TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended
March 31, 2013 and December 31, 2012

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

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ThCh$: Thousands of Chilean Pesos

MCh$: Millions of Chilean Pesos

SVS : Superintendency of Securities and Insurance

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2013 and December 31, 2012

ASSETS	Notes	03.31.2013	12.31.2012
		ThCh$	ThCh$
CURRENT ASSETS			
Cash and cash equivalents	(5)	134,905,295	164,192,567
Other current financial assets	(6)	84,763,214	44,551,680
Other current non-financial assets	(7)	35,251,949	35,431,056
Trade and other current accounts receivable	(8)	125,880,699	127,609,827
Current accounts receivable from related companies	(9a)	49,740,265	48,145,501
Inventory	(10)	46,089,993	52,482,983
Total current operating assets		**476,631,415**	**472,413,614**
TOTAL CURRENT ASSETS		**476,631,415**	**472,413,614**
NON-CURRENT ASSETS			
Other non-current financial assets	(6)	-	1,134,018
Other non-current non-financial assets	(7)	1,159,902	1,169,017
Investments in associates accounted for using the equity method	(12a)	3,358,770	2,484,207
Intangible assets other than goodwill	(13)	56,084,030	61,241,249
Goodwill	(14)	483,179,725	483,179,725
Property, plant and equipment	(15)	346,245,731	368,306,288
Deferred tax assets	(11c)	19,414,184	19,329,303
TOTAL NON-CURRENT ASSETS		**909,442,342**	**936,843,807**
TOTAL ASSETS		**1,386,073,757**	**1,409,257,421**

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2013 and December 31, 2012

LIABILITIES	**Notes**	**03.31.2013**	**12.31.2012**
		ThCh$	**ThCh$**
CURRENT LIABILITIES			
Other current financial liabilities	(16)	10,161,558	5,256,302
Trade and other accounts payables	(17)	124,966,010	165,163,710
Current accounts payable to related companies	(9b)	67,963,760	67,453,667
Other short term provisions	(18a)	375,938	360,415
Current tax liabilities	(11d)	21,508,740	21,050,961
Other current non-financial liabilities	(20)	56,694,012	56,668,168
TOTAL CURRENT LIABILITIES		**281,670,018**	**315,953,223**
NON-CURRENT LIABILITIES			
Other non-current financial liabilities	(16)	396,039,611	396,643,892
Non-current accounts payable to related companies	(9d)	1,366,521	1,366,521
Other long-term provisions	(18b)	15,673,325	15,673,323
Other non-current non-financial liabilities		1,195,888	552,613
TOTAL NON-CURRENT LIABILITIES		**414,275,345**	**414,236,349**
TOTAL LIABILITIES		**695,945,363**	**730,189,572**
EQUITY			
Issued capital	(21a)	941,098,241	941,098,241
Retained earnings		82,367,224	70,838,702
Other reserves	(21d)	(333,337,016)	(332,869,039)
Shareholders' equity attributable to owners of the parent		690,128,449	679,067,904
Non-controlling interests	(21e)	(55)	(55)
TOTAL EQUITY		**690,128,394**	**679,067,849**
TOTAL LIABILITIES & EQUITY		**1,386,073,757**	**1,409,257,421**

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY NATURE

As of March 31, 2013 and 2012

		For the three-month period ended March 31	
	Notes	2013	2012
COMPREHENSIVE INCOME STATEMENT		ThCh$	ThCh$
Income from ordinary operations	(23a)	243,167,447	242,519,753
Other income	(23b)	506,128	575,665
Employee benefits expenses	(19b)	(1,163,943)	(3,520)
Depreciation and amortization expense	(13-15b)	(44,099,248)	(51,115,519)
Other expenses, by nature	(23c)	(181,858,277)	(159,517,639)
Profit from operating activities		**16,552,107**	**32,458,740**
Finance income	(23d)	3,194,096	4,080,245
Finance costs	(23d)	(6,572,549)	(6,005,825)
Share in earnings (losses) of associates accounted for using the equity method	(12b-18i)	874,797	1,351,220
Foreign exchange differences		(96,536)	270,569
Profit before tax from continuing operations		**13,951,915**	**32,154,949**
Income tax expense	(11e)	(2,423,393)	(4,882,582)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**11,528,522**	**27,272,367**
Profit attributable to:			
Profit attributable to owners of the parent		11,528,522	27,272,367
Profit attributable to non-controlling interests		-	-
PROFIT		**11,528,522**	**27,272,367**

EARNINGS PER SHARE		Ch$	Ch$
Earnings per basic share:			
Earnings per basic share for continuing operations	(22)	97.68	231.07
Earnings per basic share for discontinued operations		-	-
Earnings per basic share:		**97.68**	**231.07**
Diluted earnings per share:			
Diluted earnings per share from continuing operations		97.68	231.07
Diluted earnings per share from discontinued operations		-	-
Diluted earnings per share:		**97.68**	**231.07**

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME BY NATURE

As of March 31, 2013 and 2012

	For the three-month periods ended March 31	
	2013	2012
	ThCh$	ThCh$
OTHER COMPREHENSIVE INCOME STATEMENT		
PROFIT	**11,528,522**	**27,272,367**
Components of other comprehensive income before taxes		
Cash flow hedges:		
Profit (loss) on cash flow hedges, before taxes	(584,971)	(5,902,169)
Other components of other comprehensive income, before taxes	**(584,971)**	**(5,902,169)**
Income taxes related to components of other comprehensive income:		
Income tax related to cash flow hedges from other comprehensive income	116,994	1,091,901
Income taxes related to components of other comprehensive income	**116,994**	**1,091,901**
OTHER COMPREHENSIVE INCOME	**(467,977)**	**(4,810,268)**
TOTAL COMPREHENSIVE INCOME	**11,060,545**	**22,462,099**
COMPREHENSIVE INCOME ATTRIBUTABLE TO		
Comprehensive income attributable to owners of the parent	11,060,545	22,462,099
Comprehensive income attributable to non-controlling interests	-	-
TOTAL COMPREHENSIVE INCOME	**11,060,545**	**22,462,099**

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

STATEMENTS OF CHANGES IN EQUITY
As of March 31, 2013 and 2012

	Changes in issued capital (Note 21 a)	Changes in other reserves (Note 21 d)				Retained earnings (losses)	Equity attributable to owners of the parent	Non controlling interests (Nota 21 e)	Total equity
	Issued Capital	Reserves from cash flow hedge (Note 6b)	Reserves from actuarial gains (losses) on defined benefits plans	Other miscellaneous reserves	Total other reserves				
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Equity at the beginning of the period	**941,098,241**	**824,388**	**(2,121,550)**	**(331,571,877)**	**(332,869,039)**	**70,838,702**	**679,067,904**	**(55)**	**679,067,849**
Changes in equity									
Comprehensive income									
Profit	-	-	-	-	-	11,528,522	11,528,522	-	11,528,522
Other comprehensive income	-	(467,977)	-	-	(467,977)	-	(467,977)	-	(467,977)
Comprehensive income	-	**(467,977)**	-	-	**(467,977)**	**11,528,522**	**11,060,545**	-	**11,060,545**
Dividends	-	-	-	-	-	-	-	-	-
Increase (decrease) from transfers and other changes, equity	-	-	-	-	-	-	-	-	-
Total increase (decrease) in equity	-	-	-	-	-	-	-	-	-
Equity march 31, 2013	**941,098,241**	**356,411**	**(2,121,550)**	**(331,571,877)**	**(333,337,016)**	**82,367,224**	**690,128,449**	**(55)**	**690,128,394**
Equity at the beginning of the period	**941,099,241**	**944,033**	**(2,594,624)**	**(331,571,877)**	**(333,222,468)**	**122,059,601**	**729,936,374**	-	**729,936,330**
Changes in equity									
Comprehensive income									
Profit	-	-	-	-	-	27,272,367	27,272,367	-	27,272,367
Other comprehensive income	-	(4,810,268)	-	-	(4,810,268)	-	(4,810,268)	-	(4,810,268)
Comprehensive income	-	**(4,810,268)**	-	-	**(4,810,268)**	**27,272,367**	**22,462,099**	-	**22,462,099**
Dividends	-	-	-	-	-	-	-	-	-
Increase (decrease) from transfers and other changes, equity	-	-	51,086	(100)	50,986	-	50,986	-	50,986
Total increase (decrease) in equity	-	-	**51,086**	**(100)**	**50,986**	-	**50,986**	-	**50,986**
Equity march 31, 2012	**941,099,241**	**(3,866,235)**	**(2,543,538)**	**(331,571,977)**	**(337,981,750)**	**149,331,968**	**752,449,459**	-	**752,449,459**

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

	Notes	For the three-month period ended March 31 2013 ThCh$	2012 ThCh$
CASH FLOWS PROVIDED (USED IN) BY OPERATING ACTIVITIES:			
Classes of operating activity charges			
Proceeds from sale of assets and services rendered		275,768,610	280,758,892
Other operating activity charges		20,385,713	18,906,908
Classes of payments			
Payments to suppliers for supplying goods and services		(172,114,022)	(187,739,449)
Payments to and on account of employees		(531,443)	(25,868)
Interest paid		(60,263,436)	(53,153,928)
Interest received		1,770,932	2,451,425
Other operating activity payments		(1,589,753)	(1,533,870)
Income taxes (paid) reimbursed classified as operating activities		(1,933,502)	(4,105,857)
Cash flows provided (used in) by operating activities:		**61,493,099**	**55,558,253**
CASH FLOWS PROVIDED (USED IN) BY INVESTMENT ACTIVITIES:			
Other payments to acquire equity or debt instruments of other entities			
Loans to related entities	(9a)	(60,200,000)	(51,994,878)
Proceeds from sale of property, plant and equipment		-	49,110,510
Additions to property, plant and equipment		(47,185,276)	(41,272,842)
Collection from related entities	(9a)	57,100,000	39,930,307
Other cash inflows (outflows)		(30,000,000)	(74,321,331)
Net cash flows provided (used in) by investment activities		**(80,285,276)**	**(78,548,234)**
CASH FLOWS PROVIDED (USED IN) BY FINANCING ACTIVITIES:			
Loan payments		-	(31,000,000)
Other cash inflows (outflows)		(10,495,095)	(14,261,814)
Net cash flows provided (used in) by financing activities		**(10,495,095)**	**(45,261,814)**
Net Increase (decrease) in cash and cash equivalents, before the effects of changes in the exchange rate		**(29,287,272)**	**(68,251,795)**
Effects of the change in exchange rate on cash and cash equivalents:			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(29,287,272)	(68,251,795)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		164,192,567	235,709,827
CASH AND CASH EQUIVALENTS, END OF YEAR		**134,905,295**	**167,458,032**

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

1. Corporate Information:

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

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

At the Extraordinary Shareholders' Meeting held on September 15, 2011, the shareholders agreed to approve the division of Telefonica Moviles Chile S.A. into two companies, under the terms of articles 94 and following of Law No. 18,046, one to remain as the continuing company with the same name and a new company to be established with the name Miraflores 130 S.A. to which have been allocated assets and liabilities composed mainly of accounts payable and non-essential assets (0.29% of total assets) which represent 0.00015% of the shareholders' equity of the company that was divided according to the latest financial statements reported as of June 30, 2011. This division did not alter or modify the operation of the continuing company, Telefonica Moviles Chile S.A..

At the Extraordinary Shareholders' Meeting held on December 12, 2011, the shareholders agreed to approve the division of Telefonica Moviles Chile S.A. into two companies, under the terms of articles 94 and following of Law No. 18,046, one remaining as the continuing company with the same name and a new company, Torres Uno S.A., which a then was transformed into a company with limited responsibility and its name was changed to Operadora de Torres de Telefonía Ltda. to which have been allocated mainly non-essential assets and liabilities representing 0.000106258606323358% of the shareholders' equity of the company which was divided according to the latest financial statements reported as of September 30, 2011. This division did not alter or modify the operation of the continuing company, Telefonica Moviles Chile S.A..

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

As of March 31, 2013, the Company's direct parent is Inversiones Telefonica Moviles Holding S.A., which belongs to the Spanish group Telefonica, S.A..

2. Significant Accounting Policies:

a) Accounting period

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

b) Basis of presentation

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

The following changes were made in the consolidation perimeter in 2012: i) on April 30, 2012, subsidiary Wayra Chile Tecnología e Innovación Ltda. (formerly Telefónica Móviles Chile Inversiones S.A.) sold its interest in Intertel S.A. to Inversiones Telefónica Móviles Holding S.A.; and ii) on November 27, 2012, the Company transferred its rights over subsidiary Wayra Chile Tecnología e Innovación Ltda. to Wayra Investigación y Desarrollo, SLU. Due to the above, the effect of these transactions was recorded retroactively in the pro forma financial statements as of March 31, 2012; therefore the pro forma financial statements for the aforementioned date have not been consolidated with the companies sold in 2012, Intertel S.A. and Wayra Chile Tecnología e Innovación Ltda.

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

i) Income from leased land and solar and management income was reclassified from Other Income to Income from Ordinary Operations in the amount of ThCh $ 872,490.
ii) Income from Overdue Charges were reclassified from Income from Ordinary Operations to Other Income in the amount of ThCh$ 209,216.

c) Basis of preparation

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

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

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

2. Significant Accounting Policies, continued

d) Basis of consolidation

i) Entities, subsidiaries and joint ventures

The financial statements of Telefonica Moviles Chile S.A. and its subsidiaries include assets and liabilities as of March 31, 2013 and December 31, 2012. Balances with related companies, unrealized income and expenses and net income and losses have been eliminated and non-controlling interests have been recognized under the category "Non-controlling interests" (nota 21e).

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

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

The following subsidiaries are included in consolidation:

Taxpayer No.	Company	Country of origin	Funct currency	Participation percentage 03.31.2013 Direct	Indirect	Total	12.31.2012 Total
99.578.440-8	Telefónica Móviles Chile Distribución S.A.	Chile	CLP	99.99	-	99.99	99.99
76.182.386-8	Fondo de Inversión Privado Infraestructura Uno	Chile	CLP	100	-	100	100

2. Significant Accounting Policies, continued

d) Basis of consolidation, continued

i) Entities, subsidiaries and joint ventures, continued

The summarized financial information as of March 31, 2013 of the companies included in the consolidation is the following:

Taxpayer No.	Company	% Participation	Current Assets ThCh$	Non-Current Assets ThCh$	Total Assets ThCh$	Current Liabilities ThCh$	Non-Current Liabilities ThCh$	Total Liabilities ThCh$	Equity ThCh$	Operating income ThCh$	Net profit (loss) ThCh$
99.578.440-8	Telefónica Móviles Chile Distribución S.A.	99.99	21,825	-	21,825	569,730	-	569,730	(547,905)	-	-
76.182.386-8	Fondo de Inversión Privado Infraestructura Uno	100	36,946,042	-	36,946,042	10,208,573	-	10,208,573	26,737,469	-	500,008

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

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

2. Significant Accounting Policies, continued

e) Foreign currency translation

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

Date	US$	EURO	UTM	UF
31-Mar-13	472.03	605.40	40,085.00	22,869.38
12-31-2012	479.96	634.45	40,206.00	22,840.75
31-Mar-12	487.44	649.83	39,412.00	22,533.51

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

f) Financial assets and liabilities

All purchases and sales of financial assets are recognized at fair value as of the trading date, which is the date on which the commitment to buy or sell the asset is made.

i) Financial investments

Marketable financial assets, (i.e. investments made to obtain short-term returns from price variations) are classified as “at fair value through profit and loss” and presented as current assets. This category is used for those financial assets for which an investments and disinvestments strategy is established, on a fair value basis. All financial assets included in this category are recorded at fair value, which is obtained from observable market data. Realized or unrealized profits or losses arising from variations in fair value at each year-end are recorded in the income statement.

ii) Receivables

Receivables consist of financial assets with fixed and determinable payments that are not quoted in an active market. Trade accounts receivable are recognized at the amount of the invoice, recording an adjustment if there is objective evidence of customer payment risk.

Allowances for uncollectable debts have been determined 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 corporate segment customer portfolio, where the total accrual is reached 180 days after the due date.

Current trade accounts receivable are not discounted. The Company has determined no difference between the amount invoiced and the amortized cost, as the transaction has no significant associated costs.

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

iii) Cash and cash equivalents

Cash and cash equivalents recognized in the financial statements include cash balances, checking accounts, time deposits and investments in instruments with repurchase agreements and financial instruments which can easily be liquidated and are risk-free, maturing in less than 90 days.

Restrictions on the use of cash and cash equivalents do not exist.

iv) Interest-bearing loans

Financial liabilities are valued at amortized cost using the effective interest rate method. Any difference between the cash received and the reimbursement value is charged directly to income during the term of the agreement. Financial obligations maturing in more than twelve months are presented as non-current liabilities.

v) Derivative financial instruments

The Company uses hedge derivatives to manage its exposure to interest and exchange rate risks. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying operations which are subject to hedging.

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

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

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

2. Significant Accounting Policies, continued

f) Financial assets and liabilities, continued

v) Derivative financial instruments, continued

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

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

g) Inventory

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

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

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

h) Impairment of non-current assets

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

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

Discount rates used are determined before taxes and adjusted by the respective country and business risk. Accordingly a rate of 10.67 % was used in 2012. For the financial year 2012 no impairment adjustments were made.

2. Significant Accounting Policies, continued

i) Leasing

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

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

j) Taxes

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

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

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

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

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

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

2. Significant Accounting Policies, continued

k) Investments in associates accounted for using the equity method

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

The investment that the Company has in Telefonica Chile Servicios Corporativos Limitada and Intertel S.A. on which it exercises significant influence without exercising control, is recorded using the equity method (see Note 12 and 18 b).

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

l) Goodwill

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

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

m) Intangibles

i) Intangible assets (Concession licenses)

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

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

ii) Licenses and Software

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

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

2. Significant Accounting Policies, continued

m) Intangibles, continued

ii) Licenses and Software, continued

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

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

n) Property, plant and equipment

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

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

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

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

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

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

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

n) Depreciation of property, plant and equipment

The Company depreciates Property, plant and equipment from the moment on when the assets are in condition to be used, distributing the cost of the assets on a straight-line basis over the respective estimated useful life. The Company's average annual financial depreciation rate is approximately 31.57% for March 2013, and 31.65% for December 2012.

2. Significant Accounting Policies, continued

n) Depreciation of property, plant and equipment, continued

Estimated useful lives are summarized in the following detail:

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

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

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

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

o) Provisions

i) Provision for dismantling expenses

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

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

ii) Other provisions

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

2. Significant Accounting Policies, continued

p) Income and expenses

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

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

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

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

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

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

q) Use of Estimates

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

i) Property, plant and equipment and intangibles

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

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

2. Significant Accounting Policies, continued

q) Use of Estimates, continued

i) Property, plant and equipment and intangibles, continued

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

ii) Provisions

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

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

iii) Income recognition: agreements combining more than one element

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

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

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

iv) Financial assets and liabilities

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

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

2. Significant Accounting Policies, continued

r) Consolidation methods

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

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

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

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

s) New IFRS and Interpretations of the IFRS Interpretations Committee

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

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

IFRS 9 “Financial instruments”

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

2. Significant Accounting Policies, continued

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

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

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements arise from proposals from the Investment Entities Project published in August 2011. The amendments define an investment entity and introduce an exception to consolidate certain subsidiaries belonging to investment entities.

These amendments require that an investment entity measures its subsidiaries at fair value through profit and loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements in relation to investment entities in IFRS 12 and in IAS 27. It is required that entities apply the amendments to annual periods commencing as of January 1, 2014. Early application is allowed.

These amendments require that an investment entity measure these subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements.

The amendments also introduce new disclosure requirements related to investment entities in IFRS 12 and in IAS 27. Entities are required to apply the amendments to annual periods commencing as of January 1, 2014. Early application is allowed.

IAS 32 "Financial Instruments: Presentation"

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

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

3. Changes in Accounting Policy and Disclosures

a) Accounting changes:

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

b) Changes in estimates:

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

4. Financial Information by Segment

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

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

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

5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	03.31.2013 ThCh$	12.31.2012 ThCh$
Cash (a)		**249,361**	**2,848,779**
	USD	4,243	4,243
	EUR	7,215	7,215
	CLP	237,903	2,837,321
Banks (b)		**2,611,238**	**3,698,428**
	CLP	2,611,238	3,698,428
Time deposits (c)		**132,044,696**	**151,247,866**
	CLP	98,619,600	151,247,866
	UF	5,070,999	-
	USD	28,354,097	-
Repurchase agreements (d)		**-**	**6,397,494**
	CLP	-	6,397,494
Total cash and cash equivalents		**134,905,295**	**164,192,567**
Subtotal by currency	**CLP**	**101,468,741**	**164,181,109**
	USD	**28,358,340**	**4,243**
	UF	**5,070,999**	**-**
	EUR	**7,215**	**7,215**

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

a) Cash

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

b) Banks

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

5. Cash and cash equivalents, continued

c) Time deposits,

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

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	Foreign currency translation local currency ThCh$	Total as of 03.31.2013 ThCh$
Time deposit	CLP	98,295,000	5.49%	36	98,295,000	324,600	-	98,619,600
Time deposit	USD	60,052.91	5.28%	38	28,392,315	7,322	(45,540)	28,354,097
Time deposit	UF	220.82	3.01%	90	5,036,905	20,930	13,164	5,070,999
Totales					**131,724,220**	**352,852**	**(32,376)**	**132,044,696**

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

5. Cash and cash equivalents, continued

d) Repurchase agreements

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

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

As of March 31, 2013 there are no restrictions on the use of cash and cash equivalents.

6. Other Current and Non-current Financial Assets

The breakdown of other current financial assets is as follows:

Concepts	03.31.2013 Current ThCh$	03.31.2013 Non-Current ThCh$	12.31.2012 Current ThCh$	12.31.2012 Non-Current ThCh$
Investment contracts (a)	10,166,181	-	-	-
Hedging instruments (b)	4,462,100	-	4,476,880	1,134,018
Highly liquid financial instruments (c)	70,134,933	-	40,074,800	-
Total	**84,763,214**	**-**	**44,551,680**	**1,134,018**

a) The detail of financial investments is as follows :

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	Foreign currency translation local currency ThCh$	Total as of 03.31.2013 ThCh$
Time deposit	UF	442.73	3.12%	112	10,100,021	41,150	25,010	10,166,181
Totales					**10,100,021**	**41,150**	**25,010**	**10,166,181**

6. Other Current and Non-current Financial Assets, continued

b) The detail of the hedging instruments is as follows:

Description	Underlying	Net Total as of 03.31.2013	Up to 90 days	90 days to 1 years	Total current Assets	Total current Liabilities (see note 16)	1 a 3 years	3 a 5 years	Total non-current Assets	Total non-current Liabilities (see note 16)
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Exchange rate – cash flow hedge (1)	Supplier Debt	(707,120)	(704,816)	(2,304)	3,468	(710,588)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	62,424	62,424	-	166,116	(103,692)	-	-	-	-
Interest rate – cash flow hedge (3)	Financial Debt	2,621,007	2,621,007	-	4,031,141	(1,410,134)	-	-	-	-
Exchange rate and interest rate – fair value (5)	Financial Debt	(7,601,303)	(2,685,275)	-	261,375	(2,946,650)	(4,916,028)	-	-	(4,916,028)
Change of security		-	-	-	-	-	-	-	-	-
Totales		**(5,624,992)**	**(706,660)**	**(2,304)**	**4,462,100**	**(5,171,064)**	**(4,916,028)**	-	-	**(4,916,028)**

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

Description of hedge instruments:

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

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

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

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

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

6. Other Current and Non-current Financial Assets, continued

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

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	Foreign currency translation local moneda local ThCh$	Total as of 03.31.2013 ThCh$
Highly liquid financial instruments	CLP	70,000,000	5.52%	30	70,000,000	134,933	-	70,134,933
Total					**70,000,000**	**134,933**	**-**	**70,134,933**

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh$	Accrued interest in local currency ThCh$	Foreign currency translation local currency ThCh$	Total as of 12.31.2012 ThCh$
Highly liquid financial instruments	CLP	40,000,000	6.12%	30	40,000,000	74,800	-	40,074,800
Total					**40,000,000**	**74,800**	**-**	**40,074,800**

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

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

Description	03.31.2013		12.31.2012	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Deferred handset costs	15,355,301	-	14,382,125	-
Advance payments (1)	10,174,077	1,061,561	10,384,231	1,061,561
Other prepaid expenses (2)	8,904,405	98,341	9,620,835	107,456
Customer guarantees	691,324	-	691,324	-
Other taxes (3)	126,842	-	352,541	-
Total	**35,251,949**	**1,159,902**	**35,431,056**	**1,169,017**

(1) Includes advance payments associated with insurance and rent.
(2) Includes deferred commissions that are paid to franchises for mobile equipment and other additions and exchanges which are deferred over six months.
(3) Includes SENCE credit and other taxes.

8. Trade and Other Current Accounts Receivable

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

Description	03.31.2013 Gross value ThCh$	03.31.2013 Uncollectable debts ThCh$	03.31.2013 Net value ThCh$	12.31.2012 Gross value ThCh$	12.31.2012 Uncollectable debts ThCh$	12.31.2012 Net value ThCh$
Current receivables on credit operations	**181,545,033**	**(55,764,788)**	**125,780,245**	**182,341,851**	**(54,832,478)**	**127,509,373**
Services billed	123,680,814	(55,764,788)	67,916,026	122,843,413	(54,832,478)	68,010,935
Services provided and not billed	57,864,219	-	57,864,219	59,498,438	-	59,498,438
Miscellaneous receivables	**100,454**	-	**100,454**	**100,454**	-	**100,454**
Total	**181,645,487**	**(55,764,788)**	**125,880,699**	**182,442,305**	**(54,832,478)**	**127,609,827**

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

Description	03.31.2013 Less than 3 months ThCh$	03.31.2013 3 to 6 months ThCh$	03.31.2013 6 to 12 months ThCh$	03.31.2013 Greater than 12 months ThCh$	03.31.2013 Total ThCh$	12.31.2012 Less than 3 months ThCh$	12.31.2012 3 to 6 months ThCh$	12.31.2012 6 to 12 months ThCh$	12.31.2012 than 12 months ThCh$	12.31.2012 Total ThCh$
Miscellaneous receivables	23,244,145	517,353	-	-	23,761,498	28,677,425	340,599	-	-	29,018,024
Total	**23,244,145**	**517,353**	**-**	**-**	**23,761,498**	**28,677,425**	**340,599**	**-**	**-**	**29,018,024**

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

Movements	03.31.2013 ThCh$	12.31.2012 ThCh$
Beginning balance	**54,832,478**	**51,919,527**
Increases	6,728,432	29,895,264
Eliminations/ Additions	(5,796,122)	(26,982,313)
Movements, subtotal	**932,310**	**2,912,951**
Closing balance	**55,764,788**	**54,832,478**

8. Trade and Other Current Accounts Receivable, continued

c) Movements of the provision for doubtful accounts to reflect the composition of the portfolio as of March 31, 2013 and December 31, 2012 are as follows:

Provisions and write-offs	03.31.2013 ThCh$	12.31.2012 ThCh$
Accrual for portfolio that has not been renegotiated	6,589,346	29,102,348
Accrual for renegotiated portfolio	139,086	792,915
Write-offs for the year	(5,796,122)	(26,982,313)
Total	**932,310**	**2,912,950**

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

Portfolio of prosted and in legal collection as of 03.31.2013	Porfolio of accounts receivable protested w/o guarantee	Porfolio of accounts receivable protested w/guarantee	Porfolio of accounts receivable in legal collection w/o guarantee	Porfolio of accounts receivable in legal collection w/guarantee
Number of customers in portfolio protested or in legal collection	1,317	-	797	-
Portfolio of protested or in legal collection ThCh$	5,826,486	-	583,325	-

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

8. Trade and Other Accounts Receivable, continued

The portfolio composition stratified by segment as of March 31, 2013 is as follows:

Aging of portfolio by segment for the 2013 period	Up to date ThCh$	From 1 to 30 days ThCh$	From 31 to 60 days ThCh$	From 61 to 90 days ThCh$	From 91 to 120 days ThCh$	From 121 to 150 days ThCh$	From 151 to 180 days ThCh$	From 181 to 210 days ThCh$	From 211 to 250 days ThCh$	More than 250 days ThCh$	Total portfolio w/o guarantee ThCh$
Individuals											
Number of clients w/o renegotiation	783,914	210,225	154,026	159,294	166,254	165,262	161,987	164,136	175,827	1,349,706	3,490,631
Gross portfolio w/o renegotiation	34,308,046	3,583,743	2,244,256	2,200,423	-	-	-	-	-	-	42,336,468
Debt	34,308,046	3,583,743	2,244,256	2,200,423	3,607,216	2,462,934	2,418,882	2,002,384	2,594,747	25,816,823	81,239,454
Accrual	-	-	-	-	(3,607,216)	(2,462,934)	(2,418,882)	(2,002,384)	(2,594,747)	(25,816,823)	(38,902,986)
Number of clients with renegotiation	23,916	16,045	9,941	9,650	9,807	9,508	8,831	7,943	7,153	16,692	119,486
Gross portfolio with renegotiation	1,159,147	254,598	131,466	128,513	-	-	-	-	-	-	1,673,724
Debt	1,159,147	254,598	131,466	128,513	127,839	123,220	113,973	106,015	117,439	761,617	3,023,827
Accrual	-	-	-	-	(127,839)	(123,220)	(113,973)	(106,015)	(117,439)	(761,617)	(1,350,103)
Total number of clients	**807,830**	**226,270**	**163,967**	**168,944**	**176,061**	**174,770**	**170,818**	**172,079**	**182,980**	**1,366,398**	**3,610,117**
Total Individuals portfolio	**35,467,193**	**3,838,341**	**2,375,722**	**2,328,936**	-	-	-	-	-	-	**44,010,192**
Debt	**35,467,193**	**3,838,341**	**2,375,722**	**2,328,936**	**3,735,055**	**2,586,154**	**2,532,855**	**2,108,399**	**2,712,186**	**26,578,440**	**84,263,281**
Accrual	-	-	-	-	**(3,735,055)**	**(2,586,154)**	**(2,532,855)**	**(2,108,399)**	**(2,712,186)**	**(26,578,440)**	**(40,253,089)**
Companies											
Number of clients w/o renegotiation	135,200	36,991	21,237	18,190	17,165	16,433	15,268	15,462	15,722	53,690	345,358
Gross portfolio w/o renegotiation	66,652,008	12,007,585	1,683,928	1,009,633	361,668	96,153	59,532	-	-	-	81,870,507
Debt	66,652,008	12,007,585	1,683,928	1,009,633	866,535	607,757	521,832	5,593,226	602,158	7,837,544	97,382,206
Accrual	-	-	-	-	(504,867)	(511,604)	(462,300)	(5,593,226)	(602,158)	(7,837,544)	(15,511,699)
Number of clients with renegotiation	-	-	-	-	-	-	-	-	-	-	-
Gross portfolio with renegotiation	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
Total number of clients	**135,200**	**36,991**	**21,237**	**18,190**	**17,165**	**16,433**	**15,268**	**15,462**	**15,722**	**53,690**	**345,358**
Total companies portfolio	**66,652,008**	**12,007,585**	**1,683,928**	**1,009,633**	**361,668**	**96,153**	**59,532**	**-**	**-**	**-**	**81,870,507**
Debt	**66,652,008**	**12,007,585**	**1,683,928**	**1,009,633**	**866,535**	**607,757**	**521,832**	**5,593,226**	**602,158**	**7,837,544**	**97,382,206**
Accrual	-	-	-	-	**(504,867)**	**(511,604)**	**(462,300)**	**(5,593,226)**	**(602,158)**	**(7,837,544)**	**(15,511,699)**
Portfolio Consolidated											
Number of clients w/o renegotiation	919,114	247,216	175,263	177,484	183,419	181,695	177,255	179,598	191,549	1,403,396	3,835,989
Gross portfolio w/o renegotiation	100,960,054	15,591,328	3,928,184	3,210,056	361,668	96,153	59,532	-	-	-	124,206,975
Debt	100,960,054	15,591,328	3,928,184	3,210,056	4,473,751	3,070,691	2,940,714	7,595,610	3,196,905	33,654,367	178,621,660
Accrual	-	-	-	-	(4,112,083)	(2,974,538)	(2,881,182)	(7,595,610)	(3,196,905)	(33,654,367)	(54,414,685)
Number of clients with renegotiation	23,916	16,045	9,941	9,650	9,807	9,508	8,831	7,943	7,153	16,692	119,486
Gross portfolio with renegotiation	1,159,147	254,598	131,466	128,513	-	-	-	-	-	-	1,673,724
Debt	1,159,147	254,598	131,466	128,513	127,839	123,220	113,973	106,015	117,439	761,617	3,023,827
Accrual	-	-	-	-	(127,839)	(123,220)	(113,973)	(106,015)	(117,439)	(761,617)	(1,350,103)
Total number of clients	**943,030**	**263,261**	**185,204**	**187,134**	**193,226**	**191,203**	**186,086**	**187,541**	**198,702**	**1,420,088**	**3,955,475**
Total Consolidated portfolio	**102,119,201**	**15,845,926**	**4,059,650**	**3,338,569**	**361,668**	**96,153**	**59,532**	-	-	-	**125,880,699**
Debt	**102,119,201**	**15,845,926**	**4,059,650**	**3,338,569**	**4,601,590**	**3,193,911**	**3,054,687**	**7,701,625**	**3,314,344**	**34,415,984**	**181,645,487**
Accrual	-	-	-	-	**(4,239,922)**	**(3,097,758)**	**(2,995,155)**	**(7,701,625)**	**(3,314,344)**	**(34,415,984)**	**(55,764,788)**

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

8. Trade and Other Accounts Receivable, continued

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

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

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

9. Accounts receivable and payable to related companies

a) Accounts receivable from related companies current:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2013 ThCh$	12.31.2012 ThCh$
						Sub-Total	39,793,613	36,520,634
TELEFONICA CHILE SERVICIOS CORPORATIVOS LTDA.	76.086.148-0	Chile	Common shareholder	Professional Serv.	CLP	60 days	1,097,578	1,347,522
				Mercantile Current Account	CLP	60 days	38,696,035	35,173,112
						Sub-Total	6,423,859	8,526,718
TELEFONICA CHILE S.A.	90.635.000-9	Chile	Common shareholder	Access inbound and CPP	CLP	60 days	3,140,418	4,878,119
				takings	CLP	60 days	3,028,180	3,582,973
				Others	CLP	60 days	255,261	65,626
MIRAFLORES 130 S.A.	76.172.003-1	Chile	Common shareholder	Serv. Provided	CLP	60 days	907,076	907,076
TELEFONICA LARGA DISTANCIA S.A.	96.672.160-K	Chile	Common shareholder	Serv. Provided	CLP	60 days	999,427	792,081
TELEFONICA MOVILES ARGENTINA, S.A.	Foreign	Argentina	Common shareholder	Serv. Provided	USD	90 days	260,506	287,499
TELEFONICA MOVILES ESPAÑA, S.A.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	324,572	245,914
TELEFONICA MOVILES VENEZUELA	Foreign	Venezuela	Common shareholder	Serv. Provided	USD	90 days	157,951	151,805
TELEFONICA GESTION SERVICIOS COMPARTIDOS CHILE S.A.	96.961.230-5	Chile	Common shareholder	Serv. Provided	CLP	60 days	139,111	150,771
TELEFONICA INTERNATIONAL WHOLESALE SERVICES CHILE S.A.	96.910.730.-9	Chile	Common shareholder	Serv. Provided	CLP	60 days	157,168	147,564
WAYRA CHILE TECNOLOGIA E INNOVACIÓN LTDA.	96.672.150-2	Chile	Common shareholder	Serv. Provided	CLP	60 days	166,235	125,476
VIVO, S.A.	Foreign	Brazil	Common shareholder	Serv. Provided	USD	90 days	192,905	95,820
O2 (UK)	Foreign	England	Common shareholder	Serv. Provided	USD	90 days	40,305	30,264
TELEFONICA EMPRESAS CHILE S.A.	78.703.410-1	Chile	Common shareholder	Serv. Provided	CLP	60 days	-	30,141
TELEFONICA INGENIERIA SEGURIDAD S.A.	59.083.900-0	Chile	Common shareholder	Serv. Provided	CLP	60 days	37,107	28,114
TELEFONICA MOVILES COLOMBIA	Foreign	Colombia	Common shareholder	Serv. Provided	USD	60 days	36,825	26,418
TELEFÓNICA MÓVILES DEL URUGUAY S.A.	Foreign	Uruguay	Common shareholder	Serv. Provided	USD	90 days	15,626	15,736
FUNDACION TELEFONICA CHILE	74.944.200-K	Chile	Common shareholder	Serv. Provided	CLP	60 days	10,658	10,919
TELEMING CELULAR	Foreign	Brazil	Common shareholder	Serv. Provided	USD	90 days	16,393	9,904
INSTITUTO TELEFONICA CHILE S.A.	96.811.570-7	Chile	Common shareholder	Serv. Provided	CLP	60 days	8,567	9,037
TELEFONICA MOVILES PERU, S.A.	Foreign	Perú	Common shareholder	Serv. Provided	USD	90 days	16,126	7,746
TELEFONICA MOVILES SOLUCIONES Y APLICACIONES S.A.	96.990.810-7	Chile	Common shareholder	Serv. Provided	CLP	60 días	6,649	7,313
OTECEL, S.A. ECUADOR	Foreign	Equator	Common shareholder	Serv. Provided	USD	60 days	9,091	4,859
TERRA NETWORKS CHILE S.A.	96.834.230-4	Chile	Common shareholder	Serv. Provided	CLP	60 days	733	3,311
PEGASO PCS, S.A.DE C.V.	Foreign	México	Common shareholder	Serv. Provided	USD	90 days	3,997	3,120
INTERTEL CHILE	96.898.630-9	Chile	Common shareholder	Serv. Provided	CLP	60 days	3,000	3,000
TELEFONICA MOVILES PANAMA	Foreign	Panamá	Common shareholder	Serv. Provided	USD	90 days	5,235	1,742
O2 MANX TELECOM LTD	Foreign	England	Common shareholder	Serv. Provided	USD	90 days	648	1,177
TELEFONICA MOVILES GUATEMALA	Foreign	Guatemala	Common shareholder	Serv. Provided	USD	90 days	1,515	749
TELEFONICA MOVILES NICARAGUA, S.A.	Foreign	Nicaragua	Common shareholder	Serv. Provided	USD	90 days	374	472
TELEFONICA SLOVAKIA	Foreign	Slovakia	Common shareholder	Serv. Provided	CLP	60 days	2,966	121
O2 COMMUNICATIONS (IRELAND) LTD.	Foreign	Ireland	Common shareholder	Serv. Provided	USD	90 days	2,027	-
							49,740,265	48,145,501

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

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

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

9. Accounts receivable and payable to related companies, continued

b) Accounts payable to related companies current

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	03.31.2013 ThCh$	12.31.2012 ThCh$
						Sub-Total	20,087,620	29,470,366
TELEFONICA CHILE SERVICIOS CORPORATIVOS LTDA.	76.086.148-0	Chile	Common shareholder	Management Services	CLP	60 days	19,599,130	27,583,868
				Others			488,490	1,624,082
				Mercantile Current Account			-	262,416
						Sub-Total	8,670,363	7,122,807
TELEFONICA CHILE S.A.	90.635.000-9	Chile	Common shareholder	Access Charge and Links	CLP	60 days	5,014,094	4,321,162
				W Serv Lease - Space and Energy	CLP	60 days	3,656,269	1,325,961
				Others	EUR	90 days	-	1,475,684
TELEFONICA EMPRESAS CHILE S.A.	78.703.410-1	Chile	Common shareholder	Management Services	CLP	60 days	17,177,643	12,450,231
TELEFONICA GESTION SERVICIOS COMPARTIDOS CHILE S.A.	96.961.230-5	Chile	Common shareholder	General Services	CLP	60 days	3,765,276	3,207,938
MIRAFLORES 130 S.A. (2)	76.172.003-1	Chile	Common shareholder	Mercantile Current Account	CLP	60 days	2,513,338	2,494,434
TELEFONICA INTERNACIONAL, S.A.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	1,736,037	1,926,514
TELEFONICA LARGA DISTANCIA S.A.	96.672.160-K	Chile	Common shareholder	Serv. Provided	CLP	60 days	3,153,910	1,818,982
TELEFONICA, S.A.	Foreign	Spain	Shareholder	Servicios de Brand Fee	CLP	60 days	7,242,607	4,476,829
				Legal Minimum Dividends	CLP	30 days	5	-
TERRA NETWORKS CHILE S.A.	96.834.230-4	Chile	Common shareholder	Serv. Provided	CLP	60 days	327,587	692,373
TELEFONICA INTERNATIONAL WHOLESALE SERVICES CHILE S.A.	96.910.730.-9	Chile	Common shareholder	Serv. Provided	CLP	60 days	299,326	669,758
TELEFONICA MOVILES SOLUCIONES Y APLICACIONES S.A.	96.990.810-7	Chile	Common shareholder	Serv. Provided	CLP	60 days	144,000	601,901
TELFISA GLOBAL B.V.	Foreign	Spain	Common shareholder	administration Commission	CLP	90 days	310,250	283,028
TELEFONICA MOVILES ESPAÑA, S.A.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	238,605	256,505
O2 MANX TELECOM LTD	Foreign	England	Common shareholder	Serv. Provided	USD	90 days	202,150	201,961
TELEFONICA MOVILES ARGENTINA, S.A.	Foreign	Argentina	Common shareholder	Serv. Provided	USD	90 days	85,764	148,149
TELEFONICA INGENIERIA SEGURIDAD S.A.	59.083.900-0	Chile	Common shareholder	Serv. Provided	CLP	60 days	107,170	145,979
VIVO, S.A.	Foreign	Brazil	Common shareholder	Serv. Provided	USD	90 days	140,124	83,514
TELEFONICA GLOBAL APPLICATIONS S.L.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	67,715	67,715
TELEFONICA MOVILES COLOMBIA	Foreign	Colombia	Common shareholder	Serv. Provided	USD	90 days	-	49,352
INSTITUTO TELEFONICA CHILE S.A.	96.811.570-7	Chile	Common shareholder	Serv. Provided	CLP	60 days	48,404	48,404
O2 GERMANY GMBH & CO OHG	Foreign	Alemania	Common shareholder	Serv. Provided	USD	90 days	45,956	37,414
TELEFONICA MOVILES PERU HOLDING S.A	Foreign	Peru	Common shareholder	Serv. Provided	CLP	90 days	108,022	27,957
TELEFONICA MOVILES VENEZUELA	Foreign	Venezuela	Common shareholder	Serv. Provided	USD	90 days	29,985	25,829
TELEFONICA USA INC	Foreign	USA	Common shareholder	Serv. Provided	USD	60 days	22,231	22,231.00
O2 COMMUNICATIONS (IRELAND) LTD.	Foreign	Ireland	Common shareholder	Serv. Provided	USD	90 days	226	21,400
PEGASO PCS, S.A. C.V	Foreign	México	Common shareholder	Serv. Provided	USD	90 days	48,452	14,451
TELEFONICA INTERNATIONAL WHOLESALE S.L.	Foreign	Spain	Common shareholder	Serv. Provided	EUR	90 days	12,886	13,103
TELEFÓNICA MÓVILES DEL URUGUAY S.A.	Foreign	Uruguay	Common shareholder	Serv. Provided	USD	90 days	12,363	11,705
OTECEL, S.A. ECUADOR	Foreign	Equator	Common shareholder	Serv. Provided	USD	90 days	10,050	2,685
TELEFONICA MOVILES PANAMA	Foreign	Panamá	Common shareholder	Serv. Provided	USD	90 days	10,711	2,484
FUNDACIÓN TELEFÓNICA CHILE	74.944.200-K	Chile	Common shareholder	Serv. Provided	CLP	60 days	40	2,333
TELEFONICA MOVILES GUATEMALA	Foreign	Guatemala	Common shareholder	Serv. Provided	USD	90 days	1,820	1,108
TELEFONICA MOVILES EL SALVADOR, S.A.	Foreign	El Salvador	Common shareholder	Serv. Provided	USD	90 days	195	(219)
WAYRA CHILE TECNOLOGIA E INNOVACIÓN LTDA. (1)	96.672.150-2	Chile	Common shareholder	Serv. Provided	CLP	60 days	69,162	-
TELEFONICA MOVILES NICARAGUA, S.A.	Foreign	Nicaragua	Common shareholder	Serv. Provided	USD	90 days	243	-
					CLP	60 días	975,755	1,054,446
INVERSIONES TELEFÓNICA MÓVILES HOLDING S.A.	76.124.890-1	Chile	Common shareholder	Legal Minimum Dividends	USD	90 days	974,315.00	974,315
				Shopping Social Rights	EUR	90 days	1,440.00	1,440
				Others	USD	90 days	-	78,691
COLOMBIA TELECOMUNICACIONES S.A.	Foreign	Colombia	Common shareholder	Serv. Provided	USD	90 days	56,317	-
TELEFÓNICA LATINOAMERICA HOLDING S.L.	Foreign	Spain	Common shareholder	Management Free	USD	90 days	240,972	-
TELEFÓNICA SERVICIOS DE MÚSICA	Foreign	Spain	Common shareholder	Serv. Provided	CLP	30 days	480	-
Total							**67,963,760**	**67,453,667**

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

9. Accounts receivable and payable to related companies, continued

c) Transactions:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Currency	Transaction origin	03.31.2013 ThCh$	03.31.2012 ThCh$
TELEFONICA CHILE SERVICIOS CORPORATIVOS LTDA.	76.086.148-0	Chile	Common shareholder	CLP	**TOTAL**	**(16,831,592)**	**(18,050,825)**
					Financial income	422,924	525,851
					Sales	329,026	331,054
					Services staff seconded from other companies	(17,583,542)	(18,907,730)
					TOTAL	**(2,782,876)**	**(3,572,826)**
TELEFONICA, S.A.	Foreign	Spain	Shareholder	EUR	Brand Fee	(2,776,727)	(3,572,826)
					Other	(6,149)	-
TELEFONICA CHILE S.A.	90.635.000-9	Chile	Common shareholder	CLP	**TOTAL**	**(4,038,903)**	**(3,075,025)**
					Access charges and Interconnects	2,526,476	4,010,797
					800 Service	425,658	-
					Other	140,739	-
	90.635.000-9	Chile	Common shareholder	CLP	**Costs**		
					Access charges and Interconnects	(6,097,968)	(7,085,822)
					Servicio Telefonico	(123,428)	-
					Other	(910,380)	-
TELEFONICA EMPRESAS CHILE S.A.	78.703.410-1	Chile	Common shareholder	CLP	**TOTAL**	**(3,343,805)**	**(2,884,051)**
					Sales		
					Telephone services	668,997	611,951
					Costs		
					Professional Services	(3,962,484)	(3,496,002)
					Other	(50,318)	-
					TOTAL	**-**	**(2,389,521)**
ATENTO CHILE S.A. (1)	96.895.220-K	Chile	Common shareholder	CLP	Costs	-	30,541
					Sales	-	(2,420,062)
					TOTAL	**744,939**	**1,903,548**
TELFISA GLOBAL B.V.	Foreign	Spain	Common shareholder	CLP	Financial income	763,717	1,974,131
			Common shareholder	CLP	Costs	(18,778)	(70,583)
TELEFONICA LARGA DISTANCIA S.A.	96.672.160-K	Chile	Common shareholder	CLP	**TOTAL**	**(2,451,268)**	**(1,885,897)**
					Costs	(3,301,510)	(2,696,273)
					Fixed Income - Mobile	662,437	810,376
					Other	187,805	-
					TOTAL	**(611,342)**	**(584,773)**
TELEFONICA GESTION SERVICIOS COMPARTIDOS CHILE S.A.	96.961.230-5	Chile	Common shareholder	CLP	Costs	(621,063)	(620,888)
					Sales	9,721	36,115
					TOTAL	**139,050**	**128,973**
TELEFONICA INTERNACIONAL, S.A.	Foreign	Spain	Common shareholder	EUR	Costs	139,050	128,973
					TOTAL	**48,288**	**(215,551)**
TELEFONICA MOVILES ESPAÑA, S.A.	Foreign	Spain	Common shareholder	EUR	Sales	180,977	132,156
	Foreign	Spain	Common shareholder	EUR	Costs	(132,689)	(347,707)
					TOTAL	**(350,887)**	**(156,601)**
TERRA NETWORKS CHILE S.A.	96.834.230-4	Chile	Common shareholder	CLP	Costs	(355,515)	(161,823)
					Sales	4,628	5,222
					TOTAL	**306,813**	**(88,473)**
TELEFONICA INTERNATIONAL WHOLESALE SERVICES CHILE S.A.	96.910.730-9	Chile	Common shareholder	CLP	Costs	294,678	(123,133)
	96.910.730-9	Chile	Common shareholder	CLP	Sales	12,135	34,660
					TOTAL	**(134,935)**	**142,752**
TELEFONICA MOVILES SOLUCIONES Y APLICACIONES S.A.	96.990.810-7	Chile	Common shareholder	CLP	Costs	(144,000)	132,803
					Sales	9,065	9,949
					TOTAL	**(118,669)**	**(147,362)**
TELEFONICA INGENIERIA SEGURIDAD S.A.	59.083.900-0	Chile	Common shareholder	CLP	Costs	(126,356)	(152,303)
	59.083.900-0	Chile	Common shareholder	CLP	Sales	7,687	4,941
					TOTAL	**312,392**	**163,251**
TELEFONICA MOVILES ARGENTINA, S.A.	Foreign	Argentina	Common shareholder	USD	Sales	395,990	318,879
					Costs	(83,598)	(155,628)
					TOTAL	**(348)**	**660**
O2 MANX TELECOM LTD	Foreign	England	Common shareholder	USD	Costs	(877)	(312)
				USD	Sales	529	972.00
					TOTAL	**(7,750)**	**117,329**
TELEFONICA MOVILES PANAMA	Foreign	Panamá	Common shareholder	USD	Sales	5,009	125,581
	Foreign	Panamá	Common shareholder	USD	Costs	- 12,759	(8,252.00)
TELEFÓNICA MÓVILES MEXICO,SA DE C.V,	Foreign	México	Common shareholder		**TOTAL**	**-**	**(13,539)**
					Sales	-	8,711
					Costs	-	(22,250)

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

9. Accounts receivable and payable to related companies, continued

c) Transactions, continued

Company	Taxpayer No.	Country of origin	Nature of the relationship	Currency	Transaction origin	03.31.2013 ThCh$	03.31.2012 ThCh$
					TOTAL	**49,581**	**15,374**
VIVO, S.A.	Foreign	Brazil	Common shareholder	USD	Sales	116,692	78,194
	Foreign	Brazil	Common shareholder	USD	Costs	(67,111)	(62,820)
					TOTAL	**-**	**11,365**
INSTITUTO TELEFONICA CHILE S.A.	96.811.570-7	Chile	Common shareholder	CLP	Sales	-	11,365
					TOTAL	**(122,386)**	**(32,380)**
TELEFONICA MOVILES PERU, S.A.	Foreign	Perú	Common shareholder	USD	Sales	28,444	23,564
	Foreign	Perú	Common shareholder	USD	Costs	(150,830)	(55,944)
					TOTAL	**(46,953)**	**-**
PEGASO PCS, S.A. DE C.V.	Foreign	México	Common shareholder	USD	Costs	(57,923)	-
					Sales	10,970	-
					TOTAL	**53,003**	**(14,471)**
TELEFONICA MOVILES COLOMBIA	Foreign	Colombia	Common shareholder	USD	Costs	49,352	(28,533)
	Foreign	Colombia	Common shareholder	USD	Sales	3,651	14,062
					TOTAL	**(8,675)**	**3,293**
O2 GERMANY GMBH & CO OHG	Foreign	Alemania	Common shareholder	USD	Costs	(14,904)	(3,078)
	Foreign	Alemania	Common shareholder	USD	Sales	6,229	6,371
					TOTAL	**1,693**	**2,828**
O2 COMMUNICATIONS (IRELAND) LTDA	Foreign	Ireland	Common shareholder	USD	Sales	1,955	1,302
	Foreign	Ireland	Common shareholder	USD	Costs	(262)	1,526
					TOTAL	**(5,950)**	**(24,943)**
OTECEL, S.A. ECUADOR	Foreign	Equator	Common shareholder	USD	Costs	(12,055)	(33,323)
					Sales	6,105	8,380
					TOTAL	**2,137**	**2,613**
TELEFONICA MOVILES VENEZUELA	Foreign	Venezuela	Common shareholder	USD	Costs	(4,522)	(5,336)
	Foreign	Venezuela	Common shareholder	USD	Sales	6,659	7,949
					TOTAL	**(3,392)**	**(28,718)**
TELEFÓNICA MÓVILES DEL URUGUAY S.A.	Foreign	Uruguay	Common shareholder	USD	Sales	15,045	7,690
	Foreign	Uruguay	Common shareholder	USD	Costs	(18,437)	(36,408)
					TOTAL	**(619)**	**(468)**
TELEFONICA MOVILES EL SALVADOR, S.A.	Foreign	El Salvador	Common shareholder	USD	Costs	(619)	(468)
					TOTAL	**163**	**76**
TELEFONICA MOVILES GUATEMALA	Foreign	Guatemala	Common shareholder	USD	Sales	1,062	640
					Costs	(899)	(564)
					TOTAL	**325**	**(48)**
TELEFONICA MOVILES NICARAGUA, S.A.	Foreign	Nicaragua	Common shareholder	USD	Sales	963	249
	Foreign	Nicaragua	Common shareholder	USD	Costs	(638)	(297)
					TOTAL	**2,852**	**-**
TELEFONICA SLOVAKIA	Foreign	Slovakia	Common shareholder	CLP	Sales	2,852	-
					TOTAL	**(66,969)**	**-**
COLOMBIA TELECOMUNICACIONES S.A.	Extranjera	Colombia	Common shareholder		Sales	27,658	-
					Costs	(94,627)	-
WAYRA CHILE TECNOLOGIA E INNOVACION LTDA.	96.672.150-2	Chile	Common shareholder	CLP	Sales	40,759	-
TELEMIG CELULAR	Foreign	Brazil	Common shareholder	USD	Sales	6,628	-
FUNDACION TELEFONICA CHILE	74.944.200-K	Chile	Common shareholder	CLP	Sales	503	736
TELEATENTO DEL PERU S.A.C.	Foreign	Perú	Common shareholder	USD	Costs	-	(431,084)
O2 (UK) (ANTES VP COMMUNIC)	Foreign	England	Common shareholder	USD	Sales	32,095	31,836
TELEFONICA ARGENTINA, S.A.	Foreign	Argentina	Common shareholder	USD	Costs	-	(16,002)
TELEFONICA SERVICIOS DE MUSICA ESPAÑA	Foreign	Spain	Common shareholder	EUR	Costs	(1,319)	-
TELEFONICA GLOBAL TECHNOLOGY S.A.U.	Foreign	Spain	Common shareholder	EUR	Costs	(580)	(94,249)
TELEFÓNICA LATINOAMERICA HOLDING S.L.	Extranjera	Spain	Common shareholder	EUR	Management Free	(248,655)	-
MIRAFLORES 130 S.A.	76.172.003-1	Chile	Common shareholder	CLP	Finance income	698	47,824
TELEFÒNICA BRASIL (antes Telesp. Participacoes Fij)	Extranjera	Brazil	Common shareholder	USD	Sales	-	52,344

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

9. Accounts receivable and payable to related companies, continued

c) Transactions, continued

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

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

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

On March 1, 2011, the Company signed a mercantile current account agreement with Telefonica Chile Servicios Corporativos Limitada, which establishes remittances in Chilean pesos at a nominal monthly TAB Rate (annual base). The agreed-upon term of the mercantile current account and its management is two years. The parties can agree in writing to extend the term of the current account for annual periods, without the need to ultimately liquidate the Current Account.

On December 23, 2011, the Company signed a mercantile current account with Miraflores 130 S.A. which establishes management of cash surpluses, which shall be provided to Telefonica Moviles Chile S.A. for investment, rendering of accounts on the results obtained and eventually the application of resulting net income for the purpose instructed by Miraflores 130 S.A., all for a 0.2% annual commission on the average annual amount of the investment. That mandate is for an indefinite term.

On December 30, 2011, the Company signed a mercantile current account with Fondo de Inversión Privado Infraestrutura Uno which establishes management of cash surpluses, which shall be provided to Telefonica Moviles Chile S.A. for investment, rendering of accounts on the results obtained and eventually the application of resulting net income for the purpose instructed by Fondo de Inversión Privado Infraestrutura Uno all for a 0.2% annual commission on the average annual amount of the investment. That mandate is for an indefinite term.

d) Non-current accounts payable to related companies:

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

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currenc	Term	03.31.2013 ThCh$	12.31.2012 ThCh$
TELEFONICA CHILE SERVICIOS CORPORATIVOS LTDA.	76.086.148-(	Chile	Common Shareholder	HR obligation	CLP	-	1,366,521	1,366,521
Total							**1,366,521**	**1,366,521**

9. Accounts receivable and payable to related, continued

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

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

There are 77 executives considered: Chairman, General Manager, 13 Directors and 62 Managers.

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

10. Inventory

a) Inventory is detailed as follows:

Description	03.31.2012 ThCh$	12.31.2012 ThCh$
Mobile equipment	45,870,905	52,191,501
Accessories	219,088	291,482
Total	**46,089,993**	**52,482,983**

As of March 31, 2013 and December 31, 2012 there have been no inventory write-offs and there is no inventory in guarantee. The balance of the obsolescence accrual amounts to ThCh$ 7,077,091 for 2013 and ThCh$ 6,853,654 for 2012.

b) Inventory movements are detailed as follows:

Description	03.31.2012 ThCh$	12.31.2012 ThCh$
Beginning balance	**52,482,983**	**45,473,880**
Purchases	48,164,352	210,004,194
Sales	(54,333,905)	(98,559,436)
Obsolescence provision	(223,437)	193,812
Transfer to materials allocated to the investment (15b)	-	(104,629,467)
Movements, subtotal	**(6,392,990)**	**7,009,103**
Closing balance	**46,089,993**	**52,482,983**

11. Taxes

a) Income Taxes

As of March 31, 2013 and December 31, 2012, the Company has established a consolidated first category income tax reserve since it determined a positive taxable base of ThCh$ 11,766,077 and ThCh$ 97,954,251, respectively for each year.

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

As of March 31, 2013, the parent company has a positive Taxable Income Fund balance in the amount of ThCh$ 11,734,582.

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

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

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

Subsidiares	Taxable Net Income with 16.5% Credit ThCh$	Taxable Net Income with 17% Credit ThCh$	Taxable Net Income with 20% Credit ThCh$	Taxable Net Income Without credit ThCh$	Amount of credit ThCh$
Telefónica Móviles Chile S.A.	-	-	9,381,367	2,353,215	2,345,342
Totales	**-**	**-**	**9,381,367**	**2,353,215**	**2,345,342**

b) Current tax assets

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

11. Taxes, continued

c) Deferred tax assets and liabilities

As of March 31, 2013 and December 31, 2012, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh$ 19,414,184 and ThCh$ 19,329,303, respectively which are detailed as follows:

Concepts	03.31.2013 Asset ThCh$	03.31.2013 Liability ThCh$	12.31.2012 Asset ThCh$	12.31.2012 Liability ThCh$
Allowance for doubtful accounts	14,691,569	-	14,505,107	-
Obsolescence provision	1,406,106	-	1,370,731	-
Defered income	4,028,487	-	3,797,368	-
Provision for dismantling expenses	2,365,019	-	2,365,020	-
Deferred selling cost and deferred sales commissions	-	4,972,350	-	4,801,823
Amortization and depreciation of assets	9,630,795	8,933,289	11,212,484	10,253,108
Other events (1)	1,975,433	777,586	2,102,511	968,987
Sub total	**34,097,409**	**14,683,225**	**35,353,221**	**16,023,918**
Reclasification	**(14,683,225)**	**(14,683,225)**	**(16,023,918)**	**(16,023,918)**
Total	**19,414,184**	**-**	**19,329,303**	**-**

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

d) Current tax liabilities

As of March 31, 2013 and December 31, 2012, the detail of accounts payable for the concept of current taxes is detailed as follows:

Movements	03.31.2013 ThCh$	12.31.2012 ThCh$
Income tax accrual (1)	21,508,740	21,050,961
Final balance	**21,508,740**	**21,050,961**

(1) As of March 31, 2013 the provision for income tax is presented net of estimated monthly payments for ThCh$10.356.479 and other concepts.

11. Taxes, continued

e) Income tax reconciliation:

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

Concepts	03.31.2013 Taxable base ThCh$	03.31.2013 Tax Rate 20% ThCh$	12.31.2012 Taxable base ThCh$	12.31.2012 Tax Rate 20% ThCh$
Based on accounting income before taxes:				
Income before taxes	**13,951,914**	**2,790,383**	**32,154,949**	**5,948,666**
Permanent differences	**(1,834,949)**	**(366,990)**	**(5,762,614)**	**(1,066,084)**
Price-level restatement of taxable equity	(1,057,502)	(211,501)	(9,396,398)	(1,738,334)
Investment income related companies	(874,797)	(174,959)	(1,228,089)	(227,196)
Foreign currency translation due to legal rate	-	-	4,295,304	794,631
Others (1)	97,350	19,470	566,569	104,815
Total corporate tax expense	**12,116,965**	**2,423,393**	**26,392,335**	**4,882,582**
Based on taxable net income and deferred taxes calculated on the basis of temporary differences:				
18.5% and 20% income tax		2,353,215		8,502,279
35% income tax		38,065		-
Total Income tax expense		**2,391,280**		**8,502,279**
Total Deferred tax expense (2)		**32,113**		**(3,619,697)**
Total corporate tax expense		**2,423,393**		**4,882,582**
Effective rate		**17.37%**		**15.18%**

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

(2) The change in net deferred tax assets in the years presented in Note 11 c) versus that presented in the income tax reconciliation is due to movements with a charge to shareholders' equity due to a derivative instruments adjustment in the amount of ThCh$ 116,994.

12. Investments accounted for using the equity method

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

Taxpayer No.	Name	Investment balance 03.31.2013	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary income ThCh$	Ordinary expenses ThCh$	Income ThCh$
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda. (1)	3,358,770	48.00	69,550,835	42,794,236	74,952,140	30,395,494	44,762,753	41,950,212	1,822,005

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

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

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

Movements	03.31.2013 ThCh$	12.31.2012 ThCh$
Beginning balance	**2,482,709**	**(883,199)**
Participation in ordinary income current period (1)	874,560	2,895,637
Capital Increase Wayra Chile Ltda. Technology and Innovation	-	1,100,000
Sales of Wayra Chile Tecnología e Innovación Ltda. (2)	-	(1,303,297)
Other increases in reserve (3)	-	673,540
Other increases (4)	237	28
Movements, subtotal	**874,797**	**3,365,908**
Final balance	**3,357,507**	**2,482,709**

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

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

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

(4) Corresponds to the sale of shares of Intertel S.A. carried out by subsidiary Wayra Chile Tecnología e Innovación Ltda. on April 30, 2012.

13. Intangible Assets other than goodwill,

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

Description	03.31.2013 Intangibles, gross ThCh$	03.31.2013 Accumulated amortization ThCh$	03.31.2013 Intangible, net ThCh$	12.31.2012 Intangibles, gross ThCh$	12.31.2012 Accumulated amortization ThCh$	12.31.2012 Intangible, net ThCh$
Intangible assets (1)	125,647,598	(92,258,464)	33,389,134	125,647,598	(91,822,954)	33,824,644
Licenses and software	142,397,957	(119,703,061)	22,694,896	142,411,224	(114,994,619)	27,416,605
Total	**268,045,555**	**(211,961,525)**	**56,084,030**	**268,058,822**	**(206,817,573)**	**61,241,249**

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

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

Movements	Intangible assets, net ThCh$	Licenses and software, net ThCh$	Intangibles, net ThCh$
Beginning balance as of 01.01.13	**33,824,644**	**27,416,605**	**61,241,249**
Amortization expense	(435,510)	(4,721,709)	(5,157,219)
Movements, subtotal	**(435,510)**	**(4,721,709)**	**(5,157,219)**
Ending balance as of 03.31.2013	**33,389,134**	**22,694,896**	**56,084,030**
Remaining average useful life		**3 years**	

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

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

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

13. Intangible Assets other than goodwill, continued

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

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

ii) Discount: The rate used to discount future cash flows is 10.67% (WACC), rate that represents the market value of the specific business and industry risk, taking into consideration the time value of money and individual risks of the assets being analyzed.

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

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

In the financial statements for the years 2012 was not included any impact as a result of the impairment tests performed on these assets.

14. Goodwill

Goodwill as of this period was generated before the date of transition and adoption of IFRS, and the value recorded as of that date is maintained as of March 31, 2013.

The balance of goodwill for March 31, 2013 and 2012 are detailed as follows:

Movements	03.31.2013 ThCh$	12.31.2012 ThCh$
Telefónica Móviles Chile S.A.	483,179,725	483,179,725
Total	**483,179,725**	**483,179,725**

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

14. Goodwill, continued

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

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

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

Intangible assets are tested for impairment whenever there is an indication of a potential loss in value, and in any case at each year-end. Impairment testing is determined taking into consideration the following estimated variables:

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

ii) Discount rate: the rate used to discount future cash flows is 10.67% (WACC), rate that represents the market value of the specific business and industry risk, taking into consideration the time value of money and individual risks of the assets being analyzed.

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

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

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

15. Property, Plant and Equipment

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

Concepts	03.31.2013 Property, plant & equipment, gross ThCh$	03.31.2013 Accumulated depreciation ThCh$	03.31.2013 Property, plant & equipment, net ThCh$	12.31.2012 Property, plant & equipment, gross ThCh$	12.31.2012 Accumulated depreciation ThCh$	12.31.2012 Property, plant & equipment, net ThCh$
Land	3,586,428	-	3,586,428	3,586,428	-	3,586,428
Buildings	106,657,259	(97,419,283)	9,237,976	104,714,781	(96,021,714)	8,693,067
Transport equipment	17,214	(17,214)	-	17,214	(17,214)	-
Supplies and accessories	10,069,095	(7,040,678)	3,028,417	10,069,095	(6,945,715)	3,123,380
Office equipment	768,107	(645,521)	122,586	768,107	(640,447)	127,660
Construction in progress	117,625,409	-	117,625,409	100,912,920	-	100,912,920
Other property, plant & equipment (1)(2)	874,349,278	(661,704,363)	212,644,915	876,445,830	(624,582,997)	251,862,833
Total	**1,113,072,790**	**(766,827,059)**	**346,245,731**	**1,096,514,375**	**(728,208,087)**	**368,306,288**

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

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

Concepts	03.31.2013 Property, plant & equipment, gross ThCh$	03.31.2013 Accumulated depreciation ThCh$	03.31.2013 Property, plant & equipment, net ThCh$	12.31.2012 Property, plant & equipment, gross ThCh$	12.31.2012 Accumulated depreciation ThCh$	12.31.2012 Property, plant & equipment, net ThCh$
General Equipment	3,450,091	(2,202,561)	1,247,530	3,450,091	(2,100,237)	1,349,854
Equipment subscribers	166,342,519	(146,872,956)	19,469,563	166,342,519	(123,342,115)	43,000,404
Computer processing equipment	17,965,732	(14,336,845)	3,628,887	17,965,732	(13,785,303)	4,180,429
Central offices	686,590,936	(498,292,001)	188,298,935	688,687,488	(485,355,342)	203,332,146
Total	**874,349,278**	**(661,704,363)**	**212,644,915**	**876,445,830**	**(624,582,997)**	**251,862,833**

15. Property, Plant and Equipment, continued

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

Movements	Land ThCh$	Buildings, net ThCh$	Transport equipment, net ThCh$	Supplies and accessories, net ThCh$	Office equipment, net ThCh$	Construction in progress ThCh$	Other property, plant & equipment, net ThCh$	Property, plant and equipment, net ThCh$
Beginning balance as of 01.01.13	3,586,428	8,693,066	-	3,123,381	127,660	100,912,920	251,862,833	368,306,288
Additions	-	-	-	-	-	16,765,917	-	16,765,917
Reduction	-	1,942,478	-	-	-	-	(2,149,980)	(207,502)
Acc. Dep. reduction	-	(641,232)	-	-	-	-	964,284	323,052
Depreciation expense (1)	-	(756,336)	-	(94,964)	(5,074)	-	(38,085,650)	(38,942,024)
Other Increase (decrease)	-	-	-	-	-	(53,428)	53,428	-
Movements, subtotal	**-**	**544,910 -**		**(94,964)**	**(5,074)**	**16,712,489**	**(39,217,918)**	**(22,060,557)**
Ending balance as of 03.31.2013	**3,586,428**	**9,237,976**	**-**	**3,028,417**	**122,586**	**117,625,409**	**212,644,915**	**346,245,731**

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

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

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

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

15. Property, Plant and Equipment, continued

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

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

16. Other Current and Other Non-current Financial Liabilities

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

		03.31.2013		12.31.2012	
Description		Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Bank loans	(a)	1,642,740	107,442,112	343,991	107,926,600
Unguaranteed obligations (Bonds)	(b)	3,347,754	283,681,471	1,367,585	285,795,385
Hedge instruments	(see note 6b)	5,171,064	4,916,028	3,544,726	2,921,907
Total		**10,161,558**	**396,039,611**	**5,256,302**	**396,643,892**

16. Other Current and Other Non-current Financial Liabilities

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

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

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Current – Expiration Up to 90 days ThCh$	90 days to 1 years ThCh$	Total current as of 03.31.2013 ThCh$	Non-current – Expiration 1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and over ThCh$	Total Non-current as of 03.31.2013 ThCh$
Syndicated Loan (1)	87845500-2	Telefónica Móviles Chile S.A.	Chile	Foreign	BBVA BANCOMER	México	US$	16,201	-	16,201	-	32,702,518	-	32,702,518
Syndicated Loan (2)	87845500-2	Telefónica Móviles Chile S.A	Chile	97030000-7	Banco Estado	Chile	CLP	1,092,152	-	1.092,152	-	48,781950	-	48,781,950
Syndicated Loan (3)	87845500-2	Telefónica Móviles Chile S.A	Chile	97004000-5	Banco Chile	Chile	CLP	-	534.,387	534,387	25,957,644	-	-	25,957,644
Total bank loans								**1,108,353**	**534,387**	**1,642,740**	**25,957,644**	**81,484,468**	-	**107,442,112**

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

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

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

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

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

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

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Current			Non-current			
								Expiration			Expiration			
								Up to 90 days ThCh$	90 days to 1 years ThCh$	Total current as of 12.31.2012 ThCh$	1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and over ThCh$	Total Non current as of 12.31.2012 ThCh$
Syndicated Loan (1)	87845500-2	Telefónica Móviles Chile S.A.	Chile	Foreign	BBVA Bancomer	México	US$	14,490	-	14,490	-	33,222,932	-	33,222,932
Syndicated Loan (2)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97030000-7	Banco Estado	Chile	CLP	-	247,524	247,524	-	48,761,167	-	48.761.107
Syndicated Loan (3)	87845500-2	Telefónica Móviles Chile S.A.	Chile	97004000-5	Banco Chile	Chile	CLP	-	81,977	81,977	25,942,501	-	-	25.942.501
	Total bank loans							**14,490**	**329,501**	**343,991**	**25,942,501**	**81,984,099**	**-**	**107,926,600**

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

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

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

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

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

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

Types	Debtor taxpayer No.	Debtor	Debtor Country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Current Expiration Up to 90 days ThCh$	90 days to 1 years ThCh$	Total current as of 03.31.2013 ThCh$	Non-current Expiration 1 to 3 years ThCh$	3 to 5 years ThCh$	5 years and over ThCh$	Total Non-current as of 03.31.2013 ThCh$
Series A Bond (1)	878455000-2	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP		361,838	361,838	31,998,679	-	-	31,998,679
144A Bond (2)	878455000-2	Telefónica Móviles Chile S.A	Chile	Foreign	Bank of New York	U.S.A.	US$	1,147,783		1.147,783	140,856,341		-	140,856,341
Series C Bond (3)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	CLP	1,316,324		1,316,324	-	65,344,283	-	65,344,283
Series D Bond (4)	878455000-2	Telefónica Móviles Chile S.A	Chile	97.036.000-K	Banco Santander	Chile	UF	521,809		521,809	-	45,482,168	-	45,482,168
	Total unsecured obligations							**2,985,916**	**361,838**	**3,347,754**	**172,855,020**	**110,826,451**	**-**	**283,681,471**

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

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

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

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

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

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

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

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

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

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

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

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

17. Trade and Other Accounts Payable

Current trade and other accounts payable are detailed as follows

Description	03.31.2013 ThCh$	12.31.2012 ThCh$
Debts due to purchases or services rendered (1)	105,398,966	116,518,522
Suppliers of fixed assets	19,567,044	48,645,188
Total currents	**124,966,010**	**165,163,710**

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

Accounts payable due to purchases or services rendered	03.31.2013 ThCh$	12.31.2012 ThCh$
Domestic	70,927,633	79,511,662
Foreign	34,471,333	37,006,860
Total	**105,398,966**	**116,518,522**

18. Other Provisions

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

Description	03.31.2013 ThCh$	12.31.2012 ThCh$
Civil and regulatory	375,938	360,415
Total	**375,938**	**360,415**

For March 2013 civil and regulatory provisions are mainly composed of complaints from the Undersecretary of Telecommunications of Chile (Subtel) in the amount of ThCh$ 184,106 and civil lawsuits in the amount of ThCh$ 110,670. The main amount for 2012 corresponds to fines from the Antitrust Commission in the amount of ThCh$ 176,080.

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

Movements	03.31.2013 ThCh$	12.31.2012 ThCh$
Beginning balance	**360,415**	**1,843,816**
Increase in existing provisions	38,249	329,534
Provision used	(22,726)	(1,812,935)
Movements, subtotal	**15,523**	**(1,483,401)**
Ending balance	**375,938**	**360,415**

Based on the development of legal proceedings, the Company’s management considers that the provisions recorded in the consolidated financial statements adequately cover the risks for the lawsuits described in Note 26, and therefore, they do not expect additional liabilities to arise.

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

18. Other Provisions, continued

b) Other long term provisions,

As of March 31, 2013 and December 31, 2012 the balance of other non-current provisions is detailed as follow:

Description	03.31.2013 ThCh$	12.31.2012 ThCh$
Investment in associated company reserve (i)	1,500	1,498
Dismantling provision (ii)	15,671,825	15,671,825
Total	**15,673,325**	**15,673,323**

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

Taxpayer No.	Name	Investment balance 03.31.2013	Participation percentage %	Current assets ThCh$	Non-current assets ThCh$	Current liabilities ThCh$	Non-current liabilities ThCh$	Ordinary income ThCh$	Ordinary expenses ThCh$	Income ThCh$
96.898.630-9	Intertel S.A. (1)	(1,500)	50.00	989	472	4,460	-	-	2	(2)

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

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

(1) On July 25, 2011, the Company acquired 48% interest in related company Telefonica Chile Servicios Corporativos Limitada, which as of March 31, 2012 and December 31, 2011 shows negative equity.

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

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

Movements	03.31.2013 ThCh$	12.31.2012 ThCh$
Beginning balance	15,671,825	13,252,339
Increase in existing provisions	-	2,419,486
Movements, subtotal	**-**	**2,419,486**
Ending balance	**15,671,825**	**15,671,825**

19. Current employee benefits provision,

The composition of the costs to employees is as follows:

Description	03.31.2013 ThCh$	12.31.2012 ThCh$
Employee expenses (1)	1,163,943	3,520
Total	**1,163,943**	**3,520**

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

20. Other Current Non-financial Liabilities

Other current non-financial liabilities are detailed as follows:

Description	03.31.2013 ThCh$	12.31.2012 ThCh$
Deferred income, current (1)	51,969,624	55,084,436
Other taxes (2)	4,724,388	1,583,732
Total currents	**56,694,012**	**56,668,168**

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

As of March 31, 2013, this heading includes deferred income in the amount of ThCh$ 10,502,948 from the sale of Torres Dos S.A., which was sold on December 21, 2012 to Torres Unidas Chile SpA (Torrecom). As of December 31, 2011, includes deferred income in the amount of ThCh$ 12,348,694 generated by the operation performed on December 12, 2011, where Telefónica Móviles Chile S.A. sold telecommunications infrastructure to ATC Sitios de Chile S.A., the rest corresponds to deferred income originated from activities inherent to the business line.

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

Movement of deferred income is detailed as follows:

Deferred revenues	03.31.2013 ThCh$	12.31.2012 ThCh$
Begining balance	55,084,436	62,404,619
Endowments	108,149,581	466,823,784
Reduction/applications	(111,264,393)	(474,143,967)
Movements, subtotal	**(3,114,812)**	**(7,320,183)**
Ending balance	**51,969,624**	**55,084,436**

21. Equity

a) Capital:

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

Number of shares:

Serie	03.31.2013 No. of shares subscribed	03.31.2013 No. of paid shares	03.31.2013 No. of shares with voting rights	12.31.2012 No. of shares subscribed	12.31.2012 No. of paid shares	12.31.2012 No. of shares with voting rights
SINGLE	118,026,145	118,026,145	118,026,145	118,026,145	118,026,145	118,026,145
Total	**118,026,145**	**118,026,145**	**118,026,145**	**118,026,145**	**118,026,145**	**118,026,145**

Capital:

	03.31.2013		12.31.2012	
Serie	Subscribed capital ThCh$	Paid - in capital ThCh$	Subscribed capital ThCh$	Paid - in capital ThCh$
SINGLE	941,098,241	941,098,241	941,098,241	941,098,241
Total	**941,098,241**	**941,098,241**	**941,098,241**	**941,098,241**

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

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

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

b) Distribution of shareholders:

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

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

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

21. Equity, continued

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.

As of December 31, 2012, 30% of net income for the year which should be paid as a dividend amounts to ThCh$ 30,359,444. A part of this value was paid in November 2012 (see Note 21c)ii)) and the difference in the amount of ThCh$ 974,315 has been provisioned and is presented under accounts payable to related companies.

ii) Decrease in capital and dividends distributed:

As of December 31, 2012 net income for 2010 and 2011 has been fully distributed.

Dividends distributed in respect to 2012 profits are detailed as follows:

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

As of March 31, 2013 no dividends have been distributed.

d) Other reserves

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

Description	Balance as of 12.31.2012 ThCh$	Net movement ThCh$	Balance as of 03.31.2013 ThCh$
Business combination reserve (i)	(97,886,550)	-	(97,886,550)
Cash flows hedge reserve (ii)	824,388	(467,977)	356,411
Employee benefits reserve (iii)	(2,121,550)	-	(2,121,550)
Revaluation issued capital (iv)	(233,685,327)	-	(233,685,327)
Total	**(332,869,039)**	**(467,977)**	**(333,337,016)**

i) Business combination reserve

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

21. Equity, continued

d) Other reserves, continued

ii) Cash flows hedge reserve

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

iii) Employee benefits reserve

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

iv) Revaluation issued capital

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

e) Non-controlling interests

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

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

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

22. Earnings per Share

Earnings per share are detailed as follows:

Basic earnings per share	03.31.2013 ThCh$	03.31.2012 ThCh$
Earnings attributable to owners of the parent	11,528,522	27,272,367
Profit available for shareholders	**11,528,522**	**27,272,367**
Weighted average number of shares	118,026,145	118,026,145
Basic earnings per share in Ch$	**97.68**	**231.07**

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

23. Income and Expenses

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

Operating income	03.31.2013 ThCh$	03.31.2012 ThCh$
Sale of goods (1)	21,248,082	10,201,304
Services rendered	221,919,365	232,318,449
Total	**243,167,447**	**242,519,753**

(1) As of March 31, 2013, income from postpaid mobile equipment rental.

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

Other income	03.31.2013 ThCh$	03.31.2012 ThCh$
Indemnity	76,928	-
Other current management earnings	422,464	333,790
Gains on disposal of fixed assets	6,736	241,875
Total	**506,128**	**575,665**

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

Other expenses	03.31.2013 ThCh$	03.31.2012 ThCh$
Interconnections and roaming	39,587,464	40,952,380
Rent	17,365,763	13,670,002
Cost of sales of equipment (1)	47,637,028	21,537,674
External services	3,376,840	2,877,618
Sales commission	13,988,589	16,737,337
Customer services	8,769,526	7,534,257
Maintenance	3,608,706	3,565,368
Allowance for doubtful accounts	6,728,432	7,994,966
Advertising	4,552,907	6,818,539
Employee expenses transferred by other companies and other	18,894,193	19,943,469
Electrical energy for technical installations	2,572,710	2,461,978
Administrative and management services	7,172,401	7,373,952
Compensation to suppliers for messaging services	3,096,323	2,620,820
Others	4,507,395	5,429,279
Total	**181,858,277**	**159,517,639**

(1) As of March 31, 2013, includes the cost of postpaid mobile equipment rental.

23. Income and Expenses, continued

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

Net financial expenses	03.31.2013 ThCh$	03.31.2012 ThCh$
Finance income		
Interest earned on deposits and agreements	2,734,067	3,494,240
Derivative contracts (Forward)	37,106	41,849
Other finance income	422,923	544,156
Total finance income	**3,194,096**	**4,080,245**
Finance cost		
Interest on loans from bank institutions	1,452,248	1,537,156
Interest on obligations and bonds	3,049,188	3,058,958
Finance leases		
Derivative contracts (Forward)	36,408	53,081
Interest rate hedges (cross currency swap)	1,948,204	1,306,048
Other financial cost	86,501	50,582
Total finance cost	**6,572,549**	**6,005,825**
Net finance income	**(3,378,453)**	**(1,925,580)**

24. Operating leases

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

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

Description	03.31.2013 Minimum payments ThCh$	03.31.2012 Minimum payments ThCh$
Expenses for the period	8,022,565	5,948,084
Up to 1 year	31,173,142	31,546,928
From 1 to 5 years	84,692,164	98,919,221
More than 5 years	62,807,072	79,753,219
Total	**186,694,943**	**216,167,452**

25. Local and Foreign Currency

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

Current assets	03.31.2013 ThCh$	12.31.2012 ThCh$
Cash and cash equivalents	**134,905,295**	**164,192,567**
US dollars	28,358,340	4,243
Euros	7,215	7,215
Chilean pesos	101,468,741	164,181,109
U.F.	5,070,999	-
Other current financial assets	**84,763,214**	**44,551,680**
US dollars	-	4,304,007
Euros	-	15,992
Chilean pesos	74,597,033	40,231,681
U.F.	10,166,181	-
Trade and other current accounts receivable	**125,880,699**	**127,609,827**
US dollars	3,685,164	1,687,127
Euros	42,535	42,424
Chilean pesos	120,889,850	125,880,276
U.F.	1,263,150	-
Accounts receivable from related companies	**49,740,265**	**48,145,501**
US dollars	759,524	650,840
Euros	324,572	197,968
Chilean pesos	48,656,169	47,296,693
Other current assets (1)	**81,341,942**	**87,914,039**
Pesos	80,650,618	87,240,466
U.F.	691,324	673,573
Total current assets	**476,631,415**	**472,413,614**
US dollars	32,803,028	6,646,217
Euros	374,322	263,599
Chilean pesos	426,262,411	464,830,225
U.F.	17,191,654	673,573

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

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

Non-current assets	03.31.2013 ThCh$	12.31.2012 ThCh$
Other non-current financial assets	-	**1,134,018**
US dollars	-	417,110
U.F.	-	716,908
Other non-current non-financial assets	**1,159,902**	**1,169,017**
Chilean pesos	1,159,902	1,169,017
Other non-current assets (2)	**908,282,440**	**934,540,772**
Chilean pesos	908,282,440	934,540,772
Total non-current assets	**909,442,342**	**936,843,807**
US dollars	-	417,110
Chilean pesos	909,442,342	935,709,789
U.F.	-	716,908

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

25. Local and Foreign Currency, continued

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

Current liabilities	03.31.2013	12.31.2012	03.31.2013	12.31.2012
	Up 90 days ThCh$		De 91 days to 1 years ThCh$	
Other current financial liabilities	**4,096,573**	**4,173,671**	**6,064,985**	**1,082,631**
US dollars	1,163,984	14,490	5,168,760	192982
Chilean pesos	2,410,780	4,159,181	896,225	889,649
U.F.	521,809	-	-	-
Trade and other accounts payable	**124,966,010**	**165,163,710**	-	-
US dollars	53,910,859	44,915,579	-	-
Euros	2,976,373	3,909,189	-	-
Other currencies	149,627	41,408	-	-
Chilean pesos	62,597,456	113,301,609	-	-
U.F.	5,331,695	2,995,925	-	-
Current accounts payable to related companies	**67,963,760**	**67,453,667**	**-**	**-**
US dollars	666,587	1,272,039	-	-
Euros	2,055,243	5,459,559	-	-
Chilean pesos	65,241,930	60,722,069	-	-
Other current liabilities (1)	**21,884,678**	**21,411,376**	**56,694,012**	**56,668,168**
Chilean pesos	21,884,678	21,411,376	56,694,012	56,668,168
Total current liabilities	**218,911,021**	**258,202,424**	**62,758,997**	**57,750,799**
US dollars	55,741,430	46,202,108	5168760	192982
Euros	5,031,616	9,368,748	-	-
Other currencies	149,627	41,408	-	-
Chilean pesos	152,134,844	199,594,235	57,590,237	57,557,817
U.F.	5,853,504	2,995,925	-	-

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

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

Non-current liabilities	03.31.2013	12.31.2012	03.31.2013	12.31.2012	03.31.2013	12.31.2012
	1 to 3 yaers ThCh$		3 to 5 years ThCh$		5 years ThCh$	
Other non-current financial liabilities	**203,728,692**	**60,861,973**	**192,310,919**	**335,781,919**	**-**	**-**
US dollars	140,856,341	-	32,702,518	176,330,767	-	-
U.F.	-	-	45,482,168	45,402,231	-	-
Chilean pesos	62,872,351	60,861,973	114,126,233	114,048,921	-	-
Other non-current liabilities (2)	**18,235,734**	**17,592,457**	**-**	**-**	**-**	-
Chilean pesos	18,235,734	17,592,457	-	-	-	-
Total non-current liabilities	**221,964,426**	**78,454,430**	**192,310,919**	**335,781,919**	**-**	-
US dollars	**140,856,341**	**-**	32,702,518	176,330,767	-	-
U.F.	**-**	**-**	45,482,168	45,402,231	-	-
Chilean pesos	81,108,085	78,454,430	114,126,233	114,048,921	-	-

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

26. Contingencies and Restrictions

a) Complaints against the tax authority:

As of March 31, 2013 there are no complaints against the tax authority.

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

As of March 31, 2013 there are no complaints filed by the tax authority against Telefónica Móviles S.A..

c) Lawsuits several

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

Notwithstanding the above, there are certain processes where, due to the aforementioned considerations, we have estimated that there is a risk of loss qualified as probable, which has motivated it to establish provisions for the amount of what would be the estimated loss as of March 31, 2013, which altogether amounts to ThCh$375,938.

d) Other contingencies:

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

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

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

e) Financial restrictions:

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

26. Contingencies and Restrictions, continued

f) Guarantee Deposits

Guarantee deposits are detailed as follows:

	Debtor				Liberation of guarantee		
Creditor of guarantee	Name	Relationship	Type of guarantee	Ballots in force ThCh$	2013 ThCh$	2014 ThCh$	2015 and after ThCh$
Subsecretaría de Telecomunicaciones	TMCH	Parent company	Guarantee	682,590	15	5	682,570
Adm.de Servicios y Sistemas Automatizados Falabella Ltda.	TMCH	Parent company	Guarantee	450,000	-	-	450,000
Subsecretaria de Prevención del Delito	TMCH	Parent company	Guarantee	78,000	-	-	78,000
Aguas Andinas S.A.	TMCH	Parent company	Guarantee	66,000	-	-	66,000
Tesoreria del Estado Mayor del Ejercito	TMCH	Parent company	Guarantee	34,375	34,375	-	-
Ilustre Municipalidad De Nueva Imperial	TMCH	Parent company	Guarantee	15,000	-	-	15,000
Ilustre Municipalidad De Vitacura	TMCH	Parent company	Guarantee	14,566	-	14,566	-
Gendarmeria de Chile	TMCH	Parent company	Guarantee	13,395	13,395	-	-
Servicios Sanitarios de los Lagos	TMCH	Parent company	Guarantee	13,090	-	-	13,090
Camara de Diputados	TMCH	Parent company	Guarantee	10,000	10,000	-	-
Subsecretaría de Economía	TMCH	Parent company	Guarantee	9,150	-	9,150	-
Subsecretaría de Transportes	TMCH	Parent company	Guarantee	8,595	2,500	6,095	-
Ilustre Municipalidad de Cerro Navia	TMCH	Parent company	Guarantee	7,078	-	-	7,078
Empresa de los Ferrocarriles del Estado	TMCH	Parent company	Guarantee	6,753	-	6,753	-
Ilustre Municipalidad de Lo Barnechea	TMCH	Parent company	Guarantee	6,706	-	-	6,706
Dirección del Trabajo	TMCH	Parent company	Guarantee	6,353	-	6,353	-
Ilustre Municipalidad de Macul	TMCH	Parent company	Guarantee	5,337	-	-	5,337
Dirección General de Aeronautica Civil	TMCH	Parent company	Guarantee	5,131	5,131	-	-
Presidencia de la Republica	TMCH	Parent company	Guarantee	4,500	-	4,500	-
Ilustre Municipalidad de Valparaiso	TMCH	Parent company	Guarantee	4,200	-	4,200	-
Servicio de Bienestar del Personal de la SVS	TMCH	Parent company	Guarantee	3,275	1,638	1,637	-
Servicio de Impuestos Internos	TMCH	Parent company	Guarantee	2,500	2,500	-	-
Fondo de Solidaridad e Inversion Social	TMCH	Parent company	Guarantee	2,250	2,250	-	-
Others (1)	TMCH	Parent company	Guarantee	22,431	15,526	3,746	3,159
				1,471,275	**87,330**	**57,005**	**1,326,940**

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

TMCH: Telefónica Móviles Chile S.A.

27. Environment

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

Law No. 20,599 was published on June 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas. The approved indications include i) installation restrictions in saturated zones; more rigorous approval conditions are imposed for towers higher than 12 meters; ii) limited installation of towers close to sensitive places as determined by the Telecommunications Undersecretary (schools, hospitals, daycares, nursing homes and others); and iii) compensation is established with community improvements which must be agreed upon by the Neighborhood Councils and Municipal Council, for 30% of the total cost of the tower, should some type of camouflage be used in the structure and 50% in cases where no camouflage is used.

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

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

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact. As of March 31, 2013 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

Based on the progress made in project planning we estimate that implementation of the indicated Law will mean that the Company will have to make expenditures that can be capitalized and expenditures that cannot be capitalized in a process that should be ending in the last quarter of 2013.

28. Financial Risk Management (Not audited)

a) Characterization of the Market and Competition

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

28. Financial Risk Management (Not audited), continued

a) Characterization of the Market and Competition, continued

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

The mobile telephone market maintained its dynamism during the first quarter of 2013, with 25.2 million lines in service and an estimated growth of 9% in comparison to the first quarter of 2012. The need to maintain the customer portfolio and capture new customers has led operators to intensify the competition, making their offers more flexible and offer high technology equipment, generating customer benefits in respect to price, quality of service, coverage and capacity, however the business has entered a maturing stage, reaching penetration of close to 145% per inhabitant.

The current market tendency shows greater mass use of “mobile data”. The growth in mobile Internet connections (3G) for the first quarter of 2013 is estimated at close to 15.5%, i.e. in March 2013 5.6 million users connected to mobile Internet.

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

b) Competition risk

Since its entry in the mobile market, new competitors such as Nextel, GTD and VTR, show interest in repositioning themselves in all mobile segments and products, whereas Virgin Mobile, focuses its offer on the prepaid market niche.

The entry of Falabella as a VMO is expected this year, after the signing of a national roaming agreement with Entel in November 2012.

As of the first quarter of 2013, numeric portability has been used by 164,975 mobile users, 3% less than in the first quarter of the previous year. Based on international evidence we expect this decreasing tendency to continue.

28. Financial Risk Management (Not audited), continued

c) Regulatory environment

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

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

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

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

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

d) Financial risk management objectives and policies

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

The Company's management oversees that financial risks are identified, measured and managed in accordance with policies defined for such purposes. All risk management activities are carried out by teams of specialists with appropriate skills, experience and supervision.

The policies for managing these risks are summarized below:

28. Financial Risk Management (Not audited), continued

d) Financial risk management objectives and policies, continued

Market risk:

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

Interest rate risk:

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

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

The Company periodically determines the efficient exposure of its short and long-term debt to changes in interest rates, based on the future evolution of rates. At the end of the first half of 2013 the company had 36% of its debt and short-term bearing interest at a fixed rate.

The company believes it is reasonable to measure the risk associated to financial debt interest rate as the sensitivity of monthly financial expense accrual in case of a change of 25 base points in the debt reference interest rate, which as of March 31, 2013 is the Nominal Chamber Average Rate (TCPN or Tasa Promedio de Cámara Nominal in Spanish). In this manner, an increase of 25 base points in the monthly TCPN would mean an increase in the monthly financial accrual expense for 2013 of approximately Ch$53.2 million, whereas a drop in the TCPN would mean a reduction of Ch$53.2 million in the monthly financial accrual expense for 2013.

Foreign currency risk:

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

28. Financial Risk Management (Not audited), continued

d) Financial risk management objectives and policies, continued

After the hedging activities carried out to manage the main foreign currency risk identified by the Company, the fair value or future cash flows sensitivity of hedged items to changes in the exchange rate is close to zero, mainly because the foreign currency hedge for debt items is 100%. For the year to 31 March 2013 the Company has 45% of its total debt in foreign currency.

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

Credit risk:

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

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

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

Liquidity risk:

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

28. Financial Risk Management (Not audited), continued

d) Financial risk management objectives and policies, continued

Capital management:

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

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

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

e) Technological changes

Due to the market's characteristics, and strong competition, added to the progressive evolution of technology associated to telecommunications, during this year mobile operators shall continue with the 3G expansion, both in capacity and coverage, and will address 4G development.

f) Perspective

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

29. Subsequent Events

The consolidated financial statements of Telefonica Moviles Chile S.A., for the year ended as of March 31, 2013 were approved and authorized for issuance at the Board of Directors Meeting held on April 18, 2013.

At Board of Directors Meeting held on April 2, 2013, the Directors of Telefonica Moviles Chile S.A. by unanimous vote of attending members agreed to distribute on April 29, 2013, an interim dividend of ThCh$20,000,000, equivalent to Ch$169.45397 per share, with a charge to profits resulting in 2013.

In the period from April 1 to 18, 2013, there have been no other significant subsequent events that affect these financial statements.

Rodolfo Escalante Fiestas
Gerente de Contabilidad

Roberto Muñoz Laporte
Gerente General