted earnings per share from continuing operations		3.06	8.86
Diluted earnings per share from discontinuing operations			-
Diluted earnings per share		3.06	8.86

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

	For the periods ended March 31,	
	2015	**2014** (not audited)
STATEMENTS OF COMPREHENSIVE INCOME	**ThCh$**	**ThCh$**
PROFIT FOR THE PERIOD	**3,244,408**	**9,369,986**
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified to income for the period		
Other comprehensive income, before taxes, profits (losses) on new measurements of defined benefits plans	-	-
Total other comprehensive income that will not be reclassified to income for the period	**-**	**-**
Components of other comprehensive income that will be reclassified to income for the period		
Profit (loss) on new measurement of financial assets available for sale	(799,865)	881,006
Profit (loss) on cash flow hedges	210,691	(5,980,590)
Total Components of other comprehensive income that will be reclassified to income for the period	**(589,174)**	**(5,099,584)**
Total other components of other comprehensive income, before taxes	**(589,174)**	**(5,099,584)**
Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period		
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	-	-
Total income taxes associated to components of other comprehensive income which will not be reclassified to income for the period	**-**	**-**
Income taxes associated to components of other comprehensive income which will be reclassified to income for the period		
Income tax related to hedging cash flows from other comprehensive income	(44,634)	1,196,118
Total income taxes associated to components of other comprehensive income which will be reclassified to income for the year	**(44,634)**	**1,196,118**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(633,808)**	**(3,903,466)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,610,600**	**5,466,520**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Comprehensive income attributable to owners of the parent	2,294,065	4,578,528
Comprehensive income attributable to non-controlling interest	316,535	887,992
TOTAL COMPREHENSIVE INCOME	**2,610,600**	**5,466,520**

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

	Changes in capital (Note 23a)	Changes in the other reserves (Note 23d)					Retained earnings	Equity attributable to owners of the parent	Non controlling interests (Note 23e)	Total equity
	Issued capital	Cash flow hedge reserves	Benefit plan gain and loss reserve	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves	Total other reserves				
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of 01.01.2015	**578,078,382**	**14,549,944**	**(3,279,142)**	**2,641,844**	**(11,805,481)**	**2,107,165**	**79,323,405**	**659,508,952**	**9,707,411**	**669,216,363**
Changes in equity										
Comprehensive income										
Profit	-	-	-	-	-	-	2,927,873	2,927,873	316,535	3,244,408
Other comprehensive income	-	166,377	-	(799,865)	-	(633,488)	-	(633,488)	-	(633,488)
Comprehensive income	**-**	**166,377**	**-**	**(799,865)**	**-**	**(633,488)**	**2,927,873**	**2,294,385**	**316,535**	**2,610,920**
Dividends	-	-	-	-	-	-	-	-	-	-
Other decrease from transfers and other changes	-	-	-	-	-	-	-	-	(35,581)	(35,581)
Total changes in shareholders' equity	**-**	**166,377**	**-**	**(799,865)**	**-**	**(633,488)**	**2,927,873**	**2,294,385**	**280,954**	**2,575,339**
Ending balance as of 03.31.2015	**578,078,382**	**14,716,321**	**(3,279,142)**	**1,841,979**	**(11,805,481)**	**1,473,677**	**82,251,278**	**661,803,337**	**9,988,365**	**671,791,702**
Beginning balance as of 01.01.2014	**578,078,382**	**7,978,286**	**(2,415,709)**	**2,496,132**	**(10,849,812)**	**(2,791,103)**	**67,065,016**	**642,352,295**	**6,412,973**	**648,765,268**
Changes in equity										
Comprehensive income		-		-	-	-	8,481,994	8,481,994	887,992	9,369,986
Profit	-	(4,784,472)	-	881,006	-	(3,903,466)	-	(3,903,466)	-	(3,903,466)
Other comprehensive income	-	**(4,784,472)**	-	**881,006**	**-**	**(3,903,466)**	**8,481,994**	**4,578,528**	**887,992**	**5,466,520**
Comprehensive income	**-**	-	**-**	-	-	-	-	-	-	-
Other increase (decrease) from transfers and other changes	-	**-**	-	**-**	**-**	**-**	**-**	**-**	(10)	**(10)**
Total changes in shareholders' equity	**-**	**(4,784,472)**	-	**881,006**	**-**	**(3,903,466)**	**8,481,994**	**4,578,528**	**887,982**	**5,466,510**
Ending balance as of 03.31.2014 (not audited)	**578,078,382**	**3,193,814**	**(2,415,709)**	**3,377,138**	**(10,849,812)**	**(6,694,569)**	**75,547,010**	**646,930,823**	**7,300,955**	**654,231,778**

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

	Notes	2015 ThCh$	2014 (not audited) ThCh$
		For the periods ended March 31,	
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Classes of operating activity charges			
Proceeds from sale of assets and services rendered		**267,203,404**	**259,927,008**
Proceeds from sales and services		229,569,478	216,014,680
Proceeds from related entities		37,633,926	43,912,328
Classes of payments			
Payments to suppliers for supplying goods and services		(149,640,097)	(143,904,624)
Payments to and on account of employees		(48,952,532)	(50,305,842)
Other operating activity payments		(24,017,465)	(15,388,248)
Net cash flows provided by (used in) operating activities		**44,593,310**	**50,328,294**
Income taxes paid reimbursed classified as operating activities (less)		(4,215,535)	(6,569,943)
Cash flows provided by (used in) operating activities		**40,377,775**	**43,758,351**
CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES			
Proceeds from sale of property, plant and equipment, classified as investing activities		-	-
Additions to property, plant and equipment, classified as investing activities		(56,519,018)	(74,434,510)
Dividends received, classified as investing activities	(6b)	-	92,364
Interest received, classified as investing activities		1,026,037	1,774,391
Net cash flows provided by (used in) investment activities		**(55,492,981)**	**(72,567,755)**
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Proceeds from loans, classified as financing activities			
Proceeds from non-current loans	(17b)	-	47,000,000
Loans to related entities		28,564,426	15,310,000
Reimbursement of loans classified as financing activities	(17b)	-	(138,553,850)
Payments of financial lease liabilities, classified as financing activities		(135,827)	(507,821)
Interest paid, classified as financing activities		(1,543,726)	(5,289,928)
Other cash inputs (outputs), classified as financing activities		583,928	13,118,100
Net cash flows provided by (used in) financing activities		**27,468,801**	**(68,923,499)**
Increase (decrease) in cash and cash equivalents, before the effects of changes in the exchange rate		**12,353,595**	**(97,732,903)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**12,353,595**	**(97,732,903)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**120,638,713**	**173,015,722**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5)	**132,992,308**	**75,282,819**

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

1. Corporate information:

Telefónica Chile S.A. and Subsidiaries ("the Company") provides telecommunications services in Chile, consisting of fixed telecommunications, television, long distance, corporate communications and other services. The Company is located on Avenida Providencia No. 111, Santiago, Chile.

The Company is a publicly traded corporation registered with the Securities Registry, under No. 009 and therefore is subject to supervision by the Chilean Superintendency of Securities and Insurance ("SVS").

At the Extraordinary Shareholders' Meeting held on April 23, 2009 the shareholders agreed to change the name of "Compañía de Telecomunicaciones de Chile S.A" to "Telefónica Chile S.A.".

Telefónica Chile S.A. is part of the Telefónica Group. Its parent company is Telefónica Internacional Holding S.A., which is indirect subsidiary of Telefonica S.A., headquartered in Spain.

The subsidiary company registered in the Securities Registry is:

Subsidiary	Taxpayer number	Registration number	Participation percentage (direct and indirect) 03.31.2015 %	12.31.2014 %
Telefónica Larga Distancia S.A.	96.672.160-K	1061	99.93	99.93

2. Significant accounting principles:

a) Accounting period

These consolidated financial statements (hereinafter, "financial statements") the following periods: Statements of Financial Position are presented as of March 31, 2015 and December 31, 2014; Statement of Changes in Equity, Statements of Comprehensive Income and Statement of Cash Flows for the three-month periods ended as of March 31, 2015 and March 31, 2014 (not audited).

b) Basis of presentation

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

c) Basis of preparation

These consolidated financial statements as of March 31, 2015 have been prepared in accordance with instructions and standards for preparation and presentation of financial information issued by the Superintendency of Securities and Insurance ("SVS"), which are composed of International Financial Reporting Standards ("IFRS") and Circular 856 dated October 17, 2014 which instructs the entities that the SVS oversees to record differences in deferred tax assets and liabilities produced as a direct effect of the increase in the first category (corporate) tax rate introduced by Law 20,780 plus specific standards set

2. Significant accounting principles, continued

c) Basis of preparation

Forth by the SVS, in the year 2014, and charge them to shareholders' equity. Consequently, the financial statements as December 31, 2014 statements have not been prepared in accordance with IFRS.

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

The 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.

d) Basis of consolidation

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

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

-Power over the investee (i.e. existing rights that give it the capacity to direct the relevant activities of the investee).

-Exposure, or right to variable returns from its interest in the investee; and

-Capacity to use its power over the investee to influence the amount of the returns of the investor.

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

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

2. Significant accounting principles, continued

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Country of origin	Functional currency	Participation percentage 03.31.2015			12.31.2014
				Direct	Indirect	Total	Total
96.961.230-5	Telefónica Gestión de Servicios Compartidos Chile S.A. (1)	Chile	CLP	-	-	-	99.99
78.703.410-1	Telefónica Empresas Chile S.A.	Chile	CLP	99.99	-	99.99	99.99
96.811.570-7	Instituto Telefónica Chile S.A.	Chile	CLP	-	-	-	99.99
96.672.160-k	Telefónica Larga Distancia S.A.	Chile	CLP	99.93	-	99.93	99.93
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.00	2.00	51.00	51.00

(1) On November 25, 2014 Telefónica Gestión de Servicios Compartidos Chile S.A. absorbed subsidiary Instituto Telefónica Chile S.A. Subsequently, on December 9, 2014 Telefónica Chile S.A. absorbed subsidiary Telefónica Gestión de Servicios Compartidos Chile S.A, acquiring all its assets and liabilities and will succeed it in all its rights and obligations as legal continuer, incorporating all equity.

2. Significant accounting principles, continued

d) Basis of consolidation, continued

The summarized financial information at March 31, 2015 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation	Currents assets ThCh$	Non-currents assets ThCh$	Total assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
78.703.410-1	Telefónica Empresas Chile S.A.	99.9999997	166,374,440	122,991,893	289,366,333	148,939,862	1,966,633	150,906,495	138,459,838	65,300,148	(3,590,347)
96.672.160-k	Telefónica Larga Distancia S.A.	99.9297221	45,852,269	64,005,355	109,857,624	44,921,955	3,788,206	48,710,161	61,147,463	15,160,346	4,089,810
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	51.0000000	98,877,784	44,679,996	143,557,780	90,262,847	32,998,217	123,261,064	20,296,716	43,440,305	640,125

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

Taxpayer No.	Company Name	% Participation	Currents assets ThCh$	Non-currents assets ThCh$	Total assets ThCh$	Currents liabilities ThCh$	Non-currents liabilities ThCh$	Total liabilities ThCh$	Equity ThCh$	Revenues from ordinary operations ThCh$	Profit (loss), Net ThCh$
78.703.410-1	Telefónica Empresas Chile S.A.	99.9999997	158,056,250	121,338,674	279,394,924	135,588,255	2,014,312	137,602,567	141,792,357	247,167,820	(1,976,800)
96.672.160-k	Telefónica Larga Distancia S.A.	99.9297221	72,913,986	63,171,264	136,085,250	20,285,730	3,883,730	24,169,460	111,915,790	65,343,192	14,824,145
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	51.0000000	83,858,065	48,078,699	131,936,764	79,825,490	32,460,748	112,286,238	19,650,526	182,936,724	5,926,930

2. Significant accounting principles, continued

e) Foreign exchange differences

Balances of monetary assets and liabilities denominated in foreign currency are presented valued at the closing exchange rate for each year. Foreign currency translation resulting from the application of this standard is recognized in income for the year under "foreign currency translation" and differences resulting from the valuation of the UF are recognized in income for the year under "income from indexation units".

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

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

Assets and liabilities in US$ (United States dollars), Euros, Brazilian Real, JPY (Japanese Yen) and UF (Unidades de Fomento), have been converted to Chilean Pesos using the observed exchange rates as of each period-end, detailed as follows:

DATE	USD	EURO	REAL	UF
March.31.2015	626.58	672.73	195.77	24,622.78
Dec.31.2014	606.75	738.05	228.27	24,627.10
March.31.2014	551.18	759.10	244.44	23,606.97

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

i) Loans and accounts receivable, continued

Allowance for doubtful accounts have been determined on uncollectable debts based on stratification of the customer portfolio and age of the debts. Total uncollectability is reached 90 days after the due date of the debt, with a 100% allowance, except for the customer portfolio for the corporate segment and wholesale segment, where the total accrual is reached 180 days after the due date.

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

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

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

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

ii) Financial assets at fair value through profit or loss

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

iii) Financial assets held to maturity

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

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

iv) Financial assets available for sale

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

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

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

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Cash and cash equivalents

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

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

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 19).

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

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

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

i) Financial liabilities at fair value through profit or loss

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

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

Profits or losses on liabilities held for trading are recognized with a charge or credit to comprehensive income. This category includes derivative instruments not designated for hedge accounting and also considers embedded derivatives.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Financial liabilities, continued

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 holds hedge derivatives to manage its exposure to interest and/or 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 hedged transactions.

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

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

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

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

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

4. Derivative financial instruments, continued

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

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

g) Inventory

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

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

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

The value of products that are obsolete, defective or have a slow turnover has been reduced to their possible net realization value, which has been determined on the basis of a study of materials with slow turnover, which according to the Company's policies have been defined as materials that have not been commercialized and/or have not had any turnover in a period of 24 months or more. Likewise, products or accessories in warehouse for scrapping are considered a total loss.

h) Non-current assets destined for sale

Non-current assets destined for sale are measured at the lower end of the book and fair values, less the cost to sell. Assets are included in this heading when the book value can be recovered through a sales transaction, which is highly likely to take place when they are immediately available in their present condition. Management must be committed to a plan to sell the asset and must have actively begun a program to find a buyer and complete the plan. Likewise, it must be expected that the sale will qualify for full completion within a year following its classification date.

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

2. Significant accounting principles, continued

i) Impairment of non-current assets

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

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

Discount rates used are determined before taxes and adjusted for the respective country and business risk. Thus, as of December 31, 2014 the rate used was 7.29%. At March 31, 2015 and March 31, 2014 (not audited) no impairment adjustments were made.

j) Leases

Leased assets for which the lessor retains a significant part of the risks and rewards of ownership are classified as operating leases. Payments made on this type of lease are charged to income on a straight-line basis over the term of the lease. Future obligations on these contracts are detailed in Note 26.

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

k) Income taxes

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

Tax assets and liabilities for the current and prior periods are measured at the amount the Company estimates it will recover or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each period-end 22.5% and 20% at march 31, 2015 and march 31, 2014 (not audited) respectively.

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

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

2. Significant accounting principles, continued

k) Income taxes, continued

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 at their current value and are classified as non-current.

l) Goodwill

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

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

m) Intangibles

Intangibles includes software licenses and the right to use underwater cable, which are recorded at acquisition or production cost, less accumulated amortization and less any accumulated impairment loss.

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

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

The Company amortizes software licenses and the right to use underwater cable using the straight-line method over their estimated useful lives, which for software licenses is 3 years and for rights to use underwater cables, a maximum of 15 years.

2. Significant accounting principles, continued

n) Property, plant and equipment

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

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

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

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

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, may be capitalized. Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale. At year-end of 2015 and 2014 there are no capitalized interests.

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

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

2. Significant accounting principles, continued

ñ) Depreciation of property, plant and equipment

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

The average annual financial depreciation rate of the Company is approximately 10.12% and 10.79% to march 31, 2015 and march 31, 2014 (not audited), respectively.

Estimated useful lives are summarized in the following detail:

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

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

o) Provisions

i) Post-employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements, which are provisioned using the method of actuarial value of the accrued cost of the benefit, using an nominal annual discount rate of 4.51% and 5.8% at march 31, 2015 and march 31, 2014 (not audited) respectively, considering estimations such as future permanence, employee mortality rate and future salary increases determined on the basis of actuarial calculations. Discount rates are determined by reference to market interest curves.

ii) Provision for dismantling expenses

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

2. Significant accounting principles, continued

o) Provisions, continued

iii) Other provisions

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

p) Income and expenses

Income and expenses are recognized in the income statement based on the accrual criteria, i.e. when the real flow of goods and services that they represent is produced and can be reliably measured, regardless of the moment at which the cash flows or financing derived from it is produced.

The Company's income is produced mainly by providing the following telecommunications services: traffic voice and broadband traffic, international business (correspondents), multiservice network services and capacities, television, connection charges, interconnection, network and equipment rental, sale of equipment and other services, such as value added services. Products and services can be sold separately or jointly, in commercial packages.

Income from traffic is based on the call initiation establishment tariff, plus tariffs per call, which vary depending on the time consumed by the user, the distance of the call and type of service. Traffic is recorded as income as it is used.

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

In the case of sale of traffic, as well as of other services, through a fixed tariff for a certain period of time (flat rate), income is recognized using the straight-line method over the period of time covered by the rate paid by the customer.

Income from connection charges originate when customers connect to the Company's network are deferred and recognized in income over the average estimated term of the duration of the relationship with the customer, and vary depending on the type of service. All associated costs, except those related to extension of the network, and administrative and commercial expenses, are recognized in the income statement when they are incurred.

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

2. Significant accounting principles, continued

p) Income and expenses, continued

Income from interconnection of fixed-mobile and mobile-fixed calls, as well as from other services used by customers, are recognized in the period in which those calls are made.

The commercial package offers a combination of different elements, in the activities of telephone service, internet and television, are analyzed to determine whether it is necessary to separate the different elements identified, applying in each case the appropriate income recognition criteria. Total income from the package is distributed among its identified elements by function of their respective fair values (i.e. the fair value of each individual component in relation to the total fair value of the package).

Income from capacities and multiservice networks is accrued to the extent that the service is rendered and invoiced, generally as of the following period.

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

All expenses related to these mixed commercial offers are recognized in the income statement as they are incurred.

The Company has a customer loyalty program customer fidelity program called “Puntos Club Movistar” that provides multiple benefits to our customers, which can be provided or delivered by third parties or by the Company. Income destined to the points program is composed of a percentage of billing and is treated as unearned income at fair value in accordance with the value of the goods or services that customers consume in the future.

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

2. Significant accounting principles, continued

q) Use estimates

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

i) Property, plant and equipment and intangibles

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

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

ii) Deferred taxes

The Company evaluates probability of recovery of deferred tax assets based on estimates of future earnings. This probability of recovery ultimately depends on the Company's capacity to generate taxable income throughout the period in which the deferred tax assets are deductible. This analysis takes into consideration the forecasted reversal calendar for deferred tax liabilities as well as estimates of taxable income, based on internal projections that are updated to reflect recent trends.

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

iii) Provisions

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

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

2. Significant accounting principles, continued

q) Use estimates, continued

iv) Income recognition: agreements combining more than one element

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

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

A change in relative fair value estimates could affect distribution of income among components.

v) Post-employment benefits

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

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

vi) Financial assets and liabilities

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

r) Methods of consolidation

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

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

2. Significant accounting principles, continued

r) Methods of consolidation, continued

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

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

s) New IFRS and Interpretations of the IFRS Interpretations Committee

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

	New Standard	Mandatory application date
IFRS 9	Financial instruments	January 1, 2018
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Income from Customer Contracts	January 1, 2017

IFRS 9 "Financial instruments"

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

IFRS 14 "Regulatory Deferral Accounts"

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

2. Significant accounting principles, continued

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

IFRS 15 "Income from Customer Contracts"

IFRS 15 Revenue from Contracts with Customers, issued in May 2014, is a new standard which is applicable to all contracts with customers, except for leases, financial instruments and insurance contracts. This a joint project with the FASB to eliminate differences in recognition of income existing between IFRS and US GAAP. This new standard is intended to improve the inconsistencies and weaknesses of IAS 18 and provide a model that will facilitate the comparison of companies in different industries and regions. The standard provides a new model for recognition of income and more detailed requirements for contracts with multiple elements, and requires more detailed disclosures. Application of the standard shall be mandatory for annual periods commencing as of January 1, 2017. Early application is allowed.

The Company has evaluated the impact that the application of these standards might have on the date of its coming into effect and has determined that it will have no significant impact on the consolidated financial statements, with the exception of IFRS 15 which is at the evaluation stage.

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

IAS 19 "Employee Benefits"

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

2. Significant accounting principles, continued

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

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

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

IFRS 11 "Joint Arrangements"

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

IAS 27 "Separate Financial Statements"

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

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

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address a recognized inconsistency between the requirements of IFRS 10 and those of IAS 28 (2011) in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The amendments, issued in September 2014, establish that when the transaction involves a business (whether in a subsidiary or not) the full profit or loss is recognized. A partial profit or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are located in a subsidiary. Application of the amendments is mandatory for annual periods beginning as of January 1, 2016. Early application is allowed.

2. Significant accounting principles, continued

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

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

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

IFRS 7 "Financial Instruments: Disclosures"

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

IAS 34 "Interim Financial Reporting"

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

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

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

IAS 1 "Presentation of Financial Statements"

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

The Company has determined that the application of these new accounting improvements and amendments will not have a significant impact on the consolidated financial statements.

2. Significant accounting principles, continued

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

t) Statement of cash flows

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

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

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

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

3. Changes in Accounting Policy and Disclosures

By virtue of its powers, on October 17, 2014, the SVS issued Circular 856 instructing the entities it oversees to record differences in deferred tax assets and liabilities produced as a direct effect of the increase in the first category (corporate) tax rate introduced by Law 20,780 in the year 2014 and charge them to shareholders' equity. This changes the framework for preparing and presenting the financial information adopted up to that date, since the previous framework (IFRS) requires full, explicit and unreserved adoption.

As of March 31, 2015 there have been no other changes in accounting or estimates applied to these financial statements that could affect year-to-year comparison.

4. Financial information by segment

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

The Company manages and measures the performance of its operations by business segment. Since the Company’s corporate organization coincides basically with that of the businesses, and therefore the segments, distribution established in the information presented below, is based on the financial information of the companies. These are integrated in each segment. The operating segments reported internally are as follows:

4. Financial information by segment, continued

a) Fixed Telecommunications

Fixed telephone services include basic services, line connections and installations, value added services, handset commercialization marketing, broad band and dedicated lines. Consistent with the financial statements, income is recorded as the services are provided or the equipment is sold.

Assets and liabilities correspond to those directly attributable to the segment.

b) Television Services

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

Assets and liabilities correspond to those directly attributable to the segment.

c) Long Distance

The Company provides national and international long distance services. The long distance business segment also rents its long distance network to other telecommunications operators, such as long distance carriers, mobile telephone operators and Internet service suppliers. Consistent with the financial statements, income is recognized as the services are provided.

Assets and liabilities correspond to those directly attributable to the segment.

d) Corporate Communications and Data

The corporate communications service includes sale and rental of telecommunications equipment and sale of networks to corporate customers, rental of networks associated with public and private projects, and data transmission services. Income is recognized as the services are provided.

Assets and liabilities correspond to those directly attributable to the segment.

e) Other

“Other” includes logistics, personnel and management services.

4. Financial information by segment, continued

Relevant information regarding Telefónica Chile S.A. and its main subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to March 31, 2015, December 31, 2014 and March 31, 2014 (not audited) is detailed as follows:

For the period ended as of March 31, 2015	Fixed Telecommunications ThCh$	Long Distance ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Income from external customers	97,043,674	7,607,831	24,708,011	39,846,127	-	-	169,205,643
Income from ordinary activities arising from transactions with other operating segments of the same entity	19,536,899	7,552,515	745,923	-	43,440,305	(71,275,642)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	**116,580,573**	**15,160,346**	**25,453,934**	**39,846,127**	**43,440,305**	**(71,275,642)**	**169,205,643**
Cost of sales	50,173,119	6,405,578	21,649,705	24,717,403	4,546,876	(48,655,201)	58,837,480
Administrative expenses	25,731,749	1,591,398	5,344,939	6,809,896	1,252,710	(5,322,652)	35,408,040
Employee benefits expenses	185,913	-	(49,675)	-	36,589,294	(17,207,192)	19,518,340
Income from ordinary activities arising from interest							
Interest expense	5,617,006	1,096	554,165	175,422	184,313	(1,033,479)	5,498,523
Interest income	1,922,857	322,314	31,845	3,912	-	(1,033,479)	1,247,449
Depreciation and amortization	33,458,518	2,403,320	5,755,816	4,866,611	-	-	46,484,265
Participation in profit of associated companies accounted for using the equity method	812,171	2,561	8,322	-	-	(823,054)	-
Income tax expense	954,259	1,115,009	(2,462,145)	1,575,034	198,061	-	1,380,218
Other significant non-cash items	(267,164)	120,990	387,397	(384,713)	(28,925)	90,597	(81,818)
Profits(loss) before tax	**3,882,132**	**5,204,819**	**(7,373,452)**	**2,895,994**	**838,187**	**(823,054)**	**4,624,626**
Profit (loss) for the period from continuing operations	**2,927,873**	**4,089,810**	**(4,911,307)**	**1,320,960**	**640,126**	**(823,054)**	**3,244,408**
Profit (loss) for the period from discontinuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) for the period	**2,927,873**	**4,089,810**	**(4,911,307)**	**1,320,960**	**640,126**	**(823,054)**	**3,244,408**
Assets	1,546,264,300	102,234,928	176,631,224	112,735,109	143,557,780	(515,448,309)	1,565,975,032
Investments in associates accounted for using the equity method	209,570,609	81,187	263,857	-	81,187	(209,996,840)	-
Increases in non-current assets	35,969,101	3,240,095	4,092,501	6,677,236	-	-	49,978,933
Liabilities	884,460,963	41,087,465	96,681,462	54,225,033	123,261,064	(305,532,657)	894,183,330
Shareholders' equity	661,803,017	61,147,463	79,949,762	58,510,076	20,296,716	(209,915,652)	671,791,702
Liabilities & Shareholders' equity	1,546,264,300	102,234,928	176,631,224	112,735,109	143,557,780	(515,448,309)	1,565,975,032
Cash flows provided by (used in) operating activities	61,591,711	6,322,889	145,880	(169,312)	(27,513,393)	-	40,377,775
Cash flows provided by (used in) investment activities	20,897,460	(2,306,728)	(6,586,552)	(5,579,761)	-	(61,917,400)	(55,492,981)
Cash flows provided by (used in) from in financing activities	(67,933,977)	(6,445,804)	5,261,771	7,299,411	27,370,000	61,917,400	27,468,801

4. Financial information by segment, continued

For the year ended as of December 31, 2014	Fixed Telecommunications ThCh$	Long Distance ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Income from external customers	407,394,464	35,389,870	107,430,964	136,085,962	89,185	-	686,390,445
Income from ordinary activities arising from transactions with other operating segments of the same entity	78,663,951	30,038,202	3,712,162	-	182,858,422	(295,272,737)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	**486,058,415**	**65,428,072**	**111,143,126**	**136,085,962**	**182,947,607**	**(295,272,737)**	**686,390,445**
Cost of sales	199,303,100	28,441,570	85,859,859	79,162,181	20,195,405	(198,578,751)	214,383,364
Administrative expenses	99,721,216	6,913,541	20,884,153	21,938,944	5,465,846	(25,964,072)	128,959,628
Employee benefits expenses	4,703,390	-	436,408	-	146,354,312	(70,829,595)	80,664,515
Income from ordinary activities arising from interest							
Interest expense	26,911,225	645,138	268,777	161,055	360,222	(2,417,065)	25,929,352
Interest income	4,898,705	1,296,623	609,713	97,430	9,776	(2,417,065)	4,495,182
Depreciation and amortization	129,740,912	9,470,709	22,460,180	18,990,348	-	-	180,662,149
Participation in profit of associated companies accounted for using the equity method	15,758,903	23,708	77,050	-	-	(15,859,661)	-
Income tax expense	7,422,739	7,248,930	(4,074,361)	3,208,034	4,705,479	-	18,510,821
Other significant non-cash items	438,166	795,630	(309,790)	(384,713)	50,811	(99,681)	490,423
Profits(loss) before tax	**46,774,346**	**22,073,075**	**(18,389,278)**	**15,546,151**	**10,632,409**	**(15,859,661)**	**60,777,042**
Profit (loss) for the year from continuing operations	**39,351,607**	**14,824,145**	**(14,314,917)**	**12,338,117**	**5,926,930**	**(15,859,661)**	**42,266,221**
Profit (loss) for the year from discontinuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) for the year	**39,351,607**	**14,824,145**	**(14,314,917)**	**12,338,117**	**5,926,930**	**(15,859,661)**	**42,266,221**
Assets	1,548,652,664	136,085,250	166,659,815	112,735,109	131,936,764	(561,603,766)	1,534,465,836
Investments in associates accounted for using the equity method	263,317,203	78,602	255,457	-	78,602	(263,729,864)	-
Increases in non-current assets	102,948,524	1,052,639	19,210,823	31,887,978	-	-	155,099,964
Liabilities	889,143,711	24,169,460	83,377,534	54,225,033	112,286,238	(297,952,504)	865,249,472
Shareholders' equity	659,508,953	111,915,790	83,282,281	58,510,076	19,650,526	(263,651,262)	669,216,364
Liabilities & Shareholders' equity	1,548,652,664	136,085,250	166,659,815	112,735,109	131,936,764	(561,603,766)	1,534,465,836
Cash flows provided by (used in) operating activities	248,680,068	32,252,836	(13,290,655)	(16,915,377)	(1,161,906)	(11,143,261)	238,421,705
Cash flows provided by (used in) investment activities	(138,018,757)	(2,061,037)	(37,486,049)	(28,278,949)	-	-	(205,844,792)
Cash flows provided by (used in) from in financing activities	(63,684,022)	(28,304,313)	35,217,505	59,964,940	905,000	10,946,968	(84,953,922)

4. Financial information by segment, continued

For the period ended as of March 31, 2014 (not audited)	Fixed Telecommunications ThCh$	Long Distance ThCh$	Corporate Communication and Data ThCh$	Television Services ThCh$	Other ThCh$	Eliminations ThCh$	Total ThCh$
Income from external customers	100,370,614	10,008,780	23,900,329	31,042,621	25,362	-	165,347,706
Income from ordinary activities arising from transactions with other operating segments of the same entity	18,497,362	7,454,106	1,343,367	-	43,494,706	(70,789,541)	-
Total income from operating activities from external customers and transactions with other operating segments of the same entity	**118,867,976**	**17,462,886**	**25,243,696**	**31,042,621**	**43,520,068**	**(70,789,541)**	**165,347,706**
Cost of sales	47,617,374	7,193,210	19,409,818	16,404,051	3,927,152	(43,836,023)	50,715,582
Administrative expenses	25,640,124	2,913,080	7,022,055	4,626,783	981,787	(10,312,290)	30,871,539
Employee benefits expenses	3,147,694	-	221,340	-	36,147,225	(16,652,418)	22,863,841
Income from ordinary activities arising from interest							
Interest expense	8,237,767	1,700	20,396	6,457	179,100	(848,267)	7,597,153
Interest income	1,934,486	311,383	432,107	53,088	51,217	(848,267)	1,934,014
Depreciation and amortization	32,015,477	2,463,984	4,353,998	5,693,845	154	-	44,527,458
Participation in profit of associated companies accounted for using the equity method	4,766,782	7,222	23,473	-	5,417	(4,802,894)	-
Income tax expense	762,388	767,259	(219,909)	(410,298)	465,412	-	1,364,852
Other significant non-cash items	333,574	183,486	(151,552)	(328,235)	2,608	(11,190)	28,691
Profits(loss) before tax	**9,244,382**	**5,393,003**	**(5,479,883)**	**4,036,338**	**2,343,892**	**(4,802,894)**	**10,734,838**
Profit (loss) for the period from continuing operations	**8,481,994**	**4,625,744**	**(5,259,974)**	**4,446,636**	**1,878,480**	**(4,802,894)**	**9,369,986**
Profit (loss) for the period from discontinuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) for the period	**8,481,994**	**4,625,744**	**(5,259,974)**	**4,446,636**	**1,878,480**	**(4,802,894)**	**9,369,986**
Assets	1,420,809,616	135,742,212	129,135,884	106,516,722	120,140,410	(497,811,492)	1,414,533,352
Investments in associates accounted for using the equity method	272,245,062	58,977	191,674	-	58,977	(272,554,690)	-
Increases in non-current assets	33,291,216	519,196	10,813,013	5,891,929	-	-	50,515,354
Liabilities	773,878,793	27,225,714	55,359,569	29,567,980	99,541,060	(225,271,542)	760,301,574
Shareholders' equity	646,930,823	108,516,498	73,776,315	76,948,742	20,599,350	(272,539,950)	654,231,778
Liabilities & Shareholders' equity	1,420,809,616	135,742,212	129,135,884	106,516,722	120,140,410	(497,811,492)	1,414,533,352
Cash flows provided by (used in) operating activities	54,769,986	3,310,756	(3,136,557)	(767,240)	(10,076,666)	(341,928)	43,758,351
Cash flows provided by (used in) investment activities	(54,234,839)	(765,036)	(7,612,630)	(9,955,250)	-	-	(72,567,755)
Cash flows provided by (used in) from in financing activities	(97,795,788)	(2,264,973)	7,786,478	12,929,717	10,079,139	341,928	(68,923,499)

4. Financial information by segment, continued

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

There are no changes in the measurement methods used to determine income presented by the segments in respect to the previous year.

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

5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	03.31.2015 ThCh$	12.31.2014 ThCh$
Cash (a)		**55,450**	**57,979**
	CLP	11,707	10,651
	USD	28,772	28,731
	EUR	14,971	18,597
Banks (b)		**7,391,283**	**11,270,269**
	CLP	6,946,257	10,042,161
	USD	412,608	1,187,154
	EUR	32,418	40,954
Time deposits (c)		**125,545,575**	**109,310,465**
	CLP	125,402,745	81,978,672
	USD	142,830	27,331,793
Total cash and cash equivalents		**132,992,308**	**120,638,713**
Sub-total by currency	**CLP**	**132,360,709**	**92,031,484**
	USD	**584,210**	**28,547,678**
	EUR	**47,389**	**59,551**

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

a) Cash

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

b) Banks

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

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 March 31, 2015 and December 31, 2014 are detailed as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	03.31.2015 ThCh$
Time deposits	CLP	125,262,000	3.35%	31	125,262,000	140,745	125,402,745
Time deposits	USD	228	-	1	142,830	-	142,830
Total					**125,404,830**	**140,745**	**125,545,575**

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	12.31.2014 ThCh$
Time deposits	CLP	81,925,000	3.70%	14	81,925,000	53,672	81,978,672
Time deposits	USD	41,048	1.50%	31	27,331,073	720	27,331,793
Total					**109,256,073**	**54,392**	**109,310,465**

6. Other current and non-current financial assets

Other current financial assets are detailed as follows:

Concepts		03.31.2015 Current ThCh$	03.31.2015 Non-Current ThCh$	12.31.2014 Current ThCh$	12.31.2014 Non-Current ThCh$
Guarantees established	(a)	257,912	50,468	257,912	50,468
Other investments	(b)	-	5,668,660	-	6,468,525
Exchange rate hedge	(See Note 19,2)	6,799,624	112,231,255	6,138,561	101,556,253
Total		**7,057,536**	**117,950,383**	**6,396,473**	**108,075,246**

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

b) Other investments are detailed as follows:

Participation	Country	Investment currency	03.31.2015 ThCh$	12.31.2014 ThCh$
Telefónica Brasil (1) (2)	Brazil	REAL	5,664,806	6,464,671
Other participation	Chile	CLP	3,854	3,854
Total			**5,668,660**	**6,468,525**

(1) This investment is valued at market value through the trading of its shares, information obtained in the Sao Paulo Stock Exchange (Bovespa), and variations in their value are recorded when they occur, directly in equity under other reserves.
(2) As of March 31, 2015 and December 31, 2014 the Company received dividends of ThCh$ 348,987 and ThCh$478,613 respectively, corresponding to the 0.06% stake in the equity of Telefónica Brazil.

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

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

Concepts	03.31.2015 Current ThCh$	03.31.2015 Non-current ThCh$	12.31.2014 Current ThCh$	12.31.2014 Non-current ThCh$
Support and repair services	2,898,993	-	1,484,010	-
Insurance	218,014	-	632,759	-
Leases	9,811	-	9,986	-
Franchised commissions	5,325,204	-	6,065,827	-
Other amortizable expenses (1)	5,961,081	2,547,373	4,538,951	1,022,442
Other taxes (2)	2,377,900	-	2,276,120	-
Total	**16,791,003**	**2,547,373**	**15,007,653**	**1,022,442**

(1) This item includes early payment of bonuses in the amount of ThCh$1,317,211 current and ThCh$992,753 non-current that the Company negotiated with some of its employees from different unions, as a product of collective agreements. In addition this item includes ThCh$1,621,168 current and ThCh$1,527,250 non-current, for depreciable expenses due to the new commercial model for television services.

(2) This item includes: Sence credit, remaining VAT credit and other recoverable taxes.

8. Current trade and other accounts receivable

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

Concepts	03.31.2015 Gross value ThCh$	03.31.2015 Allowance for doubtful accounts ThCh$	03.31.2015 Net value ThCh$	12.31.2014 Gross value ThCh$	12.31.2014 Allowance for doubtful accounts ThCh$	12.31.2014 Net value ThCh$
Receivables on current loan transactions	**226,181,454**	**(117,873,002)**	**108,308,452**	**226,287,419**	**(112,973,095)**	**113,314,324**
Invoiced services	200,451,713	(117,873,002)	82,578,711	199,897,605	(112,973,095)	86,924,510
Services provided and not invoiced	25,729,741	-	25,729,741	26,389,814	-	26,389,814
Miscellaneous receivables	**12,576,459**	**-**	**12,576,459**	**13,844,035**	**-**	**13,844,035**
Total	**238,757,913**	**(117,873,002)**	**120,884,911**	**240,131,454**	**(112,973,095)**	**127,158,359**

b) The composition of current trade and other accounts receivable with overdue balances that have not been collected and have not been provisioned based on due dates is detailed as follows:

Concepts	03.31.2015 Less than 3 months	03.31.2015 3 to 6 months	03.31.2015 6 to 12 months	03.31.2015 Greater than 12 months	03.31.2015 Total	12.31.2014 Less than 3 months	12.31.2014 3 to 6 months	12.31.2014 6 to 12 months	12.31.2014 Greater than 12 months	12.31.2014 Total
Miscellaneous receivables	31,254,136	2,861,010	-	-	34,115,146	23,214,753	2,416,268	-	485,328	26,116,349
Total	**31,254,136**	**2,861,040**	**-**	**-**	**34,115,146**	**23,214,753**	**2,416,268**	**-**	**485,328**	**26,116,349**

8. Current trade and other accounts receivable, continued

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

Movements	03.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	**114,513,557**	**116,419,084**
Increases	4,452,156	16,376,113
Eliminations/ Additions	-	(18,281,640)
Movements, subtotal	**4,452,156**	**(1,905,527)**
Ending balance	**118,965,713**	**114,513,557**

d) Allowance for doubtful account movements according to the composition of the portfolio as of March 31, 2015 and 2014 are detailed as follows:

Provisions and write-offs	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Accrual for portfolio that has not been renegotiated	4,521,129	4,331,736
Accrual for renegotiated portfolio	-	39,869
Write-offs for the period	(68,973)	-
Recoveries for the period	-	-
Total	**4,452,156**	**4,371,605**

e) As of March 31, 2015 and December 31, 2014 the portfolio of returned documents and those in judicial collection is detailed as follows:

Portfolio of returned documents and judicial collection as of 03.31.2015	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	9,954	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	2,089,749	-	-	-

Portfolio of returned documents and judicial collection as of 12.31.2014	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	9,954	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh$)	2,089,749	-	-	-

8. Current trade and other accounts receivable, continued

The composition of the portfolio stratified by segment as of December 31, 2014 is detailed as follows:

Aging of portfolio by segment for the period-ended March 31, 2015	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	240,345	296,441	33,810	21,889	20,257	18,946	17,823	17,012	15,823	1,787,180	2,469,526
Gross portfolio w/o renegotiation	25,052,028	10,480,518	4,742,156	2,225,216	799,581	556,889	588,445	-	-	-	44,444,833
Debt	25,052,028	10,480,518	4,742,156	2,225,216	2,071,469	1,260,999	1,464,705	1,109,781	1,294,944	75,532,663	125,234,479
Accrual	-	-	-	-	(1,271,888)	(704,110)	(876,260)	(1,109,781)	(1,294,944)	(75,532,663)	(80,789,646)
Number of clients w/renegotiation	83,636	17,632	4,633	2,512	1,688	1,328	1,337	1,355	1,146	65,090	180,357
Gross renegotiated portfolio	609,647	44,112	1,115	-	-	-	-	-	-	-	654,874
Debt	935,620	192,559	48,554	26,488	17,556	14,280	14,499	14,754	12,530	556,187	1,833,027
Accrual	(325,973)	(148,447)	(47,439)	(26,488)	(17,556)	(14,280)	(14,499)	(14,754)	(12,530)	(556,187)	(1,178,153)
Total number of clients	**323,981**	**314,073**	**38,443**	**24,401**	**21,945**	**20,274**	**19,160**	**18,367**	**16,969**	**1,852,270**	**2,649,883**
Total Fixed Telephone Portfolio	**25,661,675**	**10,524,630**	**4,743,271**	**2,225,216**	**799,581**	**556,889**	**588,445**	**-**	**-**	**-**	**45,099,707**
Debt	**25,987,648**	**10,673,077**	**4,790,710**	**2,251,704**	**2,089,025**	**1,275,279**	**1,479,204**	**1,124,535**	**1,307,474**	**76,088,850**	**127,067,506**
Accrual	**(325,973)**	**(148,447)**	**(47,439)**	**(26,488)**	**(1,289,444)**	**(718,390)**	**(890,759)**	**(1,124,535)**	**(1,307,474)**	**(76,088,850)**	**(81,967,799)**
Long Distance											
Number of clients w/o renegotiation (1)	20,963	23,434	11,807	5,787	4,320	6,131	6,352	7,313	8,335	1,270,899	1,365,341
Gross portfolio w/o renegotiation	5,289,477	2,508,830	909,015	573,515	155,209	128,824	30,283	-	-	-	9,595,153
Debt	5,289,477	2,508,830	909,015	573,515	162,891	170,446	149,165	143,228	223,667	21,836,355	31,966,589
Accrual	-	-	-	-	(7,682)	(41,622)	(118,882)	(143,228)	(223,667)	(21,836,355)	(22,371,436)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**20,963**	**23,434**	**11,807**	**5,787**	**4,320**	**6,131**	**6,352**	**7,313**	**8,335**	**1,270,899**	**1,365,341**
Total Long Distance Portfolio	**5,289,477**	**2,508,830**	**909,015**	**573,515**	**155,209**	**128,824**	**30,283**	**-**	**-**	**-**	**9,595,153**
Debt	**5,289,477**	**2,508,830**	**909,015**	**573,515**	**162,891**	**170,446**	**149,165**	**143,228**	**223,667**	**21,836,355**	**31,966,589**
Accrual	**-**	**-**	**-**	**-**	**(7,682)**	**(41,622)**	**(118,882)**	**(143,228)**	**(223,667)**	**(21,836,355)**	**(22,371,436)**
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,364	1,036	26	585	429	567	385	349	587	3,231	9,559
Gross portfolio w/o renegotiation	25,234,279	3,054,750	1,786,679	556,747	315,235	102,090	171,547	-	-	-	31,221,327
Debt	25,253,421	3,064,731	1,796,660	566,872	363,082	103,589	205,716	153,443	342,532	2,449,222	34,299,268
Accrual	(19,142)	(9,981)	(9,981)	(10,125)	(47,847)	(1,499)	(34,169)	(153,443)	(342,532)	(2,449,222)	(3,077,941)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**2,364**	**1,036**	**26**	**585**	**429**	**567**	**385**	**349**	**587**	**3,231**	**9,559**
Total Corporate Communication and Data Portfolio	**25,234,279**	**3,054,750**	**1,786,679**	**556,747**	**315,235**	**102,090**	**171,547**	**-**	**-**	**-**	**31,221,327**
Debt	**25,253,421**	**3,064,731**	**1,796,660**	**566,872**	**363,082**	**103,589**	**205,716**	**153,443**	**342,532**	**2,449,222**	**34,299,268**
Accrual	**(19,142)**	**(9,981)**	**(9,981)**	**(10,125)**	**(47,847)**	**(1,499)**	**(34,169)**	**(153,443)**	**(342,532)**	**(2,449,222)**	**(3,077,941)**

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

8. Current trade and other accounts receivable, continued

Aging of portfolio by segment for the year-ended March 31, 2015	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Television											
Number of clients w/o renegotiation (1)	209,388	16,690	11,678	12,831	11,392	11,333	11,993	9,124	5,367	532,849	832,646
Gross portfolio w/o renegotiation	17,963,409	3,183,848	689,764	497,873	5,009	4,059	3,836	-	-	-	22,347,798
Debt	17,963,409	3,183,848	689,764	497,873	815,653	431,237	547,661	552,995	686,119	7,435,065	32,803,624
Accrual	-	-	-	-	(810,644)	(427,178)	(543,825)	(552,995)	(686,119)	(7,435,065)	(10,455,826)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**209,388**	**16,690**	**11,678**	**12,831**	**11,392**	**11,333**	**11,993**	**9,124**	**5,367**	**532,849**	**832,646**
Total Television Portfolio	**17,963,409**	**3,183,848**	**689,764**	**497,873**	**5,009**	**4,059**	**3,836**	**-**	**-**	**-**	**22,347,798**
Debt	**17,963,409**	**3,183,848**	**689,764**	**497,873**	**815,653**	**431,237**	**547,661**	**552,995**	**686,119**	**7,435,065**	**32,803,624**
Accrual	**-**	**-**	**-**	**-**	**(810,644)**	**(427,178)**	**(543,825)**	**(552,995)**	**(686,119)**	**(7,435,065)**	**(10,455,826)**
Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Gross portfolio w/o renegotiation	12,620,926	-	-	-	-	-	-	-	-	-	12,620,926
Debt	12,620,926	-	-	-	-	-	-	-	-	-	12,620,926
Accrual	-	-	-	-	-	-	-	-	-	-	-
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Other Portfolio	**12,620,926**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,620,926**
Debt	**12,620,926**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,620,926**
Accrual	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	473,060	337,601	57,321	41,092	36,398	36,977	36,553	33,798	30,112	3,594,159	4,677,072
Gross portfolio w/o renegotiation	86,160,119	19,227,946	8,127,614	3,853,351	1,275,034	791,862	794,111	0	0	0	120,230,037
Debt	86,179,261	19,237,927	8,137,595	3,863,476	3,413,095	1,966,271	2,367,247	1,959,447	2,547,262	107,253,305	236,924,886
Accrual	(19,142)	(9,981)	(9,981)	(10,125)	(2,138,061)	(1,174,409)	(1,573,136)	(1,959,447)	(2,547,262)	(107,253,305)	(116,694,849)
Number of clients w/renegotiation	83,636	17,632	4,633	2,512	1,688	1,328	1,337	1,355	1,146	65,090	180,357
Gross renegotiated portfolio	609,647	44,112	1,115	0	0	0	0	0	0	0	654,874
Debt	935,620	192,559	48,554	26,488	17,556	14,280	14,499	14,754	12,530	556,187	1,833,027
Accrual	(325,973)	(148,447)	(47,439)	(26,488)	(17,556)	(14,280)	(14,499)	(14,754)	(12,530)	(556,187)	(1,178,153)
Total number of clients	**556,696**	**355,233**	**61,954**	**43,604**	**38,086**	**38,305**	**37,890**	**35,153**	**31,258**	**3,659,249**	**4,857,429**
Total Consolidated Portfolio	**86,769,766**	**19,272,058**	**8,128,729**	**3,853,351**	**1,275,034**	**791,862**	**794,111**	**0**	**0**	**0**	**120,884,911**
Debt	**87,114,881**	**19,430,486**	**8,186,149**	**3,889,964**	**3,430,651**	**1,980,551**	**2,381,746**	**1,974,201**	**2,559,792**	**107,809,492**	**238,757,913**
Accrual	**(345,115)**	**(158,428)**	**(57,420)**	**(36,613)**	**(2,155,617)**	**(1,188,689)**	**(1,587,635)**	**(1,974,201)**	**(2,559,792)**	**(107,809,492)**	**(117,873,002)**

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

8. Current trade and other accounts receivable, continued

The composition of the portfolio stratified by segment for the year 2013 is detailed as follows:

Aging of portfolio by segment for the year-ended December 31, 2014	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Fixed Telecommunications											
Number of clients w/o renegotiation (1)	387,589	129,456	32,550	20,707	17,179	16,625	15,454	15,141	14,009	1,012,418	1,661,128
Gross portfolio w/o renegotiation	35,700,370	10,848,067	2,029,304	1,866,322	534,118	475,432	211,647	-	-	-	51,665,260
Debt	36,215,283	10,852,338	2,029,512	1,866,526	1,466,833	1,390,723	1,117,028	876,570	842,740	73,361,161	130,018,714
Accrual	(514,913)	(4,271)	(208)	(204)	(932,715)	(915,291)	(905,381)	(876,570)	(842,740)	(73,361,161)	(78,353,454)
Number of clients w/renegotiation	32,951	358	79	81	86	92	97	98	112	791	34,745
Gross renegotiated portfolio	483,244	1,650	-	-	-	-	-	-	-	51,482	536,376
Debt	810,257	53,353	29,262	19,873	13,333	9,381	5,621	4,415	538,013	201,839	1,685,347
Accrual	(327,013)	(51,703)	(29,262)	(19,873)	(13,333)	(9,381)	(5,621)	(4,415)	(538,013)	(150,357)	(1,148,971)
Total number of clients	**420,540**	**129,814**	**32,629**	**20,788**	**17,265**	**16,717**	**15,551**	**15,239**	**14,121**	**1,013,209**	**1,695,873**
Total Fixed Telephone Portfolio	**36,183,614**	**10,849,717**	**2,029,304**	**1,866,322**	**534,118**	**475,432**	**211,647**	**-**	**-**	**51,482**	**52,201,636**
Debt	**37,025,540**	**10,905,691**	**2,058,774**	**1,886,399**	**1,480,166**	**1,400,104**	**1,122,649**	**880,985**	**1,380,753**	**73,563,000**	**131,704,061**
Accrual	**(841,926)**	**(55,974)**	**(29,470)**	**(20,077)**	**(946,048)**	**(924,672)**	**(911,002)**	**(880,985)**	**(1,380,753)**	**(73,511,518)**	**(79,502,425)**
Long Distance											
Number of clients w/o renegotiation (1)	20,219	20,696	8,594	5,213	5,673	6,207	6,123	6,771	8,018	918,195	1,005,709
Gross portfolio w/o renegotiation	5,776,014	1,545,221	995,056	714,975	76,782	87,871	72,089	-	-	47,020	9,315,028
Debt	5,776,014	1,545,221	995,056	714,975	191,371	193,578	152,785	169,531	224,831	21,283,185	31,246,547
Accrual	-	-	-	-	(114,589)	(105,707)	(80,696)	(169,531)	(224,831)	(21,236,165)	(21,931,519)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**20,219**	**20,696**	**8,594**	**5,213**	**5,673**	**6,207**	**6,123**	**6,771**	**8,018**	**918,195**	**1,005,709**
Total Long Distance Portfolio	**5,776,014**	**1,545,221**	**995,056**	**714,975**	**76,782**	**87,871**	**72,089**	**-**	**-**	**47,020**	**9,315,028**
Debt	**5,776,014**	**1,545,221**	**995,056**	**714,975**	**191,371**	**193,578**	**152,785**	**169,531**	**224,831**	**21,283,185**	**31,246,547**
Accrual	**-**	**-**	**-**	**-**	**(114,589)**	**(105,707)**	**(80,696)**	**(169,531)**	**(224,831)**	**(21,236,165)**	**(21,931,519)**
Corporate Communication and Data											
Number of clients w/o renegotiation (1)	2,094	918	23	518	380	502	341	309	520	2,862	8,467
Gross portfolio w/o renegotiation	28,755,423	2,086,733	116,171	989,641	350,231	351,723	242,672	-	-	386,828	33,279,422
Debt	29,074,522	2,104,434	116,171	1,001,091	361,681	362,343	252,104	181,767	293,125	2,451,376	36,198,614
Accrual	(319,099)	(17,701)	-	(11,450)	(11,450)	(10,620)	(9,432)	(181,767)	(293,125)	(2,064,548)	(2,919,192)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**2,094**	**918**	**23**	**518**	**380**	**502**	**341**	**309**	**520**	**2,862**	**8,467**
Total Corporate Communication and Data Portfolio	**28,755,423**	**2,086,733**	**116,171**	**989,641**	**350,231**	**351,723**	**242,672**	**-**	**-**	**386,828**	**33,279,422**
Debt	**29,074,522**	**2,104,434**	**116,171**	**1,001,091**	**361,681**	**362,343**	**252,104**	**181,767**	**293,125**	**2,451,376**	**36,198,614**
Accrual	**(319,099)**	**(17,701)**	**-**	**(11,450)**	**(11,450)**	**(10,620)**	**(9,432)**	**(181,767)**	**(293,125)**	**(2,064,548)**	**(2,919,192)**

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

8. Current trade and other accounts receivable, continued

Aging of portfolio by segment for the year-ended December 31, 2014	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 day ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Television											
Number of clients w/o renegotiation (1)	221,346	17,643	12,345	13,564	12,043	11,980	12,678	9,645	5,674	563,279	880,197
Gross portfolio w/o renegotiation	16,394,683	1,050,088	472,944	560,281	5,532	4,735	3,435	-	-	-	18,491,698
Debt	16,394,683	1,050,088	472,944	560,281	542,478	530,862	538,220	404,547	216,213	6,401,341	27,111,657
Accrual	-	-	-	-	(536,946)	(526,127)	(534,785)	(404,547)	(216,213)	(6,401,341)	(8,619,959)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**221,346**	**17,643**	**12,345**	**13,564**	**12,043**	**11,980**	**12,678**	**9,645**	**5,674**	**563,279**	**880,197**
Total Television Portfolio	**16,394,683**	**1,050,088**	**472,944**	**560,281**	**5,532**	**4,735**	**3,435**	**-**	**-**	**-**	**18,491,698**
Debt	**16,394,683**	**1,050,088**	**472,944**	**560,281**	**542,478**	**530,862**	**538,220**	**404,547**	**216,213**	**6,401,341**	**27,111,657**
Accrual	**-**	**-**	**-**	**-**	**(536,946)**	**(526,127)**	**(534,785)**	**(404,547)**	**(216,213)**	**(6,401,341)**	**(8,619,959)**
Other											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Gross portfolio w/o renegotiation	13,870,575	-	-	-	-	-	-	-	-	-	13,870,575
Debt	13,870,575	-	-	-	-	-	-	-	-	-	13,870,575
Accrual	-	-	-	-	-	-	-	-	-	-	-
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Other Portfolio	**13,870,575**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,870,575**
Debt	**13,870,575**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,870,575**
Accrual	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Consolidated Portfolio											
Number of clients w/o renegotiation (1)	631,248	168,713	53,512	40,002	35,275	35,314	34,596	31,866	28,221	2,496,754	3,555,501
Gross portfolio w/o renegotiation	100,497,065	15,530,109	3,613,475	4,131,219	966,663	919,761	529,843	-	-	433,848	126,621,983
Debt	101,331,077	15,552,081	3,613,683	4,142,873	2,562,363	2,477,506	2,060,137	1,632,415	1,576,909	103,497,063	238,446,107
Accrual	(834,012)	(21,972)	(208)	(11,654)	(1,595,700)	(1,557,745)	(1,530,294)	(1,632,415)	(1,576,909)	(103,063,215)	(111,824,124)
Number of clients w/renegotiation	32,951	358	79	81	86	92	97	98	112	791	34,745
Gross renegotiated portfolio	483,244	1,650	-	-	-	-	-	-	-	51,482	536,376
Debt	810,257	53,353	29,262	19,873	13,333	9,381	5,621	4,415	538,013	201,839	1,685,347
Accrual	(327,013)	(51,703)	(29,262)	(19,873)	(13,333)	(9,381)	(5,621)	(4,415)	(538,013)	(150,357)	(1,148,971)
Total number of clients	**664,199**	**169,071**	**53,591**	**40,083**	**35,361**	**35,406**	**34,693**	**31,964**	**28,333**	**2,497,545**	**3,590,246**
Total Consolidated Portfolio	**100,980,309**	**15,531,759**	**3,613,475**	**4,131,219**	**966,663**	**919,761**	**529,843**	**-**	**-**	**485,330**	**127,158,359**
Debt	**102,141,334**	**15,605,434**	**3,642,945**	**4,162,746**	**2,575,696**	**2,486,887**	**2,065,758**	**1,636,830**	**2,114,922**	**103,698,902**	**240,131,454**
Accrual	**(1,161,025)**	**(73,675)**	**(29,470)**	**(31,527)**	**(1,609,033)**	**(1,567,126)**	**(1,535,915)**	**(1,636,830)**	**(2,114,922)**	**(103,213,572)**	**(112,973,095)**

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

9. Receivables from and payable to related companies

a) Currents receivables from related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2015 ThCh$	12.31.2014 ThCh$
Telefónica Móviles Chile S.A.	87.845.500-2	Chile	Related to the parent	**Total**			**51,643,700**	**48,757,351**
				Professional Serv,	CLP	60 days	41,417,447	35,444,431
				Access & interc, charges	CLP	60 days	6,744,389	10,208,198
				Media rental	CLP	60 days	2,872,733	2,746,794
				Other	CLP	60 days	609,131	357,928
Telefónica International Wholesale Services	Foreign	Spain	Related to the parent	Serv, Provided	EUR	90 days	2,505,430	1,688,466
Telefónica Argentina S.A.	Foreign	Argentina	Related to the parent	Serv, Provided,	USD	180 days	2,467,063	2,573,773
Telefónica International Wholesale Services Chile S.A.	96.910.730-9	Chile	Related to the parent	Serv, Provided	CLP	60 days	1,461,239	980,240
Telefónica Brasil	Foreign	Brazil	Related to the parent	Serv, Provided	USD	90 days	441,680	143,232
Telefónica Global Tecnology Chile	59.165.120-K	Chile	Related to the parent	Serv, Provided,	CLP	60 days	247,848	181,392
Telefónica Internacional S.A.U.	Foreign	Spain	Related to the parent	Serv, Provided	EUR	90 days	219,240	672,229
Telefónica Digital España	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	60 days	186,089	-
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Related to the parent	Serv, Provided,	CLP	60 days	168,135	64,008
Telefónica de Costa Rica S.A.	Foreign	Costa Rica	Related to the parent	Serv, Provided	USD	90 days	164,220	-
Telefónica Gestión de Servicios Compartidos España	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	60 days	144,249	-
Telcel Venezuela	Foreign	Venezuela	Related to the parent	Serv, Provided	USD	180 days	122,285	198,045
Telefónica Global Tecnology S.A.U.	Foreign	Spain	Related to the parent	Serv, Provided	EUR	90 days	95,962	95,962
Telefónica S.A.	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	90 days	89,428	53,075
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Related to the parent	Serv, Provided	CLP	60 days	83,759	82,827
Media Networks Perú	Foreign	Perú	Related to the parent	Serv, Provided	USD	90 days	82,754	92,521
Telefónica Larga Distancia Puerto Rico	Foreign	Puerto Rico	Related to the parent	Serv, Provided	USD	90 days	64,897	62,843
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Related to the parent	Serv, Provided	CLP	60 days	42,037	19,855
Terra Networks Chile S.A.	96.834.230-4	Chile	Related to the parent	Serv, Provided	CLP	60 days	41,239	44,587
Telefónica Investigación y Desarrollo Chile Spa	76.378.279-4	Chile	Related to the parent	Serv, Provided	CLP	60 days	11,842	-
Telefónica Móviles Guatemala	Foreign	Guatemala	Related to the parent	Serv, Provided	USD	90 days	9,010	8,725
Telefónica de España S.A.U.	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	180 days	8,088	7,832
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Related to the parent	Serv, Provided	CLP	60 days	7,094	-
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Related to the parent	Serv, Provided	USD	60 days	5,971	6,525
Telefónica On The Spot Services SAU	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	90 days	2,695	-
Inversiones Telefónica Internacional Holding Ltda.	77.363.730-k	Chile	parent company	Serv, Provided	CLP	60 days	3,888	-
Telefónica Factoring Chile S.A.	76.096.189-2	Chile	Associated	Serv, Provided	CLP	60 days	1,619	-
Telefónica USA Inc.	Foreign	USA	Related to the parent	Serv, Provided	USD	60 days	1,213	1,213
Otecel S.A.	Foreign	Colombia	Related to the parent	Serv, Provided	USD	60 days	1,201	3,338
Total							**60,323,875**	**55,738,039**

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

b) Non-currents receivables from related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2015 ThCh$	12.31.2014 ThCh$
Telefónica Móviles Chile S,A,	87.845.500-2	Chile	Related to the parent	H.R. obligation	CLP	-	1,366,521	1,366,521
Total							**1,366,521**	**1,366,521**

9. Receivables from and payable to related companies, continued

c) Currents payables to related companies:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2015 ThCh$	12.31.2014 ThCh$
Telefónica Móviles Chile S.A.	87.845.500-2	Chile	Related to the parent	**Total**			**57,379,269**	**26,581,922**
				Financial Serv,	CLP	60 days	40,921,773	13,367,459
				Fixed – Mobile cost	CLP	60 days	1,134,361	880,978
				Collection payable	CLP	60 days	11,716,256	8,650,441
				Access charges	CLP	60 days	1,004,230	1,503,536
				Other	CLP	60 days	2,602,649	2,179,508
Telefónica International Wholesale Services Chile S.A.	96.910.730-9	Chile	Related to the parent	**Total**			**18,496,950**	**19,230,342**
				Financial Serv,	CLP	60 days	9,282,422	8,254,955
				IP Voice Traffic	CLP	60 days	8,129,133	6,039,995
				Data and Links	CLP	60 days	998,585	3,929,527
				Other	CLP	60 days	86,810	1,005,865
Inversiones Telefónica Móviles Holding S.A.	76.124.890-1	Chile	Related to the parent	**Total**			**11,559,435**	**11,559,435**
				Dividends	CLP	60 days	11,557,907	11,557,907
				Other	CLP	60 days	1,528	1,528
Telefónica S.A.	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	90 Days	6,054,691	4,604,301
Media Networks Perú	Foreign	Peru	Related to the parent	Serv, Provided	USD	90 days	4,117,438	2,490,597
Telefónica Internacional S.A.U. - España	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	90 days	3,252,588	3,500,396
Telefónica Global Technology	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	90 days	3,218,000	1,464,249
Telefónica Argentina S.A.	Foreign	Argentina	Related to the parent	Serv, Provided	USD	180 days	3,168,508	1,924,221
Telefónica Global Tecnology Chile	59.165.120-k	Chile	Related to the parent	Serv, Provided	CLP	60 days	2,581,076	1,748,131
Telefónica International Wholesale Services España	Foreign	Ssapin	Related to the parent	Serv, Provided	EUR	90 days	2,274,353	1,461,146
Telefónica Compras Electrónicas	Foreign	Ssapin	Related to the parent	Serv, Provided	EUR	90 days	1,706,335	1,742,592
Telefónica Digital España	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	60 days	1,513,822	872,773
Telefónica del Perú S.A.	Foreign	Peru	Related to the parent	Serv, Provided	USD	90 days	931,204	886,393
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Related to the parent	Serv, Provided	CLP	60 days	362,556	277,105
Telefónica USA Inc.	Foreign	USA	Related to the parent	Serv, Provided	USD	60 days	184,162	159,449
Fundación Telefónica Chile	74.944.200-k	Chile	Related to the parent	Serv, Provided	CLP	60 days	126,824	585,226
Telefónica Gestión de Servicios Compartidos - España	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	60 days	114,558	87,812
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Related to the parent	Serv, Provided	USD	60 days	51,992	48,013
Telefónica On The Spot Services S.A.U.	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	90 days	28,256	3,034
Telcel Venezuela	Foreign	Venezuela	Related to the parent	Serv, Provided	USD	90 days	14,062	15,204
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Related to the parent	Serv, Provided	USD	90 days	13,448	-
Telefónica Larga Distancia Puerto Rico	Foreign	Puerto Rico	Related to the parent	Serv, Provided	USD	90 days	11,317	10,959
Telefónica Learning	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	60 days	9,509	442
Televisión Federal Telefe – Argentina	Foreign	Argentina	Related to the parent	Serv, Provided	USD	90 days	8,462	4,126
Telefónica Brasil	Foreign	Brazil	Related to the parent	Serv, Provided	USD	90 days	7,326	434,360
Telefónica Factoring - España	Foreign	Sapin	Related to the parent	Serv, Provided	USD	60 days	1,450	1,409
Telefónica Global Services , GmbH	Foreign	Germany	Related to the parent	Serv, Provided	USD	90 days	645	705
Telefónica de España S.A.U	Foreign	Sapin	Related to the parent	Serv, Provided	EUR	90 days	314	301
Terra Networks Chile S.A.	96.834.230-4	Chile	Related to the parent	Serv, Provided	CLP	60 days	-	7,679
Total							**17,188,550**	**79,702,322**

9. Receivables from and payable to related companies, continued

c) Current payables to related companies, continued:

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

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

d) Accounts payable to related entities noncurrent

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2015 ThCh$	12.31.2014 ThCh$
Telefónica Móviles Chile S,A,	87.845.500-2	Chile	Related to the parent	Mercantile Current Account	CLP	-	73,907,269	73,072,215
Total							**73,907,269**	**73,072,215**

e) Transactions:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	03.31.2015 ThCh$	03.31.2014 (no audited) ThCh$
Telefónica Móviles Chile S.A.	87.845.500-2	Chile	Related to the parent	**Total**		**29,134,232**	**28,131,629**
				Prof, Services	CLP	22,147,595	16,794,747
				Access charges and Interconnects	CLP	8,934,426	7,414,132
				Fixed - Mobile	CLP	1,881,579	3,097,693
				Other	CLP	721,895	-
				Cost	CLP	(2,753,807)	-
				Other	CLP	(778,089)	1,004,157
				Interest expense	CLP	(1,019,367)	(179,100)
Telefónica International Wholesale Services Chile S.A.	96.910.730-9	Chile	Related to the parent	**Total**		**(3,234,032)**	**(3,055,589)**
				Sale	CLP	761,719	479,998
				International access to Internet - IP Traffic	CLP	(3,603,591)	(3,205,222)
				Other	CLP	(354,292)	(300,667)
				Interest expense	CLP	(37,868)	(29,698)
Telefónica S.A.	Foreign	Spain	Related to the parent	**Total**		**(2,439,790)**	**(2,706,769)**
				Sale	EUR	24,647	-
				Brand Fee	EUR	(2,417,730)	(2,656,087)
				Other	EUR	(46,707)	(50,682)
Media Networks Perú	Foreign	Peru	Related to the parent	**Total**		**(2,438,972)**	**(1,367,340)**
				Sale	USD	31,370	27,893
				Lease space	USD	(1,701,700)	(1,020,848)
				Other	USD	(768,642)	(374,385)
Telefónica Global Technology Chile	56.165.120-K	Chile	Related to the parent	Sale	CLP	56,813	-
				Information services	CLP	(2,309,770)	(2,038,611)
Telefónica Argentina S.A.	Foreign	Argentina	Related to the parent	Sales	USD	5,501	3,877
				Media rental	USD	(1,757,813)	(1,520,291)
Telefónica Global Technology S.A.U.	Foreign	Spain	Related to the parent	Costs	EUR	(1,519,769)	(320,395)
Telefónica International Wholesale Services España	Foreign	Spain	Related to the parent	Sale	EUR	762,657	1,689,045
				Costs	EUR	(1,360,502)	(424,969)
Telefónica Digital España	Foreign	Spain	Related to the parent	Sales	EUR	186,089	-
				Costs	EUR	(641,049)	-
Telefónica Sol. Inf.Com. España	Foreign	Sapin	Related to the parent	Costs	EUR	(347,587)	-
Telefónica Compras Electrónica S.A.	Foreign	Sapin	Related to the parent	Costs	EUR	(347,044)	(285,000)
Telefónica International Wholesale Services América	Foreign	Uruguay	Related to the parent	Costs	USD	(238,099)	(357,149)

9. Receivables from and payable to related companies, continued

e) Transaction, continued

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	03.31.2015 ThCh$	03.31.2014 ThCh$
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Related to the parent	Sale	CLP	84,398	3,730
				Costs	CLP	(316,562)	(384,390)
Telefónica Internacional S.A.U.	Foreign	Spain	Related to the parent	Sale	EUR	175,126	54,376
				Costs	EUR	-	(598,945)
Telefónica De Costa Rica S. A.	Foreign	Costa Rica	Related to the parent	Sale	USD	138,000	-
Telefónica del Perú S.A.	Foreign	Peru		Sale	USD	(100,032)	(25,470)
Telefónica Gestión de Servicios Compartidos - España	Foreign	Spain	Related to the parent	Sale	EUR	144,249	-
			Related to the parent	Costs	EUR	(74,692)	(65,856)
Telefónica USA Inc.	Foreign	USA	Related to the parent	Costs	USD	(24,714)	(36,714)
Telcel Venezuela	Foreign	Venezuela	Related to the parent	Sale	USD	19,765	-
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Related to the parent	Sale	CLP	18,848	10,418
Televisión Federal Telefe – Argentina	Foreign	Argentina	Related to the parent	Costs	USD	(12,759)	(11,083)
Telefónica Learning	Foreign	Spain	Related to the parent	Costs	EUR	(10,563)	(344)
Telefónica Investigación y Desarrollo Chile Spa	76.378.279-4	Chile	Related to the parent	Sale	CLP	9,951	-
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Related to the parent	Sale	CLP	5,962	-
Media Network Chile	76.243.733-3	Chile	Related to the parent	Sale	CLP	4,406	-
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Related to the parent	Sale	USD	-	25,241
			Related to the parent	Costs	USD	(3,979)	(6,037)
Telefónica On The Spot Services SAU	Foreign	Spain	Related to the parent	Sale	EUR	2,695	-
				Costs	EUR	-	(73,342)
Inversiones Telefónica Internacional Holding S.A.	77.363.730-K	Chile	Related to the parent	Sale	CLP	1,279	2,626
Telefónica Factoring Chile S.A.	76.096.189-2	Chile	Associated	Sale	CLP	1,361	-
Terra Networks Chile S.A.	93.834.230-4	Chile	Related to the parent	Sale	CLP	7,397	20,217
			Related to the parent	Costs	CLP	(8,485)	(30,315)
Fundación Telefónica Chile S.A.	74.944.200-k	Chile	Related to the parent	Sale	CLP	1,315	-
			Related to the parent	Interest expense	CLP	(1,597)	(3,413)
Telefónica de España S.A.U.	Foreign	Spain	Related to the parent	Sale	EUR	-	133,473
				Costs	EUR	(13)	(410)
Telefónica Brasil	Foreign	Brazil	Related to the parent	Costs	USD	-	342,813

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

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

There have been charges and credits to current accounts in the receivables of companies due to billing for sale of materials, equipment and services.

9. Receivables from and payable to related companies, continued

e) Transaction, continued

The conditions of the Mercantile Current Account and Mandate are currents, accruing interest at a variable interest rate that adjusts to market conditions.

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

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

The Company is managed by a Board of Directors composed of 14 members and its key employees are 73 and 72 executives for March 31, 2015 and December 31, 2014, respectively.

Concepts	03.31.2015 ThCh$	03.31.2014 (Not audited) ThCh$
Salaries	5,214,684	4,722,788
Post employment benefits	202,080	633,006
Total	**5,416,764**	**5,355,794**

10. Inventory

a) The detail of inventory is as follows:

Concepts	03.31.2015 Gross value ThCh$	03.31.2015 Allowance for obsolescence ThCh$	03.31.2015 Net value ThCh$	12.31.2014 Gross value ThCh$	12.31.2014 Allowance for obsolescence ThCh$	12.31.2014 Net value ThCh$
Modems and Router	3,781,923	(1,273,952)	2,507,971	2,722,815	(1,229,766)	1,493,049
Basic telephony, public telephony and switchboard ("centralitas") components	3,414,962	(1,031,245)	2,383,717	3,114,420	(1,157,333)	1,957,087
Decoders and antennas (1)	7,414,086	(79,012)	7,335,074	818,156	(68,379)	749,777
IP Solutions Projects	328,661	-	328,661	249,116	-	249,116
Other	1,202,549	(721,855)	480,694	1,012,518	(425,088)	587,430
Total	**16,142,181**	**(3,106,064)**	**13,036,117**	**7,917,025**	**(2,880,566)**	**5,036,459**

(1) As of February 1, 2015, the Company implemented a new television service business model, where the associated decoders fulfill the characteristics of inventory, which as of March 31, 2015 amount to ThCh$6,411,519.

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

b) The movement of inventory is as follows:

Movements	03.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	**5,036,459**	**6,781,814**
Purchases	12,387,507	12,326,533
Sales	(6,639,543)	(13,598,288)
Allowance for obsolescence	(225,499)	17,441
Transfer to materials allocated to the investment (note 15b)	2,477,193	(491,041)
Movement, subtotal	**7,999,658**	**(1,745,355)**
Ending balance	**13,036,117**	**5,036,459**

11. Income Taxes

a) Income Taxes:

As of March 31, 2015 and March 31, 2014 (not audited), a first category income tax accrual has been established, therefore a positive tax base was determined in the amount of ThCh$ 9,055,258 and ThCh$ 16,561,117, respectively for each periods.

The previous figures correspond to the income of the parent company and subsidiaries with a positive base of ThCh$ 4,052,720 and ThCh$ 5,002,538 for March 2015, respectively and ThCh$ 11,819,907 and ThCh$ 4,741,210 for March 2014 (not audited), respectively.

During the course of its normal operations, the Company is subject to the regulations and supervision of the Chilean Internal Revenue Service, which could cause differences to arise in the application of tax determination criteria.

As of March 31, 2015, the parent company has a positive Retained Taxable Earnings Registry in the amount of ThCh$ 625,211,438.

The Companies of the group with a positive balance in the Retained Taxable Earnings Registry and their associated credits are as follows:

Subsidiaries	Taxable net income with 15% credit ThCh$	Taxable net income with 16% credit ThCh$	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 with 21% credit ThCh$	Taxable net Income without credit ThCh$	Amount of credit ThCh$
Telefónica Chile S,A,	2,940,072	1,113,904	797,428	360,477,146	175,754,133	25,532,118	8,725,282	125,446,805
Telefónica Larga Distancia S,A,	-	-	-	-	-	-	77,089	-
Telefónica Chile Servicios Corporativos Ltda,	-	-	-	-	19,664,385	10,232,787	2,764,535	7,636,204
Telefónica Empresas Chile S,A,	-	-	-	-	15,247,568	-	1,884,992	3,811,892
Total	**2,940,072**	**1,113,904**	**797,428**	**360,477,146**	**210,666,086**	**35,764,905**	**13,451,898**	**136,894,901**

b) Current tax assets

As of March 31, 2015 and December 31, 2014, current income tax assets are detailed as follows:

Concepts	03.31.2015 ThCh$	12.31.2014 ThCh$
Monthly prepaid tax installments	6,533,174	3,762,578
Net income consumed by loss (PPUA) (1)	2,309,571	-
Sence Credit	296,000	-
Total	**9,138,745**	**3,762,578**

(1) Corresponds to subsidiary Telefónica Chile Servicios Corporativos Ltda. generated by the absorption of the tax loss for the quarter with retained earnings as of March 31, 2015.

11. Income Taxes, continued

c) Deferred taxes

As of March 31, 2015, December 31, 2014 and March 31, 2014 (not audited), the cumulative balances of temporary differences resulted in net deferred tax liabilities of ThCh$ 69,460,132, ThCh$ 65,920,142 and ThCh$ 47,671,913, respectively, detailed as follows:

Disclosure of temporary differences, losses and unused tax credits March 31, 2015	Other temporary differences	Allowance for doubtful accounts	Vacation provision	Staff severance indemnities	Property, plant and equipment and IRUS amortization	Tax loss	Deferred income	Incentive bonus	Equity adjustment due to termination benefits and hedging insurance	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities												
Deferred tax assets	2,058,018	27,599,948	937,696	7,717,138	3,975,452	-	1,041,595	1,197,903	2,693,791	(39,985,616)	**7,235,925**	**7,235,925**
Deferred tax liabilities	1,367,241	-	11,025,694	103,893,488	-	-	-	395,250	(39,985,616)	**76,696,057**	**76,691,852**	76,691,852
Deferred tax liabilities (assets)	**(690,777)**	**(937,696)**	**3,308,556**	**99,918,036**	**-**	**(1,041,595)**	**(1,197,903)**	**(2,298,541)**	**-**	**69,460,132**	**65,920,142**	**65,920,142**
Deferred tax assets and liabilities, net												
Deferred tax assets, net	(690,777)	(27,599,948)	(937,696)	-	-	-	(1,041,595)	(1,197,903)	(2,298,541)	-	**(33,766,460)**	**(33,766,460)**
Deferred tax liabilities, net	-	-	-	3,308,556	99,918,036	-	-	-	-	-	**103,226,592**	**103,226,592**
Deferred tax expense (benefit)												
Deferred tax expense (benefit)	846,000	(1,450,033)	337,188	(327,125)	692,688	-	1,455	3,176,640	-	-	**3,276,813**	**3,276,813**
Deferred tax expense (benefit) recognized in income	846,000	(1,450,033)	337,188	(327,125)	692,688	-	1,455	3,176,640	-	-	**3,276,813**	**3,276,813**
Reconciliation of changes in deferred tax liabilities (assets)												
Deferred tax liabilities (assets) - Beginning balance Dec, 2013	(1,549,860)	(26,149,915)	(1,274,884)	3,635,681	99,225,348	-	(1,043,050)	(4,374,543)	(2,548,634)	-	**65,920,143**	**65,920,143**
Changes in deferred tax liabilities (assets)												
Deferred tax expense (benefit) recognized in income	846,000	(1,450,033)	337,188	(327,125)	692,688	-	1,455	3,176,640	-	-	**3,276,813**	**3,276,813**
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Income taxes related to components of other comprehensive income	13,083	-	-	-	-	-	-	-	250,093		**263,176**	**263,176**
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax liabilities (assets)	**859,083**	**(1,450,033)**	**337,188**	**(327,125)**	**692,688**	**-**	**1,455**	**3,176,640**	**250,093**	**-**	**3,539,989**	**3,539,989**
Deferred tax liabilities (assets)	(690,777)	(27,599,948)	(937,696)	3,308,556	99,918,036	-	(1,041,595)	(1,197,903)	(2,298,541)	-	**69,460,132**	**69,460,132**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

11. Income Taxes, continued

c) Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits December 31, 2014	Other temporary differences	Allowance for doubtful accounts	Vacation provision	Staff severance indemnities	Property, plant and equipment and IRUS amortization	Tax loss	Deferred income	Incentive bonus	Equity adjustment due to termination benefits and hedging insurance	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
Deferred tax assets and liabilities												
Deferred tax assets	2,647,899	26,149,915	1,274,884	8,188,902	4,318,573	-	1,043,050	4,374,543	2,955,600	(40,181,656)	**10,771,710**	**10,771,710**
Deferred tax liabilities	1,098,038	-	-	11,824,583	103,543,921	-	-	-	406,966	(40,181,656)	76,691,852	76,691,852
Deferred tax liabilities (assets)	**(1,549,861)**	**(26,149,915)**	**(1,274,884)**	**3,635,681**	**99,225,348**	**-**	**(1,043,050)**	**(4,374,543)**	**(2,548,634)**	**-**	**65,920,142**	**65,920,142**
Deferred tax assets and liabilities, net												
Deferred tax assets, net	(1,549,861)	(26,149,915)	(1,274,884)	-	-	-	(1,043,050)	(4,374,543)	(2,548,634)	-	**(36,940,887)**	**(36,940,887)**
Deferred tax liabilities, net	-	-	-	3,635,681	99,225,348	-	-	-	-	-	**102,861,029**	**102,861,029**
Deferred tax expense (benefit)												
Deferred tax expense (benefit)	(1,245,816)	113,356	(338,733)	3,402,909	5,615,034	-	(322,173)	(898,715)	(265,312)	-	**6,060,550**	**6,060,550**
Deferred tax expense (benefit) recognized in income	(1,245,815)	113,356	(338,733)	3,402,909	5,615,034	-	(322,173)	(898,715)	(265,312)	-	**6,060,550**	**6,060,550**
Reconciliation of changes in deferred tax liabilities (assets)												
Deferred tax liabilities (assets) - Beginning balance Dec, 2013	(196,120)	(23,283,817)	(884,163)	2,380,384	73,244,693	-	(720,877)	(3,312,492)	845,388	-	**48,072,996**	**48,072,996**
Changes in deferred tax liabilities (assets)												
Deferred tax expense (benefit) recognized in income	(1,245,816)	113,356	(338,733)	3,402,909	5,615,034	-	(322,173)	(898,715)	(265,312)	-	**6,060,550**	**6,060,550**
Deferred taxes related to items credited (charged) directly to equity	(107,925)	(2,979,454)	(51,988)	(2,147,612)	20,365,621	-	-	(163,336)	-	-	**14,915,306**	**14,915,306**
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	-	-	(3,128,710)		**(3,128,710)**	**(3,128,710)**
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax liabilities (assets)	**(1,353,741)**	**(2,866,098)**	**(390,721)**	**1,255,297**	**25,980,655**	**-**	**(322,173)**	**(1,062,051)**	**(3,394,022)**	**-**	**17,847,146**	**17,847,146**
Deferred tax liabilities (assets)	(1,549,861)	(26,149,915)	(1,274,884)	3,635,681	99,225,348	-	(1,043,050)	(4,374,543)	(2,548,634)	-	**65,920,142**	**65,920,142**

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

11. Income Taxes, continued

c) Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits **March 31, 2014** **(Not audited)**	**Other temporary differences**	**Allowance for doubtful accounts**	**Vacation provision**	**Staff severance indemnities**	**Property, plant and equipment and IRUS amortization**	**Tax loss**	**Deferred income**	**Incentive bonus**	**Equity adjustment due to termination benefits and hedging insurance**	**Reclassification (1)**	**Temporary differences**	**Temporary differences, losses and unused tax credits**
Deferred tax assets and liabilities												
Deferred tax assets	1,638,547	24,158,139	432,939	6,060,313	3,829,085	-	572,029	927,122	1,469,056	(33,597,522)	**5,489,698**	**5,489,698**
Deferred tax liabilities	1,311,173	-	-	8,304,604	76,029,931	-	-	-	1,113,425	(33,597,522)	**53,161,611**	**76,691,852**
Deferred tax liabilities (assets)	**(327,374)**	**(432,939)**	**(432,939)**	**2,244,291**	**72,200,846**	**-**	**(572,029)**	**(927,122)**	**(355,631)**	**-**	**47,671,913**	**65,920,142**
Deferred tax assets and liabilities, net												
Deferred tax assets, net	(327,374)	(24,158,139)	(432,939)	-	-	-	(572,029)	(927,122)	(355,631)	-	**(26,773,224)**	**(26,773,224)**
Deferred tax liabilities, net	-	-	-	2,244,291	72,200,846	-	-	-	-	-	**74,445,137**	**74,445,137**
Deferred tax expense (benefit)												
Deferred tax expense (benefit)	(128,187)	(874,322)	451,234	(136,093)	(1,043,847)	-	148,848	2,385,908	-	-	**803,541**	**803,541**
Deferred tax expense (benefit) recognized in income	(128,187)	(874,322)	451,234	(136,093)	(1,043,847)	-	148,848	2,385,908	-	-	**803,541**	**803,541**
Reconciliation of changes in deferred tax liabilities (assets)												
Deferred tax liabilities (assets) - Beginning balance Dec, 2013	(199,187)	(23,283,817)	(884,163)	2,380,384	73,244,693	-	(720,877)	(3,313,030)	848,993	-	**48,072,996**	**48,072,996**
Changes in deferred tax liabilities (assets)												
Deferred tax expense (benefit) recognized in income	(128,187)	(874,322)	451,234	(136,093)	(1,043,847)	-	148,848	2,385,908	-	-	**803,541**	**803,541**
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	-	-	(1,204,624)		**(1,204,624)**	**(1,204,624)**
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in deferred tax liabilities (assets)	**(128,127)**	**(874,322)**	**451,234**	**(136,093)**	**(1,043,847)**	**-**	**148,848**	**2,385,908**	**(1,204,624)**	**-**	**(401,083)**	**(401,083)**
Deferred tax liabilities (assets)	(327,374)	(24,158,139)	(432,929)	2,244,291	72,200,846	-	(572,029)	(927,122)	(355,631)	-	**47,671,913**	**47,671,913**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

11. Income Taxes, continued

d) Taxable Income

As of March 31, 2015 and march 31, 2104(no audited) a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh$ 9,055,258 and ThCh$ 16,561,117 respectively for each year, detailed as follows:

Concepts	Taxable Net Income	
	03.31.2015	03.31.2014 (not audited)
	ThCh$	ThCh$
Finance income	3,244,408	9,369,986
Recorded tax expense	1,380,218	1,364,852
Additions	23,357,370	41,664,348
Deductions	(18,926,738)	(35,838,069)
Taxable net income	9,055,258	16,561,117
First category tax rate 22.5 and 20%	**2,037,433**	**3,312,223**
Art, 21 rejected expenses tax base	110,044	365,819
Art, 21 non-deductible expenses (35% rate)	**38,516**	**128,037**
Total tax provision	**2,075,949**	**3,440,260**
Third party absorbed net income provisional payment	(3,972,544)	(2,878,949)
Total first category taxes	**(1,896,595)**	**561,311**

11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation for the periods ended March 31, 2015 and March 31, 2014 (not audited) are detailed as follows:

Concepts	03.31.2015 Taxable base ThCh$	03.31.2015 22.5 Tax Rate ThCh$	03.31.2014 (not audited) Taxable base ThCh$	03.31.2014 (not audited) 20% Tax Rate ThCh$
Finance income	3,244,408		9,369,986	
Recorded tax expense	1,380,218		1,364,852	
Income before taxes	**4,624,626**	**1,040,541**	**10,734,838**	**2,146,968**
Permanent differences	**1,509,676**	**339,677**	**(3,910,575)**	**(782,116)**
Price-level restatement of taxable equity	-	-	(8,697,836)	(1,739,567)
Price-level restatement of investments	727,304	163,643	3,301,962	660,392
Adjustment of derivatives to equity	211,008	47,477	-	-
Adjustment on deferred tax beginning balances	357,718	80,487	22,281	4,456
Other	213,646	48,070	1,463,018	292,603
Total corporate tax expense	**6,134,302**	**1,380,218**	**6,824,263**	**1,364,852**
Based on taxable net income and deferred taxes calculated on the basis of temporary differences				
22.5% and 20% income tax (1)		2,037,433		3,312,223
35% income tax		38,516		128,037
Provisional payment on third party absorbed profits		(3,972,544)		(2,878,949)
Income tax expense		**(1,896,595)**		**561,311**
Deferred tax expense (income)		**3,276,813**		**803,541**
Total corporate tax expense		**1,380,218**		**1,364,852**
Effective income tax rate (2)		**29.84%**		**12.71%**

(1) On September 29, 2014, Law No, 20,780 was issued, which contains the Tax Reform which introduces, among other things, changes in the tax regime of companies that pay first category (corporate) income taxes.

(2) Effective rate determined considering the tax expense accounted for in income in respect to finance income after taxes, The effective rate determined, considering the tax expense and the effect accounted for in equity in respect to finance income before taxes amounts to 29.84%.

11. Income Taxes, continued

f) Current income tax liabilities

As of March 31, 2015 and december 31, 2014, current income tax liabilities are detailed as follows:

Concepts	03.31.2015 ThCh$	12.31.2014 ThCh$
Income tax accrual (1)	1,490,433	2,741,836
Total	**1,490,433**	**2,741,836**

(1) First Category income tax is presented net of prepaid monthly tax installments for ThCh$7,705,206 as of March 31, 2015 and ThCh$4,230,468 for December 31, 2014.

g) Other

On April 30, 2013, when it obtained full ownership of the shares of its subsidiary Telefónica Multimedia Chile Dos S,A, the Company absorbed that company which resulted from the division of Telefónica Multimedia Chile S,A, held in November 2011, This transaction led to the possibility of recording tax goodwill in the amount of approximately ThCh$ 44,136,000 which must be distributed among non-monetary assets received due to the operation, This tax goodwill is generated when one compares the tax cost of the acquisition of the absorbed company to the value of tax assets.

Management deemed it reasonable not to reflect the effects of recognition of the mentioned goodwill in the amount of approximately ThCh$ 8,827,000 in the Company's deferred taxes as of December 31, 2013.

h) Tax reform

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

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

The tax rates are detailed as follows:

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

12. Non-current trade and other accounts receivable

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

Concepts	03.31.2015 Gross value ThCh$	03.31.2015 Allowance for doubtful accounts ThCh$	03.31.2015 Net value ThCh$	12.31.2014 Gross value ThCh$	12.31.2014 Allowance for doubtful accounts ThCh$	12.31.2014 Net value ThCh$
Trade receivables	5,554,286	(1,092,711)	4,461,575	5,705,820	(1,540,462)	4,165,358
Miscellaneous receivables (1)	13,568,709	-	13,568,709	13,652,190	-	13,652,190
Total	**19,122,995**	**(1,092,711)**	**18,030,284**	**19,358,010**	**(1,540,462)**	**17,817,548**

(1) Mainly includes loans related to employees.

b) As of March 31, 2015 and December 31, 2014 Non-current trade and other accounts receivable by due date are detailed as follows:

As of March 31, 2015

Concepts	Gross Portfolio value in ThCh$ 1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	Allowance for doubtful accounts ThCh$ 1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	Net Total
Trade receivables	(616,158)	3,541,533	2,628,911	**5,554,286**	(870,113)	(177,519)	(45,079)	**(1,092,711)**	**4,461,575**
Miscellaneous receivables	2,578,055	949,810	10,040,844	**13,568,709**	-	-	-	**-**	**13,568,709**
Total	**1,961,897**	**4,491,343**	**12,669,755**	**19,122,995**	**(870,113)**	**(177,519)**	**(45,079)**	**(1,092,711)**	**18,030,284**

As of December 31, 2014

Concepts	Gross Portfolio value in ThCh$ 1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	Allowance for doubtful accounts ThCh$ 1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh$	Net Total
Trade receivables	2,852,001	1,038,899	1,814,920	**5,705,820**	(1,333,971)	(164,674)	(41,817)	**(1,540,462)**	**4,165,358**
Miscellaneous receivables	2,392,017	1,007,131	10,253,042	**13,652,190**	-	-	-	**-**	**13,652,190**
Total	**5,244,018**	**2,046,030**	**12,067,962**	**19,358,010**	**(1,333,971)**	**(164,674)**	**(41,817)**	**(1,540,462)**	**17,817,548**

13. Intangible Assets other than goodwill

a) Intangible assets other than goodwill as of March 31, 2015 and December 31, 2014 are detailed as follows:

Concepts	03.31.2015 Intangible, gross ThCh$	03.31.2015 Accumulated amortization ThCh$	03.31.2015 Intangible, net ThCh$	12.31.2014 Intangible, gross ThCh$	12.31.2014 Accumulated amortization ThCh$	12.31.2014 Intangible, net ThCh$
Intangible assets in development (1)	5,097	-	5,097	5,097	-	5,097
Licenses and franchises	208,861,633	(174,948,443)	33,913,190	208,007,429	(168,764,130)	39,243,299
Other intangible assets (2)	21,832,500	(17,644,136)	4,188,364	21,832,500	(17,284,837)	4,547,663
Total	**230,699,230**	**(192,592,579)**	**38,106,651**	**229,845,026**	**(186,048,967)**	**43,796,059**

(1) Corresponds to work in progress in development of licenses and software.

(2) Corresponds to rights to use underwater cable.

b) As of March 31, 2015 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net ThCh$	Licenses and franchises, net ThCh$	Other intangible assets, net ThCh$	Intangible, net ThCh$
Beginning balance as of 01.01.2015	**5,097**	**39,243,299**	**4,547,663**	**43,796,059**
Amortization	-	(6,184,313)	(359,299)	(6,543,612)
Transfer from work in progress (Note 15b)	-	854,204	-	854,204
Movement, subtotal	**-**	**(5,330,109)**	**(359,299)**	**(5,689,408)**
Ending balance as of 03.31.2015	**5,097**	**33,913,190**	**4,188,364**	**38,106,651**
Remaining average useful life	**-**	**1.4 years**	**2.9 years**	**-**

As of December 31, 2014 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net ThCh$	Licenses and franchises, net ThCh$	Other intangible assets, net ThCh$	Intangible, net ThCh$
Beginning balance as of 01.01.2014	**16,984**	**30,364,790**	**5,990,886**	**36,372,660**
Amortization	-	(21,092,631)	(1,443,223)	(22,535,854)
Transfer from work in progress (Note 15b)	(11,887)	29,971,140	-	29,959,253
Movement, subtotal	**(11,887)**	**8,878,509**	**(1,443,223)**	**7,423,399**
Ending balance as of 12.31.2014	**5,097**	**39,243,299**	**4,547,663**	**43,796,059**
Remaining average useful life	**-**	**2.1 years**	**3.2 years**	**-**

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

13. Intangible Assets other than goodwill, continued

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

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

As of December 31, 2014 impairment testing was determined taking into consideration the following estimated variables:

i. Projected income: The projection performed in respect to growth in the volume of future services rendered is 1,2%, growth rate that is consistent with historical behavior.

ii. Discount: The rate used to discount future cash flows is 7,29% (WACC rate according to the market), 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 12%.

In the financial statements for December 31, 2014 no impact resulted from the impairment testing of intangible assets. As of March 31, 2015 no indications of impairment have been detected for those assets, therefore no impairment testing has been performed.

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

14. Goodwill

Goodwill movement for the periods 2015 and 2014 is as follows:

Taxpayer No,	Company	01.01.2015 ThCh$	Additions ThCh$	Eliminations ThCh$	03.31.2015 ThCh$
96.672.160-k	Telefónica Larga Distancia S,A,	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S,A,	620,232	-	-	620,232
	Total	**21,660,128**	**-**	**-**	**21,660,128**

Taxpayer No,	Company	01.01.2014 ThCh$	Additions ThCh$	Eliminations ThCh$	12.31.2014 ThCh$
96.672.160-k	Telefónica Larga Distancia S,A,	21,039,896	-	-	21,039,896
96.834.320-3	Telefónica Internet Empresas S,A,	620,232	-	-	620,232
	Total	**21,660,128**	**-**	**-**	**21,660,128**

Assets indicated in goodwill are tested for impairment once a year, at each year-end. As of December 31, 2014 impairment testing was determined taking into consideration the following estimated variables:

i. Projected income: The projection performed in respect to growth in the volume of future services rendered is 1,2%, growth rate that is consistent with historical behavior.

ii. Discount: The rate used to discount future cash flows is 7,29% (WACC rate according to the market), 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 12%.

According to the impairment calculations performed by management, as of 2014 year-end there has been no need detected to make significant adjustments since the recoverable value is greater than the book value in all cases. As of March 31, 2015 there has been no impairment testing.

15. Property, plant and equipment

a) The detail of Property, plant and equipment items for the periods March 31, 2015 and December 31, 2014, and their corresponding accumulated depreciation is as follows:

Concepts	03.31.2015			12.31.2014		
	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	21,139,808	-	21,139,808	21,139,808	-	21,139,808
Buildings	740,619,108	(464,914,603)	275,704,505	737,590,485	(460,501,195)	277,089,290
Transport equipments	517,639	(497,263)	20,376	517,639	(493,880)	23,759
Supplies and accessories	22,256,553	(20,507,912)	1,748,641	22,139,613	(20,382,542)	1,757,071
Office equipments	2,295,851	(917,702)	1,378,149	2,295,851	(864,333)	1,431,518
Construction in progress	158,816,914	-	158,816,914	145,675,062	-	145,675,062
Information equipment	42,005,608	(31,359,842)	10,645,766	42,145,861	(30,587,371)	11,558,490
Network and communications equipment (1)	2,367,285,020	(1,925,191,415)	442,093,605	2,352,563,387	(1,907,528,770)	445,034,617
Property, plant and equipment under financial leases	5,304,293	(4,963,953)	340,340	5,304,293	(4,962,016)	342,277
Other property, plant & equipment (2)	282,361,070	(195,555,146)	86,805,924	279,370,426	(187,363,654)	92,006,772
Total	**3,642,601,864**	**(2,643,907,836)**	**998,694,028**	**3,608,742,425**	**(2,612,683,761)**	**996,058,664**

(1) As of March 31, 2015 and 2014 this heading includes a provision in the amount of ThCh$543,244 for the estimated cost of dismantling microwave antennas, from telecommunications infrastructure, presented under other non-current provisions.

(2) Includes general equipment and subscriber equipment.

15. Property, plant and equipment, continued

b) As of March 31, 2015 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipments, net	Supplies and accessories, net	Office equipment, net	Construction in progress net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of 01.01.2015	**21,139,808**	**277,089,290**	**23,759**	**1,757,071**	**1,431,518**	**145,675,062**	**11,558,490**	**445,034,617**	**342,277**	**92,006,772**	**996,058,664**
Additions	-	-	-	-	-	43,567,413	-	-	-	-	43,567,413
Retirements	-	-	-	-	-	-	(392,926)	(1,370,406)	-	(7,117,636)	(8,880,968)
Acc, Dep, retirements	-	-	-	-	-	-	392,621	1,271,819	-	7,052,138	8,716,578
Depreciation expense	-	(4,413,408)	(3,383)	(125,370)	(53,369)	-	(1,165,092)	(19,279,328)	(1,937)	(14,898,766)	(39,940,653)
	-	-	-	-	-	-	-	344,864	-	(344,864)	-
Other Increase (decrease) (1)	-	3,028,623	-	116,940	-	(30,425,561)	252,673	16,092,039	-	10,108,280	(827,006)
Movements, subtotal	**-**	**(1,384,785)**	**(3,383)**	**(8,430)**	**(53,369)**	**13,141,852**	**(912,724)**	**(2,941,012)**	**(1,937)**	**(5,200,848)**	**2,635,364**
Ending balance as of 03.31.2015	**21,139,808**	**275,704,505**	**20,376**	**1,748,641**	**1,378,149**	**158,816,914**	**10,645,766**	**442,093,605**	**340,340**	**86,805,924**	**998,694,028**

(1) Includes net movement of transfers from construction in progress to intangible assets in the amount of ThCh$(854,204) (note 13b) and transfers from inventory to investment projects in the amount of ThCh$27,198 (note 10b).

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

Fully depreciated assets still in use	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Total	**-**	**170,690,156**	**405,070**	**18,721,544**	**465,544**	**-**	**28,520,604**	**1,593,126,598**	**-**	**122,831,999**	**1,934,761,515**

15. Property, plant and equipment, continued Transfer of depreciation

b) As of December 31, 2014 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipments, net	Supplies and accessories, net	Office equipment, net	Construction in progress net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of 01.01.2014	**21,247,855**	**283,445,361**	**50,979**	**2,115,817**	**1,191,681**	**166,734,210**	**9,171,251**	**412,582,141**	**652,548**	**80,251,905**	**977,443,748**
Additions	-	-	-	-	-	207,856,229	-	-	-	-	207,856,229
Retirements	(116,198)	(2,440,676)	(60,126)	(30)	-	-	(214,565)	(33,896,815)	-	(37,853,055)	(74,581,465)
Acc, Dep, retirements	-	2,062,505	58,338	30	-	-	214,565	33,411,762	-	37,157,297	72,904,497
Depreciation expense	-	(17,757,680)	(25,432)	(512,551)	(212,704)	-	(4,413,254)	(73,617,545)	(310,271)	(61,276,858)	(158,126,295)
Other Increase (decrease) (1)	8,151	11,779,780	-	153,805	452,541	(228,915,377)	6,800,493	106,555,074	-	73,727,483	(29,438,050)
Movements, subtotal	**(108,047)**	**(6,356,071)**	**(27,220)**	**(358,746)**	**239,837**	**(21,059,148)**	**2,387,239**	**32,452,476**	**(310,271)**	**11,754,867**	**18,614,916**
Ending balance as of 12.31.2014	**21,139,808**	**277,089,290**	**23,759**	**1,757,071**	**1,431,518**	**145,675,062**	**11,558,490**	**445,034,617**	**342,277**	**92,006,772**	**996,058,664**

(1) Includes net movement of transfers from construction in progress to intangible assets in the amount of ThCh$(29,959,253) (note 13b) and transfers from inventory to investment projects in the amount of ThCh$491,041 (note 10b) and assets transferred from assets held for sale in the amount of ThCh$ 30,162.

As of December 31, 2014 the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

Fully depreciated assets still in use	Land	Buildings, gross	Transport equipments, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Total	**-**	**164,183,139**	**405,070**	**18,484,282**	**147,718**	**-**	**28,346,548**	**1,482,859,999**	**-**	**119,518,311**	**1,813,945,067**

15. Property, plant and equipment, continued

Additions for the year 2015 fundamentally show the effect of incorporation of customer residential equipment (fixed telephone, broadband and television), long-distance transmission and voice and data equipment.

As of March 31, 2015 Property, plant and equipment items originating from net financial lease operations amount to ThCh$340,340 in the categories of buildings and the other property, plant and equipment, As of December 31, 2014, the amount for this concept was ThCh$342,277 corresponding to the buildings category and equipment of information technology.

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

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

16. Non-current assets and surrendered units available for sale or held for distribution to the owners

Non-current assets and surrendered units available for sale correspond to land and buildings that have been destined for sale in accordance with the Company's rationalization program carried out and are recorded in the Fixed Telephone and Communications segments and company information in financial information by segment (note 4).

As of March 31, 2015 and December 31, 2014 the detail is as follows:

Concepts	03.31.2015 ThCh$	12.31.2014 ThCh$
Land	83,702	83,702
Buildings	75,542	75,542
Total	**159,244**	**159,244**

17. Other current and other non-current financial liabilities

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

Concepts		03.31.2015		12.31.2014	
		Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Bank loans	(a)	93,670	60,718,828	90,022	58,756,067
Unguaranteed obligations (Bonds)	(b)	7,267,811	363,248,701	4,678,911	345,965,788
Financial leases	(c)	629,218	-	650,393	16,086
Hedge instruments	(see note 19.2)	7,775,576	4,729,309	7,889,539	10,871,588
Total		**15,766,275**	**428,696,838**	**13,308,865**	**415,609,529**

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

a) As of March 31, 2015 the detail of bank loans is as follows:

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Syndicated Loan	90,635,000-9	Telefónica Chile S,A,	Chile	Foreign	Sovereing Bank N,A,	USA	USD	At expiry	2,47%	2,11%	USD 97,5 mm	2017

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in original currency
					Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Syndicated Loan(1)	90,635,000-9	Telefónica Chile S,A,	Chile	Sovereing Bank N,A,	-	-	-	97,500	97,500	-	-	-	-	97,500
	Total				**-**		**-**	**97,500**	**97,500**	**-**	**-**	**-**	**-**	**97,500**

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 03.31.2015	Non-current To Maturity							Total Non-current as of 03.31.2015
					Up to 90 days ThCh$	90 days to 1 years ThCh$	ThCh$	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	ThCh$
Syndicated Loan(1)	90,635,000-9	Telefónica Chile S,A,	Chile	Sovereing Bank N,A,	93,670	-	**93,670**	-	60,718,828	60,718,828	-	-	-	-	**60,718,828**
	Total				**93,670**	**-**	**93,670**	**-**	**60,718,828**	**60,718,828**	**-**	**-**	**-**	**-**	**60,718,828**

(1) On April 3, 2012 an international 5-year bullet loan agreement was signed with Sovereing Bank N,A, subsidiary of Santander in the USA, in the amount of USD 97.5 million with an interest rate of libor + 1.95% annually.

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

a) As of December 31, 2014 the detail of bank loans is as follows:

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Syndicated Loan	90,635,000-9	Telefónica Chile S,A,	Chile	Foreign	Sovereing Bank N,A,	USA	USD	At expiry	2,48%	2,12%	MMUSD 97,5	2017

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in original currency
					Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Syndicated Loan(1)	90,635,000-9	Telefónica Chile S,A,	Chile	Sovereing Bank N,A,	-	-	-	97,500	97,500	-	-	-	-	**97,500**
Total					**-**	**-**	**-**	**97,500**	**97,500**	-	-	**-**	**-**	**97,500**

Classes	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 12.31.2014	Non-current To Maturity							Total Non-current as of 12.31.2014
					Up to 90 days ThCh$	90 days to 1 years ThCh$	ThCh$	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	ThCh$
Syndicated Loan(1)	90,635,000-9	Telefónica Chile S,A,	Chile	Sovereing Bank N,A,	90,022	-	**90,022**	-	58,756,067	58,756,067	-	-	-	-	**58,756,067**
Total					**90,022**	**-**	**90,022**	**-**	**58,756,067**	**58,756,067**	**-**	**-**	**-**	**-**	**58,756,067**

(1) On April 3, 2012 an international 5-year bullet loan agreement was signed with Sovereing Bank N,A, subsidiary of Santander in the USA, in the amount of USD 97.5 million with an interest rate of libor + 1.95% annually.

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

b) As of March 31, 2015 the detail of unguaranteed obligations (Bonds) is as follows:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Series F Bond	90,635,000-9	Telefónica Chile S,A,	Chile	97,080,000-K	Banco Bice	Chile	UF	Biannual	6.43%	6.00%	UF 1,500,000	2016
Series 144A Bond (1)	90,635,000-9	Telefónica Chile S,A,	Chile	Foreign	The Bank of New York Mellon	USA	USD	At expiry	4.07%	3.88%	MMUSD 500	2022
Series Q Bond (2)	90,635,000-9	Telefónica Chile S,A,	Chile	97,004,000-5	Banco Chile	Chile	CLP	At expiry	6.17%	5.75%	MCh$47,000	2019

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in original currency
					Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Series F Bond	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Bice	36	36	36	-	36	-	-	-	-	**108**
Series 144A Bond (1)	90,635,000-9	Telefónica Chile S,A,	Chile	The Bank of New York Mellon	-	-	-	-	-	-	-	-	500,000	**500,000**
Series Q Bond (2)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Chile	-	-	-	-	-	-	47,000,000	47,000,000	-	**47,000,000**
Total					**36**	**36**	**36**	**-**	**36**	**-**	**47,000,000**	**47,000,000**	**500,000**	**47,500,108**

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 03.31.2015	Non-current To Maturity							Total Non-current as of 03.31.2015
					Up to 90 days ThCh$	90 days to 1 years ThCh$	ThCh$$	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	ThCh$
Series F Bond	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Bice	945,436	879,385	**1,824,821**	879,240	-	879,240	-	-	-	-	**879,240**
Series 144A Bond (1)	90,635,000-9	Telefónica Chile S,A,	Chile	The Bank of New York Mellon	5,319,892	-	**5,319,892**	-	-	-	-	-	-	314,976,633	**314,976,633**
Series Q Bond (2)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Chile	-	123,098	**123,098**	-	-	-	47,392,828	-	47,392,828	-	**47,392,828**
Total					**6,265,328**	**1,002,483**	**7,267,811**	**879,240**	**-**	**879,240**	**47,392,828**	**-**	**47,392,828**	**314,976,633**	**363,248,701**

(1) On October 12, 2012, Telefónica Chile S,A, issued Reg S 144A Bonds in the American capitals market in the amount of US$500,000,000 (equivalent to ThCh$236,400,000 historical), at an effective annual interest rate in US dollars of 3.887% and a 10-year bullet maturing on October 12, 2022, Placement banks were Banco Bilbao Vizcaya Argentaria, S.A. Citigroup Global Markets Inc, and J,P, Morgan Securities LLC, Funds resulting from the issuance shall be destined to refinancing of liabilities and others corporate purposes.

(2) On March 26, 2014, Telefónica Chile S.A. placed series Q 5-year bullet Bonds in the local market in the amount of MCh$ 47,000 at a nominal annual rate of 5.75%, maturing on March 14, 2019, The amount collected by this operation amounted to MCh$46,406.

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

b) As of December 31, 2014 the detail of unguaranteed obligations (Bonds) is as follows:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Series F Bond	90,635,000-9	Telefónica Chile S,A,	Chile	97,080,000-K	Banco Bice	Chile	UF	Biannual	6.43%	6.00%	UF 1,500,000	2016
Series 144A Bond (1)	90,635,000-9	Telefónica Chile S,A,	Chile	Foreign	The Bank of New York Mellon	USA	USD	At expiry	4.07%	3.88%	MMUSD 500	2022
Series Q Bond (2)	90,635,000-9	Telefónica Chile S,A,	Chile	97,004,000-5	Banco Chile	Chile	CLP	At expiry	6.17%	5.75%	MCh$47,000	2019

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in original currency
					Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Series F Bond	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Bice	36	36	71	-	71	-	-	-	-	**143**
Series 144A Bond (1)	90,635,000-9	Telefónica Chile S,A,	Chile	The Bank of New York Mellon	-	-	-	-	-	-	-	-	500,000	**500,000**
Series Q Bond (2)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Chile	-	-	-	-	-	-	47,000,000	47,000,000	-	**47,000,000**
Total					**36**	**36**	**71**	**-**	**71**	**-**	**47,000,000**	**47,000,000**	**500,000**	**47,500,143**

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 12.31.2014 ThCh$$	Non-current To Maturity							Total Non-current as of 12.31.2014 ThCh$
					Up to 90 days ThCh$	90 days to 1 years ThCh$		1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Series F Bond	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Bice	905,368	879,539	**1,784,907**	878,517	-	878,517	-	-	-	-	**878,517**
Series 144A Bond (1)	90,635,000-9	Telefónica Chile S,A,	Chile	The Bank of New York Mellon	-	2,248,660	**2,248,660**	-	-	-	-	-	-	297,083,895	**297,083,895**
Series Q Bond (2)	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Chile	645,344	-	**645,344**	-	-	-	-	48,003,376	48,003,376	-	**48,003,376**
Total					**1,550,712**	**3,128,199**	**4,678,911**	**878,517**	**-**	**878,517**	**-**	**48,003,376**	**48,003,376**	**297,083,895**	**345,965,788**

(1) On October 12, 2012, Telefónica Chile S,A, issued Reg S 144A Bonds in the American capitals market in the amount of US$500,000,000 (equivalent to ThCh$236,400,000 historical), at an effective annual interest rate in US dollars of 3.887% and a 10-year bullet maturing on October 12, 2022, Placement banks were Banco Bilbao Vizcaya Argentaria, S,A, Citigroup Global Markets Inc, and J,P, Morgan Securities LLC, Funds resulting from the issuance shall be destined to refinancing of liabilities and others corporate purposes.

(2) On March 26, 2014, Telefónica Chile S.A. placed series Q 5-year bullet Bonds in the local market in the amount of MCh$ 47,000 at a nominal annual rate of 5.75%, maturing on March 14, 2019, The amount collected by this operation amounted to MCh$46,406.

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

c) As of March 31, 2015 the detail of financial leases is as follows:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Financial Lease	90,635,000-9	Telefónica Chile S,A,	Chile	97,036,000-K	Banco Santander	Chile	UF	Monthly	-	8.10%	-	2016
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	76,402,700-0	CSI Renting Chile S,A,	Chile	UF	Monthly	-	2.36%	-	2015
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	76,402,700-0	CSI Renting Chile S,A,	Chile	UF	Monthly	-	2.99%	-	2015
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	76,402,700-0	CSI Renting Chile S,A,	Chile	UF	Monthly	-	2.99%	-	2015

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in original currency
					Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Financial Lease	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Santander	1	2	-	-	-	-	-	-	-	**3**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	5	10	-	-	-	-	-	-	-	**15**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	2	2	-	-	-	-	-	-	-	**4**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	1	2	-	-	-	-	-	-	-	**3**
Total					**9**	**16**	-	**-**	**-**	-	**-**	**-**	**-**	**25**

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 03.31.2015	Non-current To Maturity							Total Non-current as of 03.31.2015
					Up to 90 days ThCh$	90 days to 1 years ThCh$	ThCh$$	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	ThCh
Financial Lease	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Santander	11,760	38,234	**49,994**	-	-	-	-	-	-	-	**-**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	234,392	153,975	**388,367**	-	-	-	-	-	-	-	**-**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	52,094	60,511	**112,605**	-	-	-	-	-	-	-	**-**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	36,202	42,050	**78,252**	-	-	-	-	-	-	-	**-**
Total					**334,448**	**294,770**	**629,218**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

As of March 31, 2015 the present value of minimum current and non-current financial lease net payments is ThCh$629,218 and the total imputable interest is ThCh$10,142.

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

c) As of December 31, 2014 the detail of financial leases is as follows:

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Financial Lease	90,635,000-9	Telefónica Chile S,A,	Chile	97,036,000-K	Banco Santander	Chile	UF	Monthly	-	8.10%	-	2016
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	76,402,700-0	CSI Renting Chile S,A,	Chile	UF	Monthly	-	2.36%	-	2015
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	76,402,700-0	CSI Renting Chile S,A,	Chile	UF	Monthly	-	2.99%	-	2015
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	76,402,700-0	CSI Renting Chile S,A,	Chile	UF	Monthly	-	2.99%	-	2015

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity									Total nominal amounts in original currency
					Up to 90 days	90 days to 1 years	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over	
Financial Lease	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Santander	1	2	1	-	1	-	-	-	-	4
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	4	9	-	-	-	-	-	-	-	13
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	1	4	-	-	-	-	-	-	-	5
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	1	2	-	-	-	-	-	-	-	3
Total					7	17	1	-	1	-	-	-	-	25

Classes	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current To Maturity		Total current as of 12.31.2014	Non-current To Maturity								Total Non-current as of 12.31.2014
					Up to 90 days ThCh$	90 days to 1 years ThCh$	ThCh$$	1 to 2 years	2 to 3 years	Total 1 to 3 years	3 to 4 years	4 to 5 years	Total 3 to 5 years	5 years and over		ThCh
Financial Lease	90,635,000-9	Telefónica Chile S,A,	Chile	Banco Santander	11,419	37,451	**48,870**	13,630	-	13,630	-	-	-	-		**13,630**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	182,337	218,628	**400,965**	2,456	-	2,456	-	-	-	-		**2,456**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	31,262	87,066	**118,328**	-	-	-	-	-	-	-		**-**
Financial Lease	78,703,410-1	Telefónica Empresas Chile S,A,	Chile	CSI Renting Chile S,A,	21,725	60,505	**82,230**	-	-	-	-	-	-	-		**-**
Total					**246,743**	**403,650**	**650,393**	**16,086**	**-**	**16,086**	**-**	**-**	**-**	**-**		**16,086**

As of December 31, 2014 the present value of minimum current and non-current financial lease net payments is ThCh$666,479 and the total imputable interest is ThCh$15,118.

18. Trade and other payables

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

Concepts	03.31.2015 ThCh$	12.31.2014 ThCh$
Debts due to purchases or services provided (1)	68,573,826	67,964,931
Real property providers	34,658,299	39,670,632
Payables to employees	12,824,216	33,085,709
Dividends pending payment	760,487	791,425
Other	2,314,012	2,450,949
Total	**119,130,840**	**143,963,646**

(1) The "Debts due to purchases or services provided" corresponding to foreign and domestic suppliers for the periods ended March 31, 2015 and December 31, 2014 according to the following detail:

Debts due to purchases or services provided	03.31.2015	12.31.2014
Domestic	58,250,805	56,685,083
Foreign	10,323,021	11,279,848
Total	**68,573,826**	**67,964,931**

b) Accounts payable payment terms

The Company has a policy of paying its suppliers in an average period of 60 days,

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

As of March 31, 2015 the main suppliers, considering as a minimum margin 4% of the total, are VTR Banda Ancha witch 9.63 and Fox International Channels Chile witch 4.01% and for December 2014, VTR Banda Ancha S.A witch 9%; Cobra Chile Servicios S.A witch 5.82%; Coasín Instalaciones Ltda. witch 4.98% and Huaweii Chile Ltda. witch 4.44%.

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

Suppliers with up to date payments As of 03.31.2015	Goods ThCh$	Services ThCh$	Other ThCh$	Total ThCh$
Trade accounts to date				
Up to 30 days	13,016,750	46,447,356	15,905,020	75,369,126
From 31 to 60 days	-	-	-	-
From 61 to 90 days	-	-	-	-
Total	**13,016,750**	**46,447,356**	**15,905,020**	**75,369,126**
Average period of payment of up to date accounts	**26**	**30**	**29**	

18. Trade and other payables

b) Accounts payable payment terms

Suppliers with up to date payments As of 12.31.2014	Goods ThCh$	Services ThCh$	Other ThCh$	Total ThCh$
Trade accounts to date				
Up to 30 days	8,030,513	43,925,407	36,328,084	88,284,004
From 31 to 60 days	-	-	-	-
From 61 to 90 days	-	-	-	-
Total	**8,030,513**	**43,925,407**	**36,328,084**	**88,284,004**
Average period of payment of up to date accounts	**28**	**29**	**28**	

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

Overdue trade accounts payable by term As of 03.31.2015	Goods ThCh$	Services ThCh$	Other ThCh$	Total ThCh$
Overdue trade accounts payable by term				
Up to 30 days	12,987,705	12,850,502	-	25,838,207
From 31 to 60 days	7,829,576	7,099,708	-	14,929,284
From 61 to 90 days	330,590	53,871	-	384,461
From 91 to 120 days	7,488	159,663	-	167,151
From 121 to 180 days	486,190	1,956,421	-	2,442,611
Total	**21,641,549**	**22,120,165**	**-**	**43,761,714**
Average payment period of overdue accounts	**34**	**41**	**-**	

Overdue trade accounts payable by term As of 12.31.2014	Goods ThCh$	Services ThCh$	Other ThCh$	Total ThCh$
Overdue trade accounts payable by term				
Up to 30 days	17,221,578	14,575,621	-	31,797,199
From 31 to 60 days	12,168,089	7,468,781	-	19,636,870
From 61 to 90 days	1,542,648	1,105,876	-	2,648,524
From 91 to 120 days	262,029	728,759	-	990,788
From 121 to 180 days	160,487	445,774	-	606,261
Total	**31,354,831**	**24,324,811**	**-**	**55,679,642**
Average payment period of overdue accounts	**37**	**46**	**-**	

19. Financial instruments

1. Classification of financial instruments by nature and category

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

		ASSETS RECORDED AT FAIR VALUE							ASSETS RECORDED AT AMORTIZED COST			TOTAL	
						Valuation hierarchy							
						Level 1	Level 2	Level 3					
Description of financial assets	Financial instrument expiry	Other financial assets at FV through P&L	Financial assets available for sale	Asset hedge derivatives	Subtotal of assets at fair value	Market prices	Estimates based on other observable market data	Estimates not based on observable market data	Balance of financial assets at amortized cost	Investments held to maturity	Subtotal of assets at amortized cost	Total Carrying amount	Total fair value
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)		**3,854**	**5,664,806**	**-**	**5,668,660**	**5,664,806**	**3,854**	**-**	**-**	**-**	**-**	**5,668,660**	**5,668,660**
Other participations	See note 6b	3,854	5,664,806	-	5,668,660	5,664,806	3,854	-	-	-	-	5,668,660	5,668,660
Derivative instrument assets		**-**	**-**	**112,231,255**	**112,231,255**	**-**	**112,231,255**	**-**	**-**	**-**	**-**	**112,231,255**	**112,231,255**
Derivative instrument assets	See note 19-2	-	-	112,231,255	112,231,255	-	112,231,255	-	-	-	-	112,231,255	112,231,255
Non-current deposits and pledges		**50,468**	**-**	**-**	**50,468**	**-**	**50,468**	**-**	**-**	**-**	**-**	**50,468**	**50,468**
Non-current deposits and pledges	See note 6a	50,468	-	-	50,468	-	50,468	-	-	-	-	50,468	50,468
Non-current trade accounts receivable		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,396,805**	**-**	**19,396,805**	**19,396,805**	**19,396,805**
Non-current trade and other accounts receivable	See note 12	-	-	-	-	-	-	-	18,030,284	-	18,030,284	18,030,284	18,030,284
Account receivable from relate entities	See note 9b	-	-	-	-	-	-	-	1,366,521	-	1,366,521	1,366,521	1,366,521
Non-current financial assets		**54,322**	**5,664,806**	**112,231,255**	**117,950,383**	**5,664,806**	**112,285,577**	**-**	**19,396,805**	**-**	**19,396,805**	**137,347,188**	**137,347,188**
Current trade accounts receivable		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**181,208,786**	**-**	**181,208,786**	**181,208,786**	**181,208,786**
Current trade and other accounts receivable	See note 8a	-	-	-	-	-	-	-	120,884,911	-	120,884,911	120,884,911	120,884,911
Account receivable from relate entities	See note 9a	-	-	-	-	-	-	-	60,323,875	-	60,323,875	60,323,875	60,323,875
Current pledges and deposits		**257,912**	**-**	**-**	**257,912**	**-**	**257,912**	**-**	**-**	**-**	**-**	257,912	257,912
Current pledges and deposits	See note 6a	257,912	-	-	257,912	-	257,912	-	-	-	-	257,912	257,912
Derivative instrument of assets		**-**	**-**	**6,799,624**	**6,799,624**	**-**	**6,799,624**	-	-	-	-	**6,799,624**	**6,799,624**
Derivative instrument of assets	See note 19-2	-	-	6,799,624	6,799,624	-	6,799,624	-	-	-	-	6,799,624	6,799,624
Cash and cash equivalents		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**132,992,308**	**-**	**132,992,308**	**132,992,308**	**132,992,308**
Cash and cash equivalents	See note 5	-	-	-	-	-	-	-	132,992,308	-	132,992,308	132,992,308	132,992,308
Current financial assets		**257,912**	**-**	**6,799,624**	**7,057,536**	**-**	**7,057,536**	**-**	**314,201,094**	**-**	**314,201,094**	**321,258,630**	**321,258,630**
Total financial assets		**312,234**	**5,664,806**	**119,030,879**	**125,007,919**	**5,664,806**	**119,343,113**	**-**	**333,597,899**	**-**	**333,597,899**	**458,605,818**	**458,605,818**

19. Financial instruments, continued

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

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

Description of financial assets	Financial instrument expiry	ASSETS RECORDED AT FAIR VALUE: Other financial assets at FV through P&L	Financial assets available for sale	Asset hedge derivatives	Subtotal of assets at fair value	Valuation hierarchy: Level 1 Market prices	Level 2 Estimates based on other observable market data	Level 3 Estimates not based on observable market data	ASSETS RECORDED AT AMORTIZED COST: Balance of financial assets at amortized cost	Investments held to maturity	Subtotal of assets at amortized cost	TOTAL: Total Carrying amount	Total fair value
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other participations (net)		**3,854**	**6,464,671**	**-**	**6,468,525**	**6,464,671**	**3,854**	**-**	**-**	**-**	**-**	**6,468,525**	**6,468,525**
Other participations	See note 6b	3,854	6,464,671	-	6,468,525	6,464,671	3,854	-	-	-	-	6,468,525	6,468,525
Derivative instrument assets		**-**	**-**	**101,556,253**	**101,556,253**	**-**	**101,556,253**	**-**	**-**	**-**	**-**	**101,556,253**	**101,556,253**
Derivative instrument assets	See note 19-2	-	-	101,556,253	101,556,253	-	101,556,253	-	-	-	-	101,556,253	101,556,253
Non-current deposits and pledges		**50,468**	**-**	**-**	**50,468**	**-**	**50,468**	**-**	**-**	**-**	**-**	**50,468**	**50,468**
Non-current deposits and pledges	See note 6a	50,468	-	-	50,468	-	50,468	-	-	-	-	50,468	50,468
Non-current trade accounts receivable		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,184,069**	**-**	**19,184,069**	**19,184,069**	**19,184,069**
Non-current trade and other accounts receivable	See note 12	-	-	-	-	-	-	-	17,817,548	-	17,817,548	17,817,548	17,817,548
Account receivable from relate entities	See note 9b	-	-	-	-	-	-	-	1,366,521	-	1,366,521	1,366,521	1,366,521
Non-current financial assets		**54,322**	**6,464,671**	**101,556,253**	**108,075,246**	**6,464,671**	**101,610,575**	**-**	**19,184,069**	**-**	**19,184,069**	**127,259,315**	**127,259,315**
Current trade accounts receivable		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**182,896,398**	**-**	**182,896,398**	**182,896,398**	**182,896,398**
Current trade and other accounts receivable	See note 8a	-	-	-	-	-	-	-	127,158,359	-	127,158,359	127,158,359	127,158,359
Account receivable from relate entities	See note 9a	-	-	-	-	-	-	-	55,738,039	-	55,738,039	55,738,039	55,738,039
Current pledges and deposits		**257,912**	**-**	**-**	**257,912**	**-**	**257,912**	**-**	**-**	**-**	**-**	**257,912**	**257,912**
Current pledges and deposits	See note 6a	257,912	-	-	257,912	-	257,912	-	-	-	-	257,912	257,912
Derivative instrument of assets		**-**	**-**	**6,138,561**	**6,138,561**	**-**	**6,138,561**	-	-	-	-	**6,138,561**	**6,138,561**
Derivative instrument of assets	See note 19-2	-	-	6,138,561	6,138,561	-	6,138,561	-	-	-	-	6,138,561	6,138,561
Cash and cash equivalents		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,638,713**	**-**	**120,638,713**	**120,638,713**	**120,638,713**
Cash and cash equivalents	See note 5	-	-	-	-	-	-	-	120,638,713	-	120,638,713	120,638,713	120,638,713
Current financial assets		**257,912**	**-**	**6,138,561**	**6,396,473**	**-**	**6,396,473**	**-**	**303,535,111**	**-**	**303,535,111**	**309,931,584**	**309,931,584**
Total financial assets		**312,234**	**6,464,671**	**107,694,814**	**114,471,719**	**6,464,671**	**108,007,048**	**-**	**322,719,180**	**-**	**322,719,180**	**437,190,899**	**437,190,899**

19. Financial instruments, continued

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

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

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

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

Financial instruments recorded under other non-current financial assets and classified as financial assets available for sale, mainly include the investment in Telefonica Brasil which is recorded at fair value (see note 6).

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

19. Financial instruments, continued

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

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

Description of financial liabilities	Financial instrument expiry	LIABILITES RECORDED AT FAIR VALUE					LIABILITIES RECORDED AT AMORTIZED COST	TOTAL	
		Hedge derivative liabilities	Subtotal of liabilities at fair value	Valuation hierarchy Level 1	Level 2	Level 3			
				Market prices	Estimates based on other observable market data	Estimates not based on observable market data	Debits and items payable	Total Carrying amount	Total Carrying amount
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	See note 17 b	-	-	-	-	-	363,248,701	363,248,701	378,095,658
Non-current debts with loan entities	See note 17 a/c	-	-	-	-	-	60,718,828	60,718,828	60,812,498
Long-term hedge derivative instrument of liabilities	See note 19-2	4,729,309	4,729,309	-	4,729,309	-	-	4,729,309	4,729,309
Trade and other accounts payable		-	-	-	-	-	-	-	-
Accounts payable to related entities		-	-	-	-	-	-	-	-
Non-current financial liabilities		**4,729,309**	**4,729,309**	**-**	**4,729,309**	**-**	**423,967,529**	**428,696,838**	**443,637,465**
Issuance of short-term obligations and other marketable securities	See note 17 b	-	-	-	-	-	7,267,811	7,267,811	7,267,811
Short-term debts with credit entities	See note 17 a/c	-	-	-	-	-	722,888	722,888	722,888
Short-term derivative instrument of liabilities	See note 19-2	7,775,576	7,775,576	-	7,775,576	-	-	7,775,576	7,775,576
Trade and other accounts payable	See note 18	-	-	-	-	-	119,130,840	119,130,840	119,130,840
Accounts payable to related entities	See note 9 c	-	-	-	-	-	117,188,550	117,188,550	117,188,550
Current financial liabilities		**7,775,576**	**7,775,576**	**-**	**7,775,576**	**-**	**244,310,089**	**252,085,665**	**252,085,665**
Total financial liabilities		**12,504,885**	**12,504,885**	**-**	**12,504,885**	**-**	**668,277,618**	**680,782,503**	**695,723,130**

19. Financial instruments, continued

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

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

Description of financial liabilities	Financial instrument expiry	LIABILITES RECORDED AT FAIR VALUE					LIABILITIES RECORDED AT AMORTIZED COST	TOTAL	
		Hedge derivative liabilities	Subtotal of liabilities at fair value	Valuation hierarchy Level 1	Valuation hierarchy Level 2	Valuation hierarchy Level 3			
				Market prices	Estimates based on other observable market data	Estimates not based on observable market data	Debits and items payable	Total Carrying amount	Total Carrying amount
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Issuance of obligations and other non-current marketable securities	See note 17 b	-	-	-	-	-	345,965,788	345,965,788	351,847,132
Non-current debts with loan entities	See note 17 a/c	-	-	-	-	-	58,772,153	58,772,153	58,846,089
Long-term hedge derivative instrument of liabilities	See note 19-2	10,871,588	10,871,588	-	10,871,588	-	-	10,871,588	10,871,588
Trade and other accounts payable		-	-	-	-	-	-	-	-
Accounts payable to related entities		-	-	-	-	-	-	-	-
Non-current financial liabilities		**10,871,588**	**10,871,588**	**-**	**10,871,588**	**-**	**404,737,941**	**415,609,529**	**421,564,809**
Issuance of short-term obligations and other marketable securities	See note 17 b	-	-	-	-	-	4,678,911	4,678,911	4,678,911
Short-term debts with credit entities	See note 17 a/c	-	-	-	-	-	740,415	740,415	740,415
Short-term derivative instrument of liabilities	See note 19-2	7,889,539	7,889,539	-	7,889,539	-	-	7,889,539	7,889,539
Trade and other accounts payable	See note 18	-	-	-	-	-	143,963,646	143,963,646	143,963,646
Accounts payable to related entities	See note 9 c	-	-	-	-	-	79,702,322	79,702,322	79,702,322
Current financial liabilities		**7,889,539**	**7,889,539**	**-**	**7,889,539**	**-**	**229,085,294**	**236,974,833**	**236,974,833**
Total financial liabilities		**18,761,127**	**18,761,127**	**-**	**18,761,127**	**-**	**633,823,235**	**652,584,362**	**658,539,642**

19. Financial instruments, continued

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

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

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

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

19. Financial instruments, continued

2. Hedging instruments

As of March 31, 2015, hedge instruments are detailed as follows:

Type of hedge	Underlying	Net total as 03.31.2015	Up to 90 days	90 days to 1 year	To Maturity: Total current – Assets (note 6)	Total current – Liabilities (note 17)	1 to 3 years	3 to 5 years	Total non-current – Assets (note 6)	Total non-current – Liabilities (note 17)
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Exchange rate – cash flow hedge (1)	Supplier Debt	2,386,632	2,386,632	-	4,143,066	(1,756,434)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	21,382	21,382	-	77,495	(56,113)	-	-	-	-
Interest rate – fair value hedge (3)	Financial Debt	1,087,454	36,230	-	36,230	-	-	1,051,224	1,051,224	-
Interest rate – cash flows hedge (4)	Financial Debt	3,722,478	(626,652)	-	2,542,833	(3,169,485)	-	4,349,130	9,078,439	(4,729,309)
Exchange rate and interest rate – fair value hedge (5)	Financial Debt	99,308,048	(2,793,544)	-	-	(2,793,544)	15,144,743	86,956,849	102,101,592	-
	Total	**106,525,994**	**(975,952)**	**-**	**6,799,624**	**(7,775,576)**	**15,144,743**	**92,357,203**	**112,231,255**	**(4,729,309)**

Hedge instruments have generated an effect on income of ThCh$11,125,136, As of March 31, 2015 the accumulated effect on equity is ThCh$14,713,230 (see note 23d).

As of December 31, 2014, hedge instruments are detailed as follows:

Type of hedge	Underlying	Net total as 12.31.2014	Up to 90 days	90 days to 1 year	To Maturity: Total current – Assets (note 6)	Total current – Liabilities (note 17)	1 to 3 years	3 to 5 years	Total non-current – Assets (note 6)	Total non-current – Liabilities (note 17)
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Exchange rate – cash flow hedge (1)	Supplier Debt	2,699,383	(25,096)	2,724,479	4,725,156	(2,025,772)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	192,751	192,751	-	207,386	(14,635)	-	-	-	-
Interest rate – fair value hedge (3)	Financial Debt	1,757,885	209,615	-	209,615	-	-	1,548,270	1,548,270	-
Interest rate – cash flows hedge (4)	Financial Debt	(6,903,078)	675,540	(3,950,920)	996,404	(4,271,784)	-	(3,627,698)	7,243,890	(10,871,588)
Exchange rate and interest rate – fair value hedge (5)	Financial Debt	91,186,745	(1,577,348)	-	-	(1,577,348)	13,354,819	79,409,274	92,764,093	-
	Total	**88,933,687**	**(524,538)**	**(1,226,441)**	**6,138,561**	**(7,889,539)**	**13,354,819**	**77,329,847**	**101,556,253**	**(10,871,588)**

Hedge instruments have generated an effect on income of ThCh$58,186,476, As of December 31, 2014 the accumulated effect on equity is ThCh$14,549,944 (see note 23d).

Description of hedge instruments:

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

19. Financial instruments, continued

3. Valuation of hedging instruments

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

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

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

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

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

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

4. Fair value hierarchy of financial instruments

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

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

Level 2: Corresponds to methodologies of fair value measurement using data on market rates, not included in Level 1, that are observable for assets and liabilities valued, whether directly (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.

20. Other currents provisions

The balance of short-term provisions is detailed as follows:

Concepts	03.31.2015 ThCh$	12.31.2014 ThCh$
Civil and regulatory(1)	1,834,794	1,754,983
Total	**1,834,794**	**1,754,983**

(1) Mainly includes provisions on civil lawsuits for both periods.

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

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

As of March 31, 2015 and December 31, 2014 the movements in provisions is as follows:

Movements	03.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	**1,754,983**	**1,704,344**
Increase in existing provisions	713,547	1,747,283
Provision used	(633,736)	(1,696,644)
Movement subtotal	**79,811**	**50,639**
Ending balance	**1,834,794**	**1,754,983**

21. Employee benefits accrual

a) Post employment benefits

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

As of March 31, 2015 and December 31, 2014 current and non-current employee benefits accrual are as follows:

Concepts	03.31.2015 ThCh$	12.31.2014 ThCh$
Current amount of liability recognized for termination benefits	5,149,936	4,837,090
Non-current amount of liability recognized for termination benefits	26,441,327	25,901,322
Total	**31,591,263**	**30,738,412**

As of March 31, 2015 and December 31, 2014 the movements for current employee benefits provisions are detailed as follows:

Movements	03.31.2015 ThCh$	12.31.2014 ThCh$
Beginning balance	**30,738,412**	**28,780,665**
Service costs	575,653	1,505,911
Interest costs	340,864	1,247,918
Actuarial (profits)/losses, net due to hypothesis (2)	-	3,740,733
Actuarial (profits)/losses, net due to experience	-	(783,644)
Others	-	(1,940,287)
Benefits paid	(63,666)	(1,699,313)
Intercompany transfers (1)	-	(113,571)
Movement subtotal	**852,851**	**1,957,747**
Ending balance	**31,591,263**	**30,738,412**

(1) As of December 31, 2014 to amounts transferred from Telefónica Chile Servicios Corporativos Ltda, to Telefónica Global Tecnology Chile and Telefonica Investigation and Chile SpA.

(2) In December 2014 the actuarial variables used to calculate the provision were reviewed, generating a decrease in the discount rate to 5.8% for 2013 and 4.51% for 2014.

21. Employee benefits accrual, continued

a) Post employment benefits, continued

Actuarial Hypotheses

The hypotheses used for the actuarial calculation of employee benefits obligations are reviewed once a year and for the 2015 and 2014 periods are detailed as follows:

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

- Incremental Salary Rate: An increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the 2015 and 2014 period was 3%.

- Mortality: The RV 2009 mortality tables established by the Superintendency of Securities and Insurance are used to calculate social life insurance reserves in Chile.

- Turnover rate: Based on the historical Company data, turnover rate used is 5.46% for both periods.

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

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

b) Sensitivity of assumptions

Based on the actuarial calculation as of March 31, 2015, the sensitivity of the main assumptions has been reviewed, determining the following possible effects on equity:

Description	Base	Plus 1% ThCh$	Less 1% ThCh$
Discount rate	4,51%	2,282,821	(2,029,829)

21. Employee benefits accrual, continued

c) Expected cash flows

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

Description	1st year ThCh$	2nd year ThCh$	3rd year ThCh$
Future payment cash flows	4,859,991	3,400,902	3,362,188

d) Employee benefits expenses

Employee expenses recognized in the Comprehensive Income Statement are detailed as follows:

Concepts	03.31.2015 ThCh$	12.31.2014 (not audited) ThCh$
Wages and salaries	18,601,241	21,984,875
Post employment benefit obligations expense	917,099	878,966
Total	**19,518,340**	**22,863,841**

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

Other non-financial liabilities are detailed as follows:

Concepts	03.31.2015		12.31.2014	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Deferred income	**5,477,106**	**5,963,388**	**5,349,300**	**6,191,689**
Connection installments	1,227,696	335,705	1,238,512	370,891
Subsidies (1)	143,003	1,424,139	143,003	1,459,889
Deferred income (2)	4,106,407	4,203,544	3,967,785	4,360,909
Other taxes (3)	**15,897,274**	**-**	**15,581,579**	**-**
Total	**21,374,380**	**5,963,388**	**20,930,879**	**6,191,689**

(1) Corresponds to the balance pending recognition on the following projects:
- Fiber optics network between Puerto Natales and Cerro Castillo in the amount of ThCh$653,404 in non-current and ThCh$ 52,623 in current.
- Connectivity for Service Networks and their Respective Neighborhoods and Community Information Tele-centers in the amount of ThCh$770,735 in non-current and ThCh$90,380 in current.

(2) Mainly includes self-financed projects in the amount of ThCh$2,371 in current and ThCh$1,847 in use of submarine cable and ThCh$989 capacity sales in non-current.

(3) Includes tax withholdings, value added tax, pension and health insurance institutions and others

Movements of the deferred income are as follows:

Movements	03.31.2015		12.31.2014	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Beginning balance	**5,349,300**	**6,191,689**	**5,017,761**	**5,469,891**
Endowments	2,024,848	601,074	16,481,345	3,540,044
Reduction/applications	(1,897,042)	(829,375)	(16,149,806)	(2,818,246)
Movement subtotal	**127,806**	**(228,301)**	**331,539**	**721,798**
Ending balance	**5,477,106**	**5,963,388**	**5,349,300**	**6,191,689**

23. Equity

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

No changes were introduced in the objectives, policies or processes during the periods ended as of March 31, 2015 and December 31, 2014.

a) Capital

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

Number of shares

Series	03.31.2015 N° of shares subscribed	N° of shares paid	N° of shares with voting rights	12.31.2014 N° of shares subscribed	N° of shares paid	N° of shares with voting rights
A	873,995,447	873,995,447	873,995,447	873,995,447	873,995,447	873,995,447
B	83,161,638	83,161,638	83,161,638	83,161,638	83,161,638	83,161,638
Total	**957,157,085**	**957,157,085**	**957,157,085**	**957,157,085**	**957,157,085**	**957,157,085**

Capital

Series	03.31.2015 Subscribed capital ThCh$	Paid-in capital ThCh$	12.31.2014 Subscribed capital ThCh$	Paid-in capital ThCh$
A	527,852,620	527,852,620	527,852,620	527,852,620
B	50,225,762	50,225,762	50,225,762	50,225,762
Total	**578,078,382**	**578,078,382**	**578,078,382**	**578,078,382**

Series A and B shares are registered and each series is correlatively numbered, Series A and B shares have the same dividend distribution rights.

Series A shares can elect 13 of the 14 Directors. The shareholders of Series B elect one regular Director and one deputy Director.

23. Equity, continued

b) Distribution of shareholders

As established in Circular No, 792 issued by the Superintendency of Securities and Insurance ("SVS") of Chile, the distribution of shareholders based on their participation in the Company as of March 31, 2015 is as follows:

Type of Shareholder	Participation percentage %	Number of shareholders
Participation of 10% or more	97.903	1
Less than 10% participation:		
Investment equal to or exceeding UF 200	1.510	242
Investment under UF 200	0.587	8,441
Total	**100**	**8,684**
Company's parent	97.903	1

As of March 31, 2015 and December 31, 2014, the indirect participation of Telefónica S.A. (Spain) in the equity of Telefónica Chile S.A. reached 97.903%.

In 2013 this percentage was distributed among Inversiones Telefónica Internacional Holding S.A. with 52,99% and Telefónica Internacional Chile S.A. with 44,9%. In June 2014, these companies merged without modifying the existing interest percentage with Inversiones Telefónica Internacional Holding S.A. as the continuer with 97.903%, As of September 30, 2014 the latter contributed to the capital increase of Inversiones Telefónica Móviles Holding S.A. which it paid through the cession and transfer of the investment it had in Telefónica Chile S.A.

c) Dividends:

i) Dividends policy:

In accordance with Law No, 18.046, unless a different agreement is adopted unanimously at the Shareholders' Meeting, when there is net income, at least 30% of it must be distributed as dividends.

At the Ordinary Shareholders' Meeting held on April 19, 2011, the Company agreed to distribute as of 2011 and following years, at least 30% of distributable net income generated during the respective year, through an interim dividend paid during the fourth quarter of each year and a final dividend paid during the year following year-end which will be proposed at the corresponding Ordinary Shareholders' Meeting, This policy was ratified by the shareholders at the Ordinary Shareholders' Meeting held on April 24, 2014

ii) Capital decrease and dividends distributed:

The Company has distributed the following dividends during these reporting years:

Date	Number dividend	Dividend	Amount distributed ThCh$	Value per share Ch$	Charge to net income	Payment date
Apr-23-2014		Final	10,850,332	11.3360	Fiscal year 2013	May - 2014

23. Equity, continued

d) Other reserves:

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

Concepts	Balance of 12.31.2014 ThCh$	Net movement ThCh$	Balance of 03.31.2015 ThCh$
Cash flows hedge reserve	14,549,944	166,377	14,716,321
Employee benefits reserve, net tax	(3,279,142)	-	(3,279,142)
Reserve for financial assets available for sale	2,641,844	(799,865)	1,841,979
Proposed dividends reserve	(11,805,481)	-	(11,805,481)
Total	**2,107,165**	**(633,488)**	**1,473,677**

i) Cash flows hedge reserve

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

ii) Employee benefits reserve

Corresponds to amounts recorded in equity originated by the change in actuarial hypotheses, of the employee benefits reserve.

iii) Reserves for financial assets available for sale

Corresponds to the effect of fair value valuation of financial assets available for sale.

iv) Proposed dividends reserve

In order to recognize the payment obligation of a minimum dividend equivalent to 30% of income, this reserve is established at each year-end and is used when the Ordinary Shareholders' Meeting agrees on the final distribution of dividends.

23. Equity, continued

e) Non-controlling interest

As of March 31, 2015 and December 31, 2014 recognition of the share of equity belonging to third parties is detailed as follows:

Subsidiaries	Non-controlling Interest percentage		Shareholders' equity Non-controlling interest	
	2015 %	2014 %	2015 ThCh$	2014 ThCh$
Telefónica Larga Distancia S,A,	0.070000	0.070000	42,974	78,653
Telefónica de Chile Servicios Corporativos Ltda,	49.000000	49.000000	9,945,391	9,628,758
Total			**9,988,365**	**9,707,411**

As of March 31, 2015 and March 31, 2014 (not audited) recognition of the share in income of subsidiaries is detailed as follows:

Subsidiaries	Non-controlling Interest percentage		Participation in profit income (loss)	
	2015 %	2014 %	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Telefónica Larga Distancia S,A,	0.070000	0.070000	2,874	3,251
Telefónica Gestión de Servicios Compartidos Chile S,A,	-	0.001000	-	1
Telefónica de Chile Servicios Corporativos Ltda,	49.000000	49.000000	313,661	884,740
Total			**316,535**	**887,992**

24. Earnings per Share

The details of Earnings per share are as follows:

Basic earnings per share	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Earnings attributable to owners of the parent	2,927,873	8,481,994
Profit available for shareholders	**2,927,873**	**8,481,994**
Weighted average number of shares	957,157,085	957,157,085
Basic earnings per share in Ch$	**3.06**	**8.86**

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

25. Income and Expenses

a) The details of income from ordinary operations for the periods 2015 and 2014 are as follows:

Ordinary income	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Fixed Telecommunications	55,678,023	62,544,181
Broadband (1)	43,532,741	37,758,368
Television	39,846,127	31,042,621
Long Distance	7,115,904	10,037,764
Corporate Communication	22,991,262	23,908,357
Other Businesses	41,586	56,415
Total	**169,205,643**	**165,347,706**

(1) Includes recognized in its parent services and Subsidiaries Telefonica Chile SA and Telefonica Larga Distancia S.A..

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b) The detail of other operating income for the periods 2015 and 2014 are as follows:

Other income	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Other current management income	9,562	28,598
Income from indemnities, complaints and others	20,418	17,195
Income from disposal of real property	1,996	1,996
Total	**31,976**	**47,789**

c) The detail of other expenses by nature of the operation for the periods 2015 and 2014 are as follows:

Other expenses	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Interconnections	9,808,159	11,086,819
Media rental	23,752,541	17,101,031
Cost of sale of inventory	2,904,996	3,433,847
Other exterior services	8,951,675	8,015,656
Sales commissions	9,479,494	7,149,674
Customer service	6,613,163	6,806,527
Plant maintenance	11,401,200	9,371,193
Allowance for doubtful accounts	4,521,129	4,371,605
Advertising	4,351,128	3,056,652
Expenses related to real estate	3,798,139	3,903,081
Information services	5,959,438	5,247,073
Other	2,704,458	2,091,752
Total	**94,245,520**	**81,634,910**

25. Income and Expenses, continued

d) The detail of financial expenses, net, for the periods 2015 and 2014 is as follows:

Financial expenses, net	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Interest income		
Interest earned on deposits	816,572	1,609,605
Interest on financial instruments	1,343	32,707
Other interest income	429,534	291,702
Total interest income	**1,247,449**	**1,934,014**
Interest expense		
Interest on loans from bank institutions	365,645	510,314
Interest on obligations and bonds	3,909,421	4,187,904
Finance leases	5,516	15,255
Interest on mercantile mandate	1,020,965	212,210
Interest rate hedges (Cross Currency Swap)	196,976	2,510,705
Other financial expenses	-	160,765
Total interest expense	**5,498,523**	**7,597,153**
Total finance income and costs, net	**(4,251,074)**	**(5,663,139)**

e) Foreign currency translation and indexation units for the periods 2015 and 2014 are detailed as follows:

Currency translation	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Other financial transactions	90,005	36,720
Current accounts receivable from related entities	279,609	101,633
Current accounts payable to related entities	(346,339)	69,871
Current trade and other accounts receivable	(16,890)	112,642
Trade and other accounts payable	(347,470)	(821,403)
Cash and cash equivalents	130,893	100,103
Financial investments	771,281	702,188
Financial debt	(11,735,118)	(17,906,143)
Leasing financial debt	(59,444)	(53,149)
Hedge instruments	11,118,055	17,735,679
Total	**(115,418)**	**78,141**

Indexation units	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Other financial transactions	-	(44,609)
Current trade and other accounts receivable	(52)	14,899
Trade and other accounts payable	(97)	(2,073)
Financial debt	461	(1,560,958)
Leasing financial debt	1,312	(15,868)
Hedge instruments	-	1,559,159
Total	**1,624**	**(49,450)**

26. Leases

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

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

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

The main operating lease contracts are associated directly to the line of business, such as leases for commercial office real estate and telecommunications technical facilities space.

Operating lease expenses accrued are presented under other expenses by nature, in the statement of income, The Company has operating lease contracts that contain various clauses referred to dates and terms of renewal and readjustments, Should a decision be made for early termination of a contract, the payments stipulated in those clauses must be made.

	03.31.2015 ThCh$	03.31.2014 (not audited) ThCh$
Minimum operating lease payments recognized as expenses	1,313,672	2,063,958

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

	03.31.2015			12.31.2014		
	Gross amount ThCh$	Accumulated depreciation ThCh$	Net value ThCh$	Gross amount ThCh$	Accumulated depreciation ThCh$	Net value ThCh$
Financial leases recognized as assets	5,304,293	(4,963,953)	340,340	5,304,293	(4,962,015)	342,278

26. Leases, continued

Future obligations on financial and operating leases for the 2015 and 2014 periods are detailed as follows:

	03.31.2015			
	Up to one year ThCh$	From one to five years ThCh$	More than 5 years ThCh$	Total ThCh$
Minimum financial lease payments payable	639,360	-	-	639,360
Future financial burden due to financial leases	10,142	-	-	10,142
Minimum operating lease payments payable	4,008,405	14,246,569	341,252	18,596,226

	03.31.2014 (not audited)			
	Up to one year ThCh$	From one to five years ThCh$	More than 5 years ThCh$	Total ThCh$
Minimum financial lease payments payable	1,375,655	426,325		1,801,980
Future financial burden due to financial leases	36,163	6,897		43,060
Minimum operating lease payments payable	5,766,762	15,491,774	1,575,499	22,834,035

27. Local and Foreign Currency

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

Currents assets	03.31.2015 ThCh$	12.31.2014 ThCh$
Cash and cash equivalents	**132,992,308**	**120,638,713**
US Dollars	584,210	28,547,678
Euros	47,389	59,551
Chilean Pesos	132,360,709	92,031,484
Other current financial assets	**7,057,536**	**6,396,473**
US Dollars	6,616,343	3,749,151
Chilean Pesos	441,193	2,647,322
Current trade and other accounts receivable	**120,884,911**	**127,158,359**
US Dollars	-	141,042
Euros	82,651	86,951
Chilean Pesos	120,705,194	126,875,568
U.F	97,066	54,798
Receivables from related companies, current	**60,323,875**	**55,738,039**
US Dollars	5,102,046	3,090,215
Euros	-	2,517,564
Chilean Pesos	54,780,409	50,130,260
Other currencies	441,420	-
Other current assets (1)	**38,965,865**	**23,806,690**
Chilean Pesos	38,965,865	23,806,690
Non-currents assets or groups of assets for disposal classified as held for sale	**159,244**	**159,244**
Chilean Pesos	159,244	159,244
Total current assets	**360,383,739**	**333,897,518**
US Dollars	**12,302,599**	**35,528,086**
Euros	**130,040**	**2,664,066**
Chilean Pesos	**347,412,614**	**295,650,568**
U.F.	**97,066**	**54,798**
Other currencies	**441,420**	**-**

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

Non-currents assets	03.31.2015 ThCh$	12.31.2014 ThCh$
Other non-current financial assets	**117,950,383**	**108,075,246**
US Dollars	111,104,625	101,515,856
Chilean Pesos	6,770,353	6,518,993
U.F.	75,405	40,397
Non-current trade and other accounts receivable	**18,030,284**	**17,817,548**
Chilean Pesos	18,030,284	17,817,548
Non-current receivables from related companies	**1,366,521**	**1,366,521**
Chilean Pesos	1,366,521	1,366,521
Other non-current assets (2)	**1,068,244,105**	**1,073,309,003**
Chilean Pesos	1,068,244,105	1,073,309,003
Total non-current assets	**1,205,591,293**	**1,200,568,318**
US Dollars	**111,104,625**	**101,515,856**
Chilean Pesos	**1,094,411,263**	**1,099,012,065**
U.F.	**75,405**	**40,397**

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

27. Local and Foreign Currency, continued

The detail for currency of current liabilities is as follows:

Currents liabilities	03.31.2015	12.31.2014	03.31.2015	12.31.2014
	Up to 90 days ThCh$		91 days to 1 year ThCh$	
Other current financial liabilities	**14,469,022**	**9,532,232**	**1,297,253**	**3,776,633**
US Dollars	1,554,364	1,765,150	-	2,493,444
Chilean Pesos	6,314,882	6,614,971	123,098	-
U.F.	6,599,776	1,152,111	1,174,155	1,283,189
Trade and other payables	**119,081,155**	**143,913,961**	**49,685**	**49,685**
US Dollars	23,173,577	22,034,033	-	-
Euros	2,545,817	504,400	-	-
Other currency	5,229	18,243	-	-
Chilean Pesos	68,759,227	100,197,725	49,685	49,685
U,F,	24,597,305	21,159,560	-	-
Payables to related companies, current	**117,188,550**	**79,702,322**	**-**	**-**
US Dollars	4,661,512	9,475,832	-	-
Euros	-	10,236,650	-	-
Chilean Pesos	112,527,038	59,989,840	-	-
Other current liabilities (1)	**1,490,433**	**2,741,836**	**28,359,110**	**27,522,952**
Chilean Pesos	1,490,433	2,741,836	28,359,110	27,522,952
Total current liabilities	**252,229,160**	**235,890,351**	**29706,048**	**31,349,270**
US Dollars	**29,389,453**	**33,275,015**	**-**	**2,493,444**
Euros	**2,545,817**	**10,741,050**	**-**	**-**
Other currency	**5,229**	**18,243**	**-**	**-**
Chilean Pesos	**189,091,580**	**169,544,372**	**28,531,893**	**27,572,637**
U.F.	**31,197,081**	**22,311,671**	**1,174,155**	**1,283,189**

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

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

Non-current liabilities	03.31.2015	12.31.2014	03.31.2015	12.31.2014	03.31.2015	12.31.2014
	1 to 3 years ThCh$		3 to 5 years ThCh$		5 years and over ThCh$	
Other non-current financial liabilities	**66,327,377**	**59,650,670**	**47,392,828**	**355,958,859**	**314,976,633**	**-**
US Dollars	60,718,828	58,756,067	-	297,083,895	314,976,633	-
Chilean Pesos	4,729,309	-	47,392,828	58,874,964	-	-
U.F.	879,240	894,603	-	-	-	-
Account payable to related entities noncurrent	**-**	**-**	**73,907,269**	**73,072,215**	**-**	**-**
Chilean Pesos	-	-	73,907,269	73,072,215	-	-
Other non-current liabilities (2)	**4,992,870**	**8,368,129**	**21,299,186**	**20,881,369**	**83,351,959**	**80,078,609**
Chilean Pesos	4,992,870	8,368,129	21,299,186	20,881,369	83,351,959	80,078,609
Other non-current liabilities	**71,320,247**	**68,018,799**	**142,599,283**	**449,912,443**	**398,328,592**	**80,078,609**
US Dollars	**60,718,828**	**58,756,067**	**-**	**297,083,895**	**314,976,633**	**-**
Chilean Pesos	**9,722,179**	**8,368,129**	**142,599,283**	**152,828,548**	**83,351,959**	**80,078,609**
U.F.	**879,240**	**894,603**	**-**	**-**	**-**	**-**

(2) Includes: Deferred tax liabilities, non-current employee benefits accrual and other non-current non-financial liabilities.

28. Contingencies and restrictions

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

Notwithstanding there are certain proceedings in which due to the aforementioned considerations it is believed that there is a risk of loss that is rated as probable, which has motivated the establishment of provisions for the amount of what would be the estimated loss as of March 31, 2015, which altogether amounts to ThCh$1,454,750. It is estimated that Telefónica Chile S.A. must pay the amount of ThCh$1,124,000 before April 30, 2015 and the rest, during the second quarter of 2015.

On the other hand, there is a set of processes regarding which it is estimated that there is a risk of loss qualified as possible, for a total amount of ThCh$800,745.

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

a) Miscellaneous lawsuits

i) Labor lawsuits

During the normal course of operations, labor lawsuits have been filed against Telefónica Chile S.A. which to date do not represent significant.

ii) Tax contingency

On August 29, 2014 through Notification No, 383-14/G4, the Chilean Internal Revenue Service notified tax assessment No, 42, in which it determined differences in the first category (corporate) tax for the 2011 tax year, which resulted in rejection of items in the amount of MCh$18,967, which resulted from the review of the Company's tax loss carry forward. On August 22, 2014, a request was filed by the Company for review of the supervising action stating its response.

Considering the above and that to date the Company is still looking for supporting information for the rejected items, It has been provisioned at December 31, 2014 the sum of Ch$3,545 million, corresponding to 100% of the amount assessed for the concept of taxes and Ch$585 million for the concept of interest, corresponding to 25% net of the condoning of 75%, estimated on legal surcharges.

28. Contingencies and restrictions, continued

b) Financial restrictions:

In order to develop its investment plans, the Company has obtained financing both in the local market and in the external market (see Note 17).

The Company has current loan agreements signed by the parent, Telefonica Chile S.A. with financial entities:

i) International loan with Sovereing Bank N,A, in the amount of US$ 97,5 million, expiring in April 2017.

This financial entity impose obligations of several types on the Company during the term of the loans, which are usual for this type of financing. The Company reports in a quarterly manner to that entity in accordance with agreed upon terms and dates, Compliance with that financial index is reported through a certificate of covenants issued by the external audit firm.

On the other hand, the Company has current obligations with the public derived from the placement of the following bonds:

i) Series F Bond, dated April 15, 1991 in the amount of UF 1,5 million, placed at 25 years with biannual maturity.
ii) Series 144A Bond dated October 12, in the amount of US$ 500 million placed at 10 year bullet.
iii) Series Q Bond dated March 26, 2014 in the amount of ThCh$47,000 million, placed at 5 years bullet.

Bond issuance contracts impose certain limits on the Company's financial debt indicator and obligations to do and not to do, usual for this type of financing. The Company reports the debt ratio in a quarterly manner to the representatives of the bondholders, in accordance with the agreed-upon dates. The clause establishes that the debt ratio cannot exceed 2.5, measured by the quotient between demand liabilities (deducting hedge assets associated to the financial debt) and consolidated equity, Compliance with that financial index is reported through the certificate of covenants issued by the external audit firm.

In summary the debt agreements contemplate the following financial restrictions:

	Financial restrictions
Local Bonds (Series F)	Debt index < = 2.5
144A Bond	There are none
Q Bond	There are none
International loan with Sovereing Bank N,A,	There are none

28. Contingencies and restrictions, continued

b) Financial restrictions, continued

The obligations arising from the financing contracts mentioned above have been fulfilled as of March 31, 2015 and December 31, 2014, the debt ratio is calculated on the consolidated financial statements, and the values determined are:

	03.31.2015 ThCh$	12.31.2014 ThCh$
Total debt	**775,152,451**	**757,554,658**
Total Current Liabilities	281,935,208	267,239,621
Total Non-current Liabilities	612,248,122	598,009,851
Current Hedge Assets (less)*	6,799,624	6,138,561
Non-current Hedge Assets (less)*	112,231,255	101,556,253
Net shareholders' equity	**671,791,702**	**669,216,364**
Total debt	**775,152,451**	**757,554,658**
Net shareholders' equity	**671,791,702**	**669,216,364**
Debt ratio	**1,15**	**1,13**

* Financial liabilities are deducted since they are hedges associated to financial debt,

Non-compliance with this clause implies that all obligations assumed in these financing contracts would become due and payable, however a period is provided to overcome the non-compliance.

The Covenants ratio has been fulfilled as of March 31, 2015 and December 31, 2014.

28. Contingencies and restrictions, continued

c) Guarantee deposits:

The detail of guarantee deposits is as follows:

	Debtor			Current guarantee deposits	Liberated guarantees		
Guarantee creditor	Name	Relationship	Type of guarantee	ThCh$	2015 ThCh$	2016 ThCh$	2017 & thereon ThCh$
Tesorería del Estado Mayor General del Ejercito	TCH	Parent company	Deposit	**1,779,859**	1,779,859	-	-
Comité Innova	TCH	Parent company	Deposit	**1,191,097**	1,191,097	-	-
Conect S.A.	TCH	Parent company	Deposit	**324,218**	324,218	-	-
Serviu Región Metropolitana	TCH	Parent company	Deposit	**608,206**	362,476	245,730	-
MOP- Dirección Región de Vialidad Coquimbo	TCH	Parent company	Deposit	**443,289**	246,272	197,017	-
Subsecretaría de Telecomunicaciones	TCH	Parent company	Deposit	**267,331**	-	267,331	-
Sociedad Concesionaria Ruta de Limarí	TCH	Parent company	Deposit	**241,898**	241,898	-	-
Others Guarantees (1)	TCH	Parent company	Deposit	**834,074**	595,188	183,442	55,444
Subsecretaría de Telecomunicaciones	TLD	Subsidiary	Deposit	**1,030,536**	-	-	1,030,536
Others Guarantees (1)	TLD	Subsidiary	Deposit	**82,675**	82,602	73	-
Gendarmería de Chile	TEM	Subsidiary	Deposit	**1,372,614**	-	369,262	1,003,352
Tesorería del Estado Mayor General del Ejercito	TEM	Subsidiary	Deposit	**1,059,473**	281,961	352,514	424,998
Dirección Nacional de Gendarmería de Chile	TEM	Subsidiary	Deposit	**738,524**	-	738,524	-
Banco del Estado de Chile	TEM	Subsidiary	Deposit	**489,908**	-	-	489,908
Subsecretaría de Telecomunicaciones	TEM	Subsidiary	Deposit	**298,235**	298,235	-	-
European Southern Observatory	TEM	Subsidiary	Deposit	**166,046**	166,046	-	-
Banco Vizcaya Argentina	TEM	Subsidiary	Deposit	**143,614**	143,614	-	-
Soc. de Recaudación y Pago de Serv.Ltda.	TEM	Subsidiary	Deposit	**122,687**	122,687	-	-
Redbanc S.A.	TEM	Subsidiary	Deposit	**120,768**	-	-	120,768
Cía. Minera Escondida Ltda.	TEM	Subsidiary	Deposit	**108,326**	108,326	-	-
Terminal Aéreo de Santiago	TEM	Subsidiary	Deposit	**101,915**	101,915	-	-
Others Guarantees (1)	TEM	Subsidiary	Deposit	**3,993,276**	1,598,377	1,306,497	1,088,402
				15,518,569	**7,644,771**	**3,660,390**	**4,213,408**

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

28. Contingencies and restrictions, continued

d) Insurance:

The Company has Property All Risk and Business Interruption insurance, among others, on all its facilities, As a consequence of the earthquake occurred in the extreme north of the country and the fire that affected the Valparaiso Region, both events occurred in April 2014. As of December 31, 2014 the Company has closed the settlement process for the associated insurance, recognizing all costs related to these events.

29. Environment

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

Law No, 20,599 was published on June 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas, 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 where there is no agreement between the operators in the amount of payments 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 of the parties current when the case is submitted for arbitration and the parties must fully accept the decision.

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact, As of March 31, 2015 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

30. Risk management (Not audited)

a) Competition

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

b) New Tariff Decree

The process of establishing new prices for Telefónica Chile S.A. for the 2014 - 2019 periods began at the end of 2013, in conformity with the procedure regulated by law. In this process Telefónica Chile used all instances available to defend its points of view, and we wish to highlight those undertaken before the Expert Commission to resolve the controversies referring to the Report on Objections and Counterproposals issued by Subtel, and before the mentioned Undersecretary.

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

The approved Decree No. 77 considers a reduction of 37% in access charges and 58% in local tranche in its first year of application.

Interconnection tariffs that will be in force for Telefónica Móviles Chile S.A., for the 2014 – 2019 periods and will affect Telefónica Chile S.A., are established in Decree No. 21, dated January 9, 2014, issued by the Ministries of Transportation and Telecommunications and of Economy, Development and Tourism. It established that as of January 25 the access charge will begin to decrease by 73% on average. The Contraloría General de la República made observations in its review process of Decree No. 21 and ultimately, on May 29 it decided to accept the technical and economic information presented by Subtel and reviewed the tariff decrees that establish access charges for mobile companies for the 2014-2019 five-year terms.

Due to the above, mobile access charges dropped by approximately 75% and replace the tariff decrees established in 2009, therefore it is established that the value of the access charge which as of December 2013 averaged Ch$59 per minute, without taxes, now has a value of Ch$14.6 on average per minute, without taxes for the first year. This tariff will continue dropping in the next years until it reaches an average value of Ch$7.6 per minute in 2019, which will imply a difference of approximately 87% in comparison to the tariff that was in force in December 2013.

On June 4, 2014, the Official Gazette published the new access charges tariffs for Telefónica Móviles Chile S.A. for the 2014-2019 five-year periods.

30. Risk management (Not audited), continued

c) Technological changes

The telecommunications industry is a sector that is subject to quick and important technological progress and the introduction of new products and services. It is not possible to assure what will be the effect of such technological changes on the market or on Telefónica Chile, or that the disbursement of significant financial resources will not be required to develop or implement new and competitive technologies. nor can the Company anticipate whether those technologies or services will be substitutive or complementary to the products and services it currently offers. Telefónica Chile is continually evaluating the incorporation of new technologies to the business, taking into consideration both the costs and benefits.

d) Level of Chilean economic activity

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

e) Financial risk management objectives and polices

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

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

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

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

Market Risk

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

30. Risk management (Not audited), continued

e) Financial risk management objectives and polices, continued

Interest rate risk

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

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

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of March 31, 2015 the Company had 19.9% of its current and non–current financial debt accruing interest at a fixed rate.

The Company believes it is reasonable to measure the risk associated to interest on the financial debt such as the sensitivity of the monthly financial accrual expense in case of a change of 25 basic points in the reference interest rate of the debt, which as of March 31, 2015 corresponds to the Nominal Average Chamber Rate (TCPN) ("Tasa Promedio de Cámara Nominal"), In this manner, an increase of 25 basic points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2014 of approximately ThCh$67,798, whereas a decrease in the TCPN would mean a reduction of ThCh$67,798, in the monthly financial accrual expense for 2014.

Foreign currency risk

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

After the hedge actions taken to manage the main foreign currency risk identified by the Company, one can establish that the sensitivity of the fair value of future cash flows of the hedged items in case of changes in the foreign exchange levels is close to zero, fundamentally because the foreign currency hedge for debt items is 100%.

30. Risk management (Not audited), continued

e) Financial risk management objectives and polices, continued

Credit risk

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

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

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

Liquidity risk

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

Capital management

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

The Company's main objective related to capital management is to ensure that it has a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholder value. The return on equity (income/average total equity) as of March 31, 2015 amounts to 0.44%, a decrease of 66.4% in comparison to March 2014, where it reached 1.3%. This is mainly due to lower operating income as a consequence of higher expense due to nature.

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

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

30. Risk management (Not audited), continued

f) Regulatory Framework

Numeric Portability

Mobile and Fixed Telephone Number Portability was enabled in conformity with the calendar established by Subtel, through Resolution No. 6.367 of 2011. Portability of Internet Voice, Rural Telephone Services and Mobile Party Pays Numbers began on March 16, 2013. Exempt Resolution No. 1022 dated March 31, 2014, issued by the Telecommunications Undersecretary, modified the beginning date of Portability of Complementary Services, which began operating as of October 13, 2014.

Subtel established the timeline for Geographic Portability and Intermodal Portability through Official Circular No. 118, which establishes that Geographic Portability must be enabled on August 10, 2015, and the addition of one digit to mobile telephone numbers and Intermodal Portability must be enabled on February 8, 2016. Subtel has called telecommunications operators to attend technical meetings in this respect.

Elimination of National Long Distance Service

Elimination of the Domestic Long Distance Service was completed, without affecting the telephone service of users, in accordance with the timeline defined by the Telecommunications Undersecretary which established the beginning of gradual elimination of domestic long distance calls, which became local calls, beginning on March 29, 2014 in the Region of Arica y Parinacota, and ending in the Metropolitan Region on August 9, 2014.

The above in accordance with Law 20,704, published on November 6, 2013 in the Official Gazette, which eliminated domestic long distance.

31. Subsequent events

The consolidated financial statements of Telefónica Chile S.A., for the period ended as of March 31, 2015, were approved and their issuance was authorized at the Board of Directors Meeting held on April 23, 2015.

1) On April 10, 2015, the Board of Directors agreed to propose the payment of a final dividend of Ch$12,443,042,105 to the Ordinary Shareholders' Meeting. This would correspond to 31.6% of distributable net income for 2014, equivalent to Ch$13 per share, which would be paid to the shareholders on May 26, 2015.

In the period from April 1 to April 23, 2015, there have been no other significant subsequent events that affect these consolidated financial statements.

Alejandro Gil Ibarra
Accounting Manager

Juan Parra Hidalgo
Director of Finance and Management Control

Roberto Muñoz Laporte
General Manager