



LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FREE TRANSLATION

MARCH 31, 2019

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CLP - CHILEAN PESO
ARS - ARGENTINE PESO
US\$ - UNITED STATES DOLLAR
THUS\$ - THOUSANDS OF UNITED STATES DOLLARS
COP - COLOMBIAN PESO
BRL/R\$ - BRAZILIAN REAL
THR\$ - THOUSANDS OF BRAZILIAN REAL



REPORT OF INDEPENDENT AUDITORS
(Free translation from the original in Spanish)

Santiago, May 16, 2019

To the Board of Directors and Shareholders of Latam Airlines Group S.A.

We have reviewed the accompanying interim consolidated statement of financial position of Latam Airlines Group S.A. and its subsidiaries as of March 31, 2019, and the related interim consolidated statements of income by function and interim consolidated statement of comprehensive income for the three-month periods ended March 31, 2019 and 2018, and the related interim consolidated statement of cash flow and interim consolidated statement of changes in equity for the three-month period then ended.

Management's responsibility for the consolidated interim financial statements

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with IAS 34 "Interim Financial Reporting" of the International Financial Reporting Standards (IFRS). This responsibility includes the design, implementation and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the interim financial information in accordance with the applicable framework for the preparation and presentation of financial information.

Auditor's responsibilities

Our responsibility is to perform our review in accordance with the Chilean auditing standards applicable for the review of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Chile, the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information, for them to be in conformity with IAS 34 "Interim Financial Reporting" of the International Financial Reporting Standards.



Santiago, May 16, 2019
Latam Airlines Group S.A.
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Other matters

On March 12, 2019 we issued an unqualified opinion on the consolidated financial statements as of December 31, 2018 and 2017 of Latam Airlines Group S.A. and its subsidiaries, which includes the statement of financial position as of December 31, 2018 and corresponding notes, which was restated by the first application of IFRS 16 - Leases as indicated in note 2.1.

As part of our review of the consolidated financial statements for the three-month period ended March 31, 2019, we also reviewed the adjustments described in Note 2.1, which were applied to restate the consolidated statement of financial position as of December 31, 2018. Based on our review, we are not aware of any significant changes that should be made to such adjustments to comply with IFRS 16.

A handwritten signature in blue ink, appearing to read "Renzo Corona Spedaliere".

Renzo Corona Spedaliere
RUT: 6.373.028-9

A handwritten signature in blue ink, appearing to read "Renzo Corona Spedaliere".

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LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited	As of January 1, 2018 ThUS\$ Restated Unaudited
Cash and cash equivalents				
Cash and cash equivalents	6 - 7	1,124,326	1,081,642	1,142,004
Other financial assets	7 - 11	486,401	383,984	559,919
Other non-financial assets	12	259,085	290,476	244,778
Trade and other accounts receivable	7 - 8	1,125,376	1,162,582	1,202,945
Accounts receivable from related entities	7 - 9	6,549	2,931	2,582
Inventories	10	301,659	279,344	236,666
Current tax assets	18	64,013	69,134	77,987
		<u>3,367,409</u>	<u>3,270,093</u>	<u>3,466,881</u>
Total current assets other than non-current assets (or disposal groups) classified as held for sale or as held for distribution to owners				
Non-current assets (or disposal groups) classified as held for sale or as held for distribution to owners	13	<u>2,006</u>	<u>5,768</u>	<u>291,103</u>
		<u>3,369,415</u>	<u>3,275,861</u>	<u>3,757,984</u>
Total current assets				
Non-current assets				
Other financial assets	7 - 11	57,210	58,700	88,090
Other non-financial assets	12	238,034	227,541	212,203
Accounts receivable	7 - 8	5,348	5,381	6,891
Intangible assets other than goodwill	15	1,434,324	1,441,072	1,617,247
Goodwill	16	2,283,269	2,294,072	2,672,550
Property, plant and equipment	17	12,565,500	12,501,809	12,930,652
Current tax assets	18	757	757	17,532
Deferred tax assets	18	271,650	273,529	370,564
		<u>16,856,092</u>	<u>16,802,861</u>	<u>17,915,729</u>
Total non-current assets		<u>16,856,092</u>	<u>16,802,861</u>	<u>17,915,729</u>
Total assets		<u><u>20,225,507</u></u>	<u><u>20,078,722</u></u>	<u><u>21,673,713</u></u>

The accompanying Notes 1 to 37 form an integral part of these interim consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

LIABILITIES	<u>Note</u>	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited	As of January 1, 2018 ThUS\$ Restated Unaudited
Current liabilities				
Other financial liabilities	7 - 19	1,790,900	1,794,286	1,619,979
Trade and other accounts payables	7 - 20	1,704,729	1,674,303	1,668,612
Accounts payable to related entities	7 - 9	2,569	382	760
Other provisions	21	5,210	4,794	2,783
Current tax liabilities	18	3,699	3,738	3,511
Other non-financial liabilities	22	2,293,634	2,454,746	2,901,603
Total current liabilities other than non- (or disposal groups) classified as held for sale		<u>5,800,741</u>	<u>5,932,249</u>	<u>6,197,248</u>
Liabilities included in disposal groups classified as held for sale	13	-	-	15,546
Total current liabilities		<u>5,800,741</u>	<u>5,932,249</u>	<u>6,212,794</u>
Non-current liabilities				
Other financial liabilities	7 - 19	8,790,470	8,359,462	9,433,450
Accounts payable	7 - 24	462,785	529,277	559,443
Other provisions	21	312,641	303,495	374,593
Deferred tax liabilities	18	778,951	786,571	877,748
Employee benefits	23	89,416	82,365	101,087
Other non-financial liabilities	22	628,236	644,702	158,305
Total non-current liabilities		<u>11,062,499</u>	<u>10,705,872</u>	<u>11,504,626</u>
Total liabilities		<u>16,863,240</u>	<u>16,638,121</u>	<u>17,717,420</u>
EQUITY				
Share capital	25	3,146,265	3,146,265	3,146,265
Retained earnings	25	158,897	218,971	(41,012)
Treasury Shares	25	(178)	(178)	(178)
Other reserves		(36,890)	(4,365)	760,761
Parent's ownership interest		3,268,094	3,360,693	3,865,836
Non-controlling interest	14	94,173	79,908	90,457
Total equity		<u>3,362,267</u>	<u>3,440,601</u>	<u>3,956,293</u>
Total liabilities and equity		<u>20,225,507</u>	<u>20,078,722</u>	<u>21,673,713</u>

The accompanying Notes 1 to 37 form an integral part of these interim consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF INCOME BY FUNCTION

	<u>Note</u>	For the period ended March 31,	
		<u>2019</u> ThUS\$ Unaudited	<u>2018</u> ThUS\$ Restated Unaudited
Revenue	26	2,431,478	2,613,835
Cost of sales		<u>(2,021,555)</u>	<u>(1,975,978)</u>
Gross margin		<u>409,923</u>	<u>637,857</u>
Other income	28	93,790	116,701
Distribution costs		(142,860)	(169,683)
Administrative expenses		(162,415)	(202,597)
Other expenses		(116,314)	(111,834)
Other gains/(losses)		<u>(3,985)</u>	<u>(3,456)</u>
Income from operation activities		<u>78,139</u>	<u>266,988</u>
Financial income		5,891	12,187
Financial costs	27	(138,446)	(133,355)
Foreign exchange gains/(losses)	29	8,949	811
Result of indexation units		<u>1,911</u>	<u>2,434</u>
Income (loss) before taxes		(43,556)	149,065
Income tax expense / benefit	18	<u>(13,041)</u>	<u>(43,213)</u>
NET INCOME (LOSS) FOR THE PERIOD		<u><u>(56,597)</u></u>	<u><u>105,852</u></u>
Income (loss) attributable to owners			
of the parent		(60,074)	92,169
Income (loss) attributable to non-controlling interest	14	<u>3,477</u>	<u>13,683</u>
Net income (loss) for the year		<u><u>(56,597)</u></u>	<u><u>105,852</u></u>
EARNINGS PER SHARE			
Basic earnings (losses) per share (US\$)	30	(0,09907)	0,15199
Diluted earnings (losses) per share (US\$)	30	(0,09907)	0,15199

The accompanying Notes 1 to 37 form an integral part of these interim consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the period ended March 31,	
	Note	2019	2018
		ThUS\$ Unaudited	ThUS\$ Restated Unaudited
NET INCOME (LOSS)		(56,597)	105,852
Components of other comprehensive income that will not be reclassified to income before taxes			
Other comprehensive income, before taxes, gains (losses) by new measurements on defined benefit plans	25	(2,395)	(2,098)
Total other comprehensive income that will not be reclassified to income before taxes		(2,395)	(2,098)
Components of other comprehensive income that will be reclassified to income before taxes			
Currency translation differences			
Gains (losses) on currency translation, before tax	29	(19,667)	(23,737)
Other comprehensive income, before taxes, currency translation differences		(19,667)	(23,737)
Cash flow hedges			
Gains (losses) on cash flow hedges before taxes	19	26,624	17,119
Other comprehensive income (losses), before taxes, cash flow hedges		26,624	17,119
Total other comprehensive income that will be reclassified to income before taxes		6,957	(6,618)
Other components of other comprehensive income (loss), before taxes		4,562	(8,716)
Income tax relating to other comprehensive income that will not be reclassified to income			
Income tax relating to new measurements on defined benefit plans	18	656	525
Accumulate income tax relating to other comprehensive income that will not be reclassified to income		656	525
Income tax relating to other comprehensive income that will be reclassified to income			
Income tax related to cash flow hedges in other comprehensive income		426	(527)
Income taxes related to components of other comprehensive income that will be reclassified to income		426	(527)
Total Other comprehensive income		5,644	(8,718)
Total comprehensive income (loss)		(50,953)	97,134
Comprehensive income (loss) attributable to owners of the parent		(92,433)	84,693
Comprehensive income (loss) attributable to non-controlling interests		41,480	12,441
TOTAL COMPREHENSIVE INCOME (LOSS)		(50,953)	97,134

The accompanying Notes 1 to 37 form an integral part of these interim consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to owners of the parent											
	Change in other reserves											Total equity ThUS\$
	Share capital ThUS\$	Treasury shares ThUS\$	Currency translation reserve ThUS\$	Cash flow hedging reserve ThUS\$	Actuarial gains or losses on defined benefit plans reserve ThUS\$	Shares based payments reserve ThUS\$	Other sundry reserve ThUS\$	Total other reserve ThUS\$	Retained earnings ThUS\$	Parent's ownership interest ThUS\$	Non-controlling interest ThUS\$	
Equity as of January 1, 2019												
Restated (Unaudited)	3,146,265	(178)	(2,656,644)	(9,333)	(15,178)	37,874	2,638,916	(4,365)	218,971	3,360,693	79,908	3,440,601
Total increase (decrease) in equity												
Comprehensive income												
Gain (losses)	25	-	-	-	-	-	-	-	(60,074)	(60,074)	3,477	(56,597)
Other comprehensive income		-	(57,689)	27,069	(1,739)	-	-	(32,359)	-	(32,359)	38,003	5,644
Total comprehensive income		-	(57,689)	27,069	(1,739)	-	-	(32,359)	(60,074)	(92,433)	41,480	(50,953)
Transactions with shareholders												
Dividends	25	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) through transfers and other changes, equity	25-34	-	-	-	-	(70)	(96)	(166)	-	(166)	(27,215)	(27,381)
Total transactions with shareholders		-	-	-	-	(70)	(96)	(166)	-	(166)	(27,215)	(27,381)
Closing balance as of												
March 31, 2019 (Unaudited)	3,146,265	(178)	(2,714,333)	17,736	(16,917)	37,804	2,638,820	(36,890)	158,897	3,268,094	94,173	3,362,267

The accompanying Notes 1 to 37 form an integral part of these interim consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent												
	Change in other reserves											Total equity ThUS\$	
	Note	Share capital ThUS\$	Treasury shares ThUS\$	Currency translation reserve ThUS\$	Cash flow hedging reserve ThUS\$	Actuarial gains or losses on defined benefit plans reserve ThUS\$	Shares based payments reserve ThUS\$	Other sundry reserve ThUS\$	Total other reserve ThUS\$	Retained earnings ThUS\$	Parent's ownership interest ThUS\$		Non- controlling interest ThUS\$
Equity as of January 1, 2018		3,146,265	(178)	(2,131,591)	18,140	(10,926)	39,481	2,639,780	554,884	475,118	4,176,089	91,147	4,267,236
Increase (decrease) by application of new accounting standards	2 - 25	-	-	205,877	-	-	-	-	205,877	(516,130)	(310,253)	(690)	(310,943)
Initial balance Restated (Unaudited)		<u>3,146,265</u>	<u>(178)</u>	<u>(1,925,714)</u>	<u>18,140</u>	<u>(10,926)</u>	<u>39,481</u>	<u>2,639,780</u>	<u>760,761</u>	<u>(41,012)</u>	<u>3,865,836</u>	<u>90,457</u>	<u>3,956,293</u>
Total increase (decrease) in equity													
Comprehensive income													
Gain (losses)	25	-	-	-	-	-	-	-	-	92,169	92,169	13,683	105,852
Other comprehensive income		-	-	(22,571)	16,611	(1,516)	-	-	(7,476)	-	(7,476)	(1,242)	(8,718)
Total comprehensive income		<u>-</u>	<u>-</u>	<u>(22,571)</u>	<u>16,611</u>	<u>(1,516)</u>	<u>-</u>	<u>-</u>	<u>(7,476)</u>	<u>92,169</u>	<u>84,693</u>	<u>12,441</u>	<u>97,134</u>
Transactions with shareholders													
Dividends	25	-	-	-	-	-	-	-	-	(28,167)	(28,167)	-	(28,167)
Increase (decrease) through transfers and other changes, equity	25-34	-	-	-	-	-	(1,938)	5,783	3,845	-	3,845	(10,514)	(6,669)
Total transactions with shareholders		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,938)</u>	<u>5,783</u>	<u>3,845</u>	<u>(28,167)</u>	<u>(24,322)</u>	<u>(10,514)</u>	<u>(34,836)</u>
Closing balance as of													
March 31, 2018 Restated (Unaudited)		<u>3,146,265</u>	<u>(178)</u>	<u>(1,948,285)</u>	<u>34,751</u>	<u>(12,442)</u>	<u>37,543</u>	<u>2,645,563</u>	<u>757,130</u>	<u>22,990</u>	<u>3,926,207</u>	<u>92,384</u>	<u>4,018,591</u>

The accompanying Notes 1 to 37 form an integral part of these interim consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS DIRECT – METHOD

		For the period ended March 31,	
	<u>Note</u>	<u>2019</u>	<u>2018</u>
		ThUS\$	ThUS\$
		Unaudited	Restated Unaudited
Cash flows from operating activities			
Cash collection from operating activities			
Proceeds from sales of goods and services		2,536,205	2,698,081
Other cash receipts from operating activities		27,027	25,539
Payments for operating activities			
Payments to suppliers for goods and services		(1,739,695)	(1,605,394)
Payments to and on behalf of employees		(504,940)	(559,714)
Other payments for operating activities		(51,345)	(76,643)
Income taxes refunded (paid)		(12,719)	(11,796)
Other cash inflows (outflows)	35	<u>(27,988)</u>	<u>(6,322)</u>
Net cash flows from operating activities		<u>226,545</u>	<u>463,751</u>
Other cash receipts from sales of equity or debt instruments of other entities		728,847	903,496
Other payments to acquire equity or debt instruments of other entities		(824,446)	(1,083,699)
Amounts raised from sale of property, plant and equipment		274	107,129
Purchases of property, plant and equipment		(181,826)	(178,566)
Purchases of intangible assets		(18,504)	(19,911)
Interest received		7,730	3,790
Other cash inflows (outflows)	35	<u>(597)</u>	<u>11,731</u>
Net cash flow from (used in) investing activities		<u>(288,522)</u>	<u>(256,030)</u>
Cash flows from (used in) financing activities	35		
Amounts raised from long-term loans		594,354	5,004
Amounts raised from short-term loans		-	80,000
Loans repayments		(306,081)	(384,985)
Payments of lease liabilities		(94,136)	(91,416)
Dividends paid		-	(9,716)
Interest paid		(100,919)	(107,005)
Other cash inflows (outflows)		<u>27,246</u>	<u>(2,449)</u>
Net cash flows from (used in) financing activities		<u>120,464</u>	<u>(510,567)</u>
Net increase (decrease) in cash and cash equivalents before effect of exchanges rate change		58,487	(302,846)
Effects of variation in the exchange rate on cash and cash equivalents		<u>(15,803)</u>	<u>(24,928)</u>
Net increase (decrease) in cash and cash equivalents		42,684	(327,774)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	6	<u>1,081,642</u>	<u>1,142,004</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6	<u>1,124,326</u>	<u>814,230</u>

The accompanying Notes 1 to 37 form an integral part of these interim consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2019 (UNAUDITED)

NOTE 1 - GENERAL INFORMATION

LATAM Airlines Group S.A. (the "Company") is a public limited company registered with the Commission for the Financial Market under No. 306, whose shares are listed in Chile on the Electronic Stock Exchange of Chile - Stock Exchange and the Santiago Stock Exchange - Stock Exchange, besides being listed in the United States of America on the New York Stock Exchange ("NYSE"), in the form of American Depositary Receipts ("ADRs").

Its main business is the air transport of passengers and cargo, both in the domestic markets of Chile, Peru, Argentina, Colombia, Ecuador and Brazil, as well as in a series of regional and international routes in America, Europe and Oceania. These businesses are developed directly or by its subsidiaries in Ecuador, Peru, Brazil, Colombia, Argentina and Paraguay different countries. In addition, the Company has subsidiaries that operate in the cargo business in Chile, Brazil and Colombia.

The Company is located in Chile, in the city of Santiago, on Avenida Americo Vespuccio Sur No. 901, Renca commune.

As of March 31, 2019 the statutory capital of the Company is represented by 606,874,525 shares, all ordinary, without par value, which is divided into: (a) 606,407,693 subscribed and paid shares; and (b) 466,832 shares pending subscription and payment, which correspond to the balance of shares pending placement of the last capital increase approved at the extraordinary shareholders meeting of August 18, 2016.

The controller of the Company is the Cueto Group, which through the companies Costa Verde Aeronáutica S.A., Costa Verde Aeronáutica SpA, Costa Verde Aeronáutica Tres SpA, Inversiones Nueva Costa Verde Aeronáutica Ltda., Inversiones Priesca Dos y Cía. Ltda., Inversiones Caravia Dos y Cía. Ltda., Inversiones El Fano Dos y Cía. Ltda., Inversiones La Espasa Dos S.A. and Inversiones La Espasa Dos y Cía. Ltda., Owns 27.91% of the shares issued by the Company, so it is the controller of the Company in accordance with the provisions of letter b) of Article 97 and Article 99 of the Market Law of Values, taken care of that it influences decisively in the administration of this one.

As of March 31, 2019, the Company had a total of 1,429 shareholders in its registry. At that date, approximately 2.55% of the Company's property was in the form of ADRs.

For the period ended March 31, 2019, the company had an average of 40,925 employees, ending this period with a total number of 40,746 people, distributed in 6,470 Administration employees, 4,955 in Maintenance, 12,945 in Operations, 9,216 Cabin Crew , 4,217 Cockpit Crew and 2,943 in Sales.

The main subsidiaries included in these consolidated financial statements are as follows:

a) Participation rate

Tax No.	Company	Country of origin	Functional Currency	As March 31, 2019			As December 31, 2018		
				Direct	Indirect	Total	Direct	Indirect	Total
				%	%	%	%	%	%
				<u>Unaudited</u>					
96.518.860-6	Latam Travel Chile S.A. and Subsidiary	Chile	US\$	99.9900	0.0100	100.0000	99.9900	0.0100	100.0000
96.969.680-0	Lan Pax Group S.A. and Subsidiaries	Chile	US\$	99.8361	0.1639	100.0000	99.8361	0.1639	100.0000
Foreign	Lan Perú S.A.	Peru	US\$	49.0000	21.0000	70.0000	49.0000	21.0000	70.0000
93.383.000-4	Lan Cargo S.A.	Chile	US\$	99.8939	0.0041	99.8980	99.8939	0.0041	99.8980
Foreign	Connecta Corporation	U.S.A.	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Foreign	Prime Airport Services Inc. and Subsidiary	U.S.A.	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
96.951.280-7	Transporte Aéreo S.A.	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
96.631.520-2	Fast Air Almacenes de Carga S.A.	Chile	CLP	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Foreign	Laser Cargo S.R.L.	Argentina	ARS	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
Foreign	Lan Cargo Overseas Limited and Subsidiaries	Bahamas	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
96.969.690-8	Lan Cargo Inversiones S.A. and Subsidiary	Chile	US\$	0.0000	100.0000	100.0000	0.0000	100.0000	100.0000
96.575.810-0	Inversiones Lan S.A. and Subsidiaries	Chile	US\$	99.7100	0.2900	100.0000	99.7100	0.2900	100.0000
96.847.880-K	Technical Training LATAM S.A.	Chile	CLP	99.8300	0.1700	100.0000	99.8300	0.1700	100.0000
Foreign	Latam Finance Limited	Cayman Inland	US\$	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
Foreign	Peuco Finance Limited	Cayman Inland	US\$	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
Foreign	Profesional Airline Services INC.	U.S.A.	US\$	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
Foreign	Jarletul S.A.	Uruguay	US\$	99.0000	1.0000	100.0000	99.0000	1.0000	100.0000
Foreign	TAM S.A. and Subsidiaries (*)	Brazil	BRL	63.0901	36.9099	100.0000	63.0901	36.9099	100.0000

(*) As of March 31, 2019, the indirect participation percentage over TAM S.A. and Subsidiaries comes from Holdco I S.A., a company over which LATAM Airlines Group S.A. it has a 99.9983% share on economic rights and 51.04% of political rights its percentage arise as a result of the provisional measure No. 863 of the Brazilian government implemented in December 2018 that allows foreign capital to have up to 100% of the property.

b) Financial Information

		Statement of financial position						Net Income	
		As of March 31, 2019			As of December 31, 2018			For the period ended	
Tax No.	Company	Assets	Liabilities	Equity	Assets	Liabilities	Equity	March 31,	
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	2019	2018
		Unaudited			Restated Unaudited			Gain/(loss)	
		Unaudited			Unaudited			Unaudited	
96.518.860-6	Latam Travel Chile S.A. and Subsidiary	11,391	4,232	7,159	10,841	3,909	6,932	227	708
96.969.680-0	Lan Pax Group S.A. and Subsidiaries (*)	485,156	1,268,326	(797,728)	526,017	1,281,800	(751,960)	1,943	(22,059)
Foreign	Lan Perú S.A.	348,683	347,032	1,651	419,325	409,221	10,104	(6,664)	11,806
93.383.000-4	Lan Cargo S.A.	654,634	476,696	177,938	513,367	336,715	176,652	1,341	(118)
Foreign	Connecta Corporation	73,080	26,170	46,910	66,593	28,183	38,410	8,500	2,131
Foreign	Prime Airport Services Inc. and Subsidiary (*)	17,881	20,325	(2,444)	15,817	17,654	(1,837)	(608)	183
96.951.280-7	Transporte Aéreo S.A.	352,229	148,121	204,108	331,496	129,233	202,263	1,903	6,044
96.631.520-2	Fast Air Almacenes de Carga S.A.	17,694	10,293	7,401	17,057	9,614	7,443	(248)	(81)
Foreign	Laser Cargo S.R.L.	(13)	-	(13)	26	13	13	-	-
Foreign	Lan Cargo Overseas Limited and Subsidiaries (*)	58,737	21,852	36,629	53,326	13,040	40,028	(3,400)	3,191
96.969.690-8	Lan Cargo Inversiones S.A. and Subsidiary (*)	191,987	208,211	(14,459)	181,522	192,059	(9,614)	(4,845)	490
96.575.810-0	Inversiones Lan S.A. and Subsidiaries (*)	1,397	51	1,346	1,383	50	1,333	13	837
96.847.880-K	Technical Training LATAM S.A.	3,002	1,462	1,540	2,879	1,031	1,848	(192)	(384)
Foreign	Latam Finance Limited	1,225,973	1,320,857	(94,884)	679,034	756,774	(77,740)	(17,144)	(11,893)
Foreign	Peuco Finance Limited	664,458	664,458	-	608,191	608,191	-	-	-
Foreign	Professional Airline Services INC.	1,633	6,114	(4,481)	2,430	1,967	463	(4,944)	56
Foreign	Jarletul S.A.	214	306	(92)	18	125	(107)	(92)	-
Foreign	TAM S.A. and Subsidiaries (*)	4,370,696	3,283,500	1,012,585	4,420,546	3,256,017	1,095,695	(98,911)	69,601

(*) The Equity reported corresponds to Equity attributable to owners of the parent, it does not include Non-controlling interest.

Additionally, we have proceeded to consolidate the following special purpose entities: 1. Chercán Leasing Limited created to finance the pre-delivery payments on aircraft; 2. Guanay Finance Limited created to issue a bond collateralized with future credit card receivables; 3. Private investment funds. These companies have been consolidated as required by IFRS 10.

All controlled entities have been included in the consolidation.

The changes that occurred in the consolidation perimeter between January 1, 2018 and March 31, 2019, are detailed below:

(1) Incorporation or acquisition of companies

- On January 22, 2018, Lan Pax Group S.A., purchased 17,717 shares of Laser Cargo SRL. to Andes Airport Service S.A., consequently Lan Pax Group S.A. ownership is 3.77922% and Lan Cargo S.A. with a 96.22078% share of Laser Cargo SRL.
- On March 13, 2018, the company Jarletul S.A., was create. The company ownership is 99% of LATAM Airlines Group S.A. and a 1% is from Inversiones Lan S. A.. The company main activity is a Travel Agency.
- As of December 31, 2018, Inversiones LAN S.A., subsidiary of LATAM Airlines Group S.A., acquired 5,319 shares of Aerovías de Integración Regional Aires S.A. a non-controlling shareholder, consequently, the indirect participation of LATAM Airlines Group S.A. correspond to 99.2012%

(2) Disposition of companies.

- On May 7, 2018 LATAM Airlines Group S.A. and its subsidiaries Inversiones LAN S.A. and LAN Pax Group S.A., sold, assigned and transferred to the Spanish companies Acciona Airport Services, S.A. and Acciona Aeropuertos, S.L., 100% of its shares in the subsidiary Andes Airport Services S.A.

The sale value of Andes Airport Services S.A. it was ThUS\$ 39,108

- On November 30, 2018, Mas Investment Limited, a subsidiary of LATAM Airlines Group S.A., sold to Puente Aéreo Corporación S.A. de C.V. his participation in the companies Air Transportes Mas de Carga S.A. de C.V. and Promotora Aérea Latino Americana S.A. de C.V.

The sale value of this transaction was ThUS\$ 29,466.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following describes the principal accounting policies adopted in the preparation of these consolidated financial statements.

2.1. Basis of Preparation

The consolidated financial statements of LATAM Airlines Group S.A. for the period ended March 31, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The consolidated financial statements have been prepared under the historic-cost criterion, although modified by the valuation at fair value of certain financial instruments.

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to use its judgment in applying the Company's accounting policies. Note 4 shows the areas that imply a greater degree of judgment or complexity or the areas where the assumptions and estimates are significant to the consolidated financial statements.

The consolidated interim financial statements have been prepared in accordance with the accounting policies used by the Company for the consolidated financial statements 2018, except for the standards and interpretations adopted as of January 1, 2019.

(a) Accounting pronouncements with implementation effective from January 1, 2019:

	Date of issue	Effective Date:
(i) Rules and amendments		
IFRS 16: Leases.	january 2016	01/01/2019
Amendment to IFRS 9: Financial instruments	october 2017	01/01/2019
Amendment to IAS 28: Investments in associates and joint ventures	october 2017	01/01/2019
Amendment to IAS 19: Benefits to employees	february 2018	01/01/2019
(ii) Improvements		
Improvements to International Financial Reporting Standards (cycle 2015-2017) IFRS 3: Business combination; IAS 12: Income tax; IFRS 11: Joint agreements and IAS 23 Costs for loans.	december 2017	01/01/2019
(iii) Interpretations		
IFRIC 23: Uncertain tax positions	june 2017	01/01/2019

During the reporting period, the Company has recognized the changes, in the consolidated financial statements, as a result of the adoption of IFRS 16 retrospectively; restating the comparative figures, in accordance with the provisions of IAS 8 Accounting policies, changes in accounting estimates and errors.

The Company has modified the initial balances corresponding to January 1, 2018. The disclosures corresponding to the initial application of IFRS 9 and IFRS 15, which also originated changes, have been maintained in the consolidated financial statements.

The impacts of the adoption of IFRS 9 Financial Instruments, IFRS 15 Revenue from contracts with customers and IFRS 16 Leases are as follows:

Consolidated statement of financial position (extract)

a) As of January 1, 2018:

	Note	As of December 31, 2017 ThUS\$	Adoption effect		As of January 1 2018 ThUS\$	Adoption effect		As of January 1, 2018 ThUS\$
			IFRS 9 Unaudited	IFRS 15 Unaudited		IFRS 16 Unaudited		Restated Unaudited
Current assets								
Other non-financial assets, current	12	221,188	-	54,361 (4)	275,549	(30,772) (9)		244,777
Trade debtors and other accounts receivable, current	7 - 8	1,214,050	(11,105) (1)	-	1,202,945	-		1,202,945
Non-current assets								
Other non-financial assets, non current	12	220,807	-	-	220,807	(8,603) (9)		212,204
Properties, plants and equipment	17	10,065,335	-	-	10,065,335	2,865,317 (9)		12,930,652
Deferred tax assets	18	364,021	89 (2)	6,005 (7)	370,115	449 (10)		370,564
Current liabilities								
Other current financial liabilities	7 - 19	1,300,949	-	-	1,300,949	319,030 (11)		1,619,979
Trade and other accounts payables	7 - 20	1,695,202	-	(22,192) (5)	1,673,010	(4,398) (9)		1,668,612
Other non-financial liabilities, current	22	2,823,963	-	77,640 (6)	2,901,603	-		2,901,603
Non-current liabilities								
Other non current financial liabilities	7-19	6,605,508	-	-	6,605,508	2,827,942 (11)		9,433,450
Accounts payable commercial and other	7 - 24	498,832	-	-	498,832	60,611 (9)		559,443
Deferred tax liability	18	949,697	(1,021) (2)	4,472 (5)	953,148	(75,400) (10)		877,748
Equity								
Equity attributable to the owners of the parent								
Accumulated earnings	25	475,118	(9,995) (3)	446 (8)	465,569	(506,581) (12)		(41,012)
Other reserves	25	554,885	-	-	554,885	205,877 (12)		760,762
Non-controlling interest	14	91,147	-	-	91,147	(690) (12)		90,457

b) As of December 31, 2018:

	Note	As of December 31, 2018 ThUS\$	Adoption effect IFRS 16 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited
Current assets				
Other non-financial assets, current	12	320,977	(30,501) (9)	290,476
Non-current assets				
Other non-financial assets, non current	12	233,741	(6,200) (9)	227,541
Properties, plants and equipment	17	9,953,365	2,548,444 (9)	12,501,809
Deferred tax assets	18	273,327	201 (10)	273,528
Current liabilities				
Other current financial liabilities	7 - 19	1,430,789	363,497 (11)	1,794,286
Non-current liabilities				
Other non current financial liabilities	7-19	5,864,910	2,494,552 (11)	8,359,462
Accounts payable commercial and other	7 - 24	483,656	45,621 (10)	529,277
Deferred tax liability	18	872,121	(85,550) (9)	786,571
Equity				
Equity attributable to the owners of the parent				
Accumulated earnings	25	597,675	(378,705) (12)	218,970
Other reserves	25	(76,926)	72,561 (12)	(4,365)
Non-controlling interest	14	79,940	(32) (12)	79,908

- Effects of adopting IFRS 9

(1) Expected credit losses: The Company modified the calculation of the impairment provision to comply with the expected credit loss model, established in IFRS 9 Financial Instruments, which replaces the current loss impairment model incurred. To calculate percentage of credit losses, a risk matrix was used, grouping the portfolio, according to similar characteristics of risk and maturity. This change resulted in the recognition of an increase in the provision for impairment losses of US \$ (11.1) million.

This standard also includes requirements related to the classification and measurement of financial assets and liabilities and an expected credit loss model that replaces the current loss impairment model incurred.

As of January 1, 2018, the calculation of the impairment losses provision are as follows:

	Portfolio maturity					Total ThUS\$
	Up to date ThUS\$	Up to 90 days ThUS\$	Up to 91 to 180 days ThUS\$	Up to 181 to 360 days ThUS\$	More than 360 days ThUS\$	
Expected loss rate	1%	21%	46%	67%	94%	8%
Gross book value	1,046,909	36,241	12,001	14,623	66,022	1,175,796
Impairment provision	(13,570)	(7,774)	(5,499)	(9,803)	(61,787)	(98,433)

(2) Deferred tax adjustments originated by the application of IFRS 9.

(3) Net effect on accumulated results of the adjustments indicated above.

In addition to the impacts on the consolidated statement of financial position, the application of IFRS 9: Financial Instruments requires the classification of financial instruments according to the business model, to determine the form of measurement of financial instruments, after their initial recognition.

The Company analyzed the business models and classified its financial assets and liabilities according to the following:

Assets	Classification IAS 39				Classification IFRS 9		Total ThUS\$
	Loans and receivables	Hedge and derivatives	Held for trading	Initial as fair value through profit and loss	Cost amortized	At fair value with changes in results	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Balance as of December 31, 2017	2,446,864	62,867	1,915	501,890	-	-	3,013,536
Cash and cash equivalents	(1,112,346)	-	-	(29,658)	1,112,346	29,658	-
Other financial assets, current	(23,918)	-	(1,421)	(472,232)	23,918	473,653	-
Trade debtors and other accounts receivable, current	(1,214,050)	-	-	-	1,214,050	-	-
Accounts receivable from entities related, current	(2,582)	-	-	-	2,582	-	-
Other financial assets, non-current	(87,077)	-	(494)	-	87,077	494	-
Accounts receivable, non-current	(6,891)	-	-	-	6,891	-	-
Balance as of January 1, 2018	-	62,867	-	-	2,446,864	503,805	3,013,536

Liabilities	Classification IAS 39		Classification IFRS 9	
	Others	Held	Cost	Total
	financial	hedge		
	liabilities	derivatives	amortized	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Balance as of December 31, 2017	10,086,434	14,817	-	10,101,251
Other current financial liabilities	(1,288,749)	-	1,288,749	-
Trade accounts payable and other accounts payable, current	(1,695,202)	-	1,695,202	-
Accounts payable to related entities, current	(760)	-	760	-
Other financial liabilities, not current	(6,602,891)	-	6,602,891	-
Accounts payable, not current	(498,832)	-	498,832	-
Balance as of January 1, 2018 (*)	-	14,817	10,086,434	10,101,251

(*)Balances as of January 1, 2018 do not contain the re-expression effects originated by IFRS 16.

- Effects of adopting IFRS 15

(4) Contract costs: The Company has capitalized the costs related to the revenues from air transport of passengers, corresponding to: the commissions charged by the credit card administrators for US\$ 22.0 million and the air ticket booking services through the system general distribution (GDS) for US\$ 15.6 million. Additionally, there is a reclassification of commissions from travel agencies for US\$ 16.8 million, which previously were presented, according IAS 18, net of the liability to fly in other non-financial liabilities.

(5)Contract liabilities: The Company has adjusted certain concepts that were recorded as obligations with suppliers and customers, which must now be treated as contract liabilities; therefore they must be deferred until the benefit of the service have been rendered. These concepts are mainly related to the ground transportation service for US \$ 15.6 million and traveler's checks for US \$ 6.6 million.

(6) Performance Obligations: The Company analyzed the moment in which the performance obligations identified in the contracts with customers must be recognized in the consolidated result. During this analysis, some concepts were identified which must be deferred until the moment of service provision, mainly related to land transportation services, charges for modifications to the initial contract in the sale of tickets and redeem of some products associated with loyalty programs for US\$ 60.8 million. Additionally, there is the reclassification detailed in numeral (4) for US\$ 16.8 million.

(7) Deferred tax adjustments originated by the application of IFRS 15.

(8) Net effect on accumulated results of the adjustments indicated above.

Additionally, the Company concluded that, in the rendering of certain services, it acted as agent in the provision of these services, therefore some reclassifications were made in the consolidated income statement to reflect the corresponding commission.

(9) Company recognized under Property, plant and equipment right of use assets for US \$ 2,865.3 million as of January 1, 2018 and US \$ 2,548.4 as of December 31, 2018, associated with contracts that meet the definition of lease (note 2.21 & 17).

The Company decrease other financial assets related to advance payments for leases for US \$ 39.4 million as of January 1, 2018 and US \$ 36.7 as of December 31, 2018, since with the application of the standard these amounts are considered in the initial measurement of the right of use asset.

The Company increased the cost of restoration associated with the return of aircraft and engines for US \$ 56.2 million as of January 1, 2018 and US \$ 45.6 million as of December 31, 2018. With the application of the standard, the net present value of this cost was included in the asset for right of use and its counterpart in the line of accounts payable, current or non-current, depending on the return date of the aircraft or engines.

(10) Deferred taxes: adjustments originated by the application of IFRS 16.

(11) Lease liabilities: The Company recognized within the Other financial liabilities for lease for US \$ 3,147.0 million as of January 1, 2018 and US \$ 2,858.0 million as of December 31, 2018, associated with contracts that meet the definition of lease (note 2.21 & 19).

(12) The effect of the recognition of the leases under IFRS 16 generated a decrease in retained earnings of US \$ 506.6 million as of January 1, 2018 (US \$ 378.7 million as of December 31, 2018). The increase in Other reserves of US \$ 205.9 millions as of January 1, 2018 (decrease of US \$72,5 millions as of December 31, 2018), was caused by the Cumulative translation adjustment of those subsidiaries with functional currencies other than the US dollar. The application of IFRS 16 also affected non-controlling interests.

The effects of the changes recognized in the application of IFRS 15 and IFRS 16 as of March 31, 2018 are presented in the consolidated income statement:

For the period ended March 31, 2018								
Reconciliation Revenue		Adjustments for reconciliation						
Nota	Results under IFRS 15	Adoption Effect IFRS 16	Results under IFRS 15	Contract costs (4)	Deferred revenues recognition [(5), (6)]	Reclassifications	Results under IAS 18	
	ThUS\$ Published Restated	ThUS\$	ThUS\$ Restated IFRS 16	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Unaudited								
Revenue	26	2,613,835	-	2,613,835	-	30,273	4,830	2,648,938
Cost of sales		(2,019,583)	43,605	(1,975,978)	-	(10,732)	-	(1,986,710)
Gross margin		594,252	43,605	637,857	-	19,541	4,830	662,228
Other income	28	116,701	-	116,701	-	-	18,774	135,475
Distribution costs		(170,635)	952	(169,683)	964	-	(4,698)	(173,417)
Administrative expenses		(199,015)	(3,582)	(202,597)	3,381	-	(18,906)	(218,122)
Other expenses		(112,767)	933	(111,834)	-	-	-	(111,834)
Other gains (losses)		(3,456)	-	(3,456)	-	-	-	(3,456)
Income from operation activities		225,080	41,908	266,988	4,345	19,541	-	290,874
Financial income		12,187	-	12,187	-	-	-	12,187
Financial costs	27	(86,217)	(47,138)	(133,355)	-	-	-	(133,355)
Foreing exchange gains (losses)	29	811	-	811	-	-	-	811
Result of indexation units		2,434	-	2,434	-	-	-	2,434
Income (loss) before taxes		154,295	(5,230)	149,065	4,345	19,541	-	172,951
Income (loss) tax expense / benefit	18	(46,723)	3,510	(43,213)	(1,240)	(6,007)	-	(50,460)
NET INCOME (LOSS) FOR THE PERIOD		107,572	(1,720)	105,852	3,105	13,534	-	122,491
Income (loss) attributable to owners of the parent		93,889	(1,720)	92,169	3,105	13,534	-	108,808
Income (loss) attributable to non- controlling interest	14	13,683	-	13,683	-	-	-	13,683
Net income (loss) for the period		107,572	(1,720)	105,852	3,105	13,534	-	122,491

In the income statement, with the implementation of the IFRS16 standard, restated were made in the following lines:

- Cost of sale, distribution costs, administrative expenses: net effect of derecognized of rental cost and recognition of the depreciation of the right of use.
- Financial Costs: interest expense corresponding to the lease liability.

(b) Accounting pronouncements not yet in force for financial years beginning on January 1, 2019 and which has not been effected early adoption

	Date of issue	Effective Date
(i) Rules and amendments		
IFRS 17: Insurance contracts	May 2017	January 1, 2021
Amendment to IFRS 10: Consolidated financial statements and IAS 28 Investments in associates and joint ventures.	September 2014	To be determined
Amendment to IFRS 3: Business combination	October 2018	January 1, 2020
Amendment to IAS 1: Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	October 2018	January 1, 2020

The Company's management believes that the adoption of the standards, amendments and interpretations described above will not have a significant impact on the consolidated financial statements of the Company in the exercise of its first application.

2.2. Basis of Consolidation

(a) Subsidiaries

Subsidiaries are all the entities (including special-purpose entities) over which the Company has the power to control the financial and operating policies, which are generally accompanied by a holding of more than half of the voting rights. In evaluating whether the Company controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible at the date of the consolidated financial statements are considered. The subsidiaries are consolidated from the date on which control is passed to the Company and they are excluded from the consolidation on the date they cease to be so controlled. The results and flows are incorporated from the date of acquisition.

Balances, transactions and unrealized gains on transactions between the Company's entities are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred. When necessary in order to ensure uniformity with the policies adopted by the Company, the accounting policies of the subsidiaries are modified.

To account for and identify the financial information revealed when carrying out a business combination, such as the acquisition of an entity by the Company, is apply the acquisition method provided for in IFRS 3: Business combination.

(b) Transactions with non-controlling interests

The Group applies the policy of considering transactions with non-controlling interests, when not related to loss of control, as equity transactions without an effect on income.

(c) Sales of subsidiaries

When a subsidiary is sold and a percentage of participation is not retained, the Company derecognizes assets and liabilities of the subsidiary, the non-controlling and other components of equity related to the subsidiary. Any gain or loss resulting from the loss of control is recognized in the consolidated income statement in Other gains (losses).

If LATAM Airlines Group S.A. and Subsidiaries retain an ownership of participation in the sold subsidiary, and does not represent control, this is recognized at fair value on the date that control is lost, the amounts previously recognized in Other comprehensive income are accounted as if the Company had disposed directly from the assets and related liabilities, which can cause these amounts are reclassified to profit or loss. The percentage retained valued at fair value is subsequently accounted using the equity method.

(d) Investees or associates

Investees or associates are all entities over which LATAM Airlines Group S.A. and Subsidiaries have significant influence but have no control. This usually arises from holding between 20% and 50% of the voting rights. Investments in associates are booked using the equity method and are initially recognized at their cost.

2.3. Foreign currency transactions

(a) Presentation and functional currencies

The items included in the financial statements of each of the entities of LATAM Airlines Group S.A. and Subsidiaries are valued using the currency of the main economic environment in which the entity operates (the functional currency). The functional currency of LATAM Airlines Group S.A. is the United States dollar which is also the presentation currency of the consolidated financial statements of LATAM Airlines Group S.A. and Subsidiaries.

(b) Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates on the transaction dates. Foreign currency gains and losses resulting from the liquidation of these transactions and from the translation at the closing exchange rates of the monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of income by function except when deferred in Other comprehensive income as qualifying cash flow hedges.

(c) Adjustment due to hyperinflation

After July 1, 2018, the Argentine economy was considered, for purposes of IFRS, hyperinflationary. The financial statements of the subsidiaries whose functional currency is the Argentine Peso have been restated.

The non-monetary items of the statement of financial position as well as the income statement, comprehensive incomes and cash flows of the group's entities, whose functional currency corresponds to a hyperinflationary economy, are adjusted for inflation and re-expressed in accordance with the variation of the consumer price index ("CPI"), at each presentation date of its financial statements. The re-expression of non-monetary items is made from the date of initial recognition in the statements of financial position and considering that the financial statements are prepared under the historical cost criterion.

Net losses or gains arising from the re-expression of non-monetary items and income and costs are recognized in the consolidated income statement under "Result of indexation units".

Net gains and losses on the re-expression of opening balances due to the initial application of IAS 29 are recognized in the consolidated retained earnings.

Re-expression due to hyperinflation will be recorded until the period in which the economy of the entity ceases to be considered as a hyperinflationary economy, at that time, the adjustments made by hyperinflation will be part of the cost of non-monetary assets and liabilities.

The comparative amounts in the Consolidated financial statements of the Company are presented in a stable currency and are not adjusted for subsequent changes in the price level or exchange rates.

(d) Group entities

The results and the financial situation of the Group's entities, whose functional currency is different from the presentation currency of the consolidated financial statements, of LATAM Airlines Group S.A., which does not correspond to the currency of a hyperinflationary economy, are converted into the currency of presentation as follows:

- (i) Assets and liabilities of each consolidated statement of financial position presented are translated at the closing exchange rate on the consolidated statement of financial position date;
- (ii) The revenues and expenses of each income statement account are translated at the exchange rates prevailing on the transaction dates, and
- (iii) All the resultant exchange differences by conversion are shown as a separate component in other comprehensive income.

For those subsidiaries of the group whose functional currency is different from the presentation currency and, moreover, corresponds to the currency of a hyperinflationary economy; its restated results, cash flow and financial situation are converted to the presentation currency at the closing exchange rate on the date of the consolidated financial statements.

The exchange rates used correspond to those fixed in the country where the subsidiary is located, whose functional currency is different to the U.S. dollar.

Adjustments to the Goodwill and fair value arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate or period informed, restated when the currency came from the functional entity of the foreign entity corresponds to that of a hyperinflationary economy, the adjustments for the restatement of goodwill are recognized in the consolidated equity.

2.4. Property, plant and equipment

The land of LATAM Airlines Group S.A. and Subsidiaries, are recognized at cost less any accumulated impairment loss. The rest of the Properties, plants and equipment are recorded, both in their initial recognition and in their subsequent measurement, at their historical cost, restated for inflation when appropriate, less the corresponding depreciation and any loss due to deterioration.

The amounts of advances paid to the aircraft manufacturers are activated by the Company under Construction in progress until they are received.

Subsequent costs (replacement of components, improvements, extensions, etc.) are included in the value of the initial asset or are recognized as a separate asset, only when it is probable that the future economic benefits associated with the elements of property, plant and equipment, they will flow to the Company and the cost of the item can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result of the year in which they are incurred.

The depreciation of the properties, plants and equipment is calculated using the linear method over their estimated technical useful lives; except in the case of certain technical components which are depreciated on the basis of cycles and hours flown.

The residual value and the useful life of the assets are reviewed and adjusted, if necessary, once a year.

When the value of an asset exceeds its estimated recoverable amount, its value is immediately reduced to its recoverable amount (Note 2.8).

Losses and gains from the sale of property, plant and equipment are calculated by comparing the consideration with the book value and are included in the consolidated statement of income.

2.5. Intangible assets other than goodwill

(a) Airport slots and Loyalty program

Airport slots and the Coalition and Loyalty program are intangible assets of indefinite useful life and are subject to impairment tests annually as an integral part of each CGU, in accordance with the premises that are applicable, included as follows:

Airport slots – Air transport CGU

Loyalty program – Coalition and loyalty program Multiplus CGU

(See Note 16)

The airport slots correspond to an administrative authorization to carry out operations of arrival and departure of aircraft at a specific airport, within a specified period.

The Loyalty program corresponds to the system of accumulation and redemption of points that has developed Multiplus S.A., subsidiary of TAM S.A.

The Brands, airport Slots and Loyalty program were recognized in fair values determined in accordance with IFRS 3, as a consequence of the business combination with TAM and Subsidiaries.

(b) Computer software

Licenses for computer software acquired are capitalized on the basis of the costs incurred in acquiring them and preparing them for using the specific software. These costs are amortized over their estimated useful lives, for which the Company has been defined useful lives between 3 and 10 years.

Expenses related to the development or maintenance of computer software which do not qualify for capitalization, are shown as an expense when incurred. The personnel costs and others costs directly related to the production of unique and identifiable computer software controlled by the Company, are shown as intangible Assets others than Goodwill when they have met all the criteria for capitalization.

(c) Brands

The Brands were acquired in the business combination with TAM S.A. And Subsidiaries and recognized at fair value under IFRS. During the year 2016, the estimated useful life of the brands change from an indefinite useful life to a five-year period, the period in which the value of the brands will be amortized (See Note 15).

2.6. Goodwill

Goodwill represents the excess of acquisition cost over the fair value of the Company's participation in the net identifiable assets of the subsidiary or associate on the acquisition date. Goodwill related to acquisition of subsidiaries is not amortized but tested for impairment annually or each time that there is evidence of impairment. Gains and losses on the sale of an entity include the book amount of the goodwill related to the entity sold.

2.7. Borrowing costs

Interest costs incurred for the construction of any qualified asset are capitalized over the time necessary for completing and preparing the asset for its intended use.

2.8. Losses for impairment of non-financial assets

Intangible assets that have an indefinite useful life, and developing IT projects, are not subject to amortization and are subject to annual testing for impairment. Assets subject to amortization are subjected to impairment tests whenever any event or change in circumstances indicates that the book value of the assets may not be recoverable. An impairment loss is recorded when the book value is greater than the recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In evaluating the impairment, the assets are grouped at the lowest level for which cash flows are separately identifiable (CGUs). Non-financial assets other than goodwill that have suffered an impairment loss are reviewed if there are indicators of reverse losses at each reporting date.

2.9. Financial assets

As of January 1, 2018, the Company classifies its financial assets in the following categories: at fair value (either through other comprehensive income, or through gains or losses), and at amortized cost. The classification depends on the business model of the entity to manage the financial assets and the contractual terms of the cash flows.

The group reclassifies debt investments when, and only when, it changes its business model to manage those assets.

In the initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset classified at amortized cost, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets accounted for at fair value through profit or loss are recorded as expenses in the income statement.

(a) Debt instruments

The subsequent measurement of debt instruments depends on the group's business model to manage the asset and cash flow characteristics of the asset. The Company has two measurement categories in which the group classifies its debt instruments:

Amortized cost: the assets held for the collection of contractual cash flows where those cash flows represent only payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in income when the asset is derecognized or impaired. Interest income from these financial assets is included in financial income using the effective interest rate method.

Fair value through profit or loss: assets that do not meet the criteria of amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and is presented net in the income statement within other gains / (losses) in the period in which it arises.

(b) Equity instruments

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gains / (losses) in the statement of income as appropriate.

The Company evaluates in advance the expected credit losses associated with its debt instruments recorded at amortized cost. The applied impairment methodology depends on whether there has been a significant increase in credit risk.

2.10. Derivative financial instruments and hedging activities

Derivatives are recognized, in accordance with IAS 39 for hedge accounting and IFRS 9 for derivatives not qualify as hedge accounting, initially at fair value on the date on which the derivative contract was made and are subsequently valued at their fair value. The method to recognize the resulting loss or gain depends on whether the derivative has been designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as:

- (a) Hedge of the fair value of recognized assets (fair value hedge);
- (b) Hedge of an identified risk associated with a recognized liability or an expected highly- Probable transaction (cash-flow hedge), or
- (c) Derivatives that do not qualify for hedge accounting.

The Company documents, at the inception of each transaction, the relationship between the hedging instrument and the hedged item, as well as its objectives for managing risk and the strategy for carrying out various hedging transactions. The Company also documents its assessment, both at the beginning and on an ongoing basis, as to whether the derivatives used in the hedging transactions are highly effective in offsetting the changes in the fair value or cash flows of the items being hedged.

The total fair value of the hedging derivatives is booked as Other non-current financial asset or liability if the remaining maturity of the item hedged is over 12 months, and as an other current financial asset or liability if the remaining term of the item hedged is less than 12 months. Derivatives not booked as hedges are classified as Other financial assets or liabilities.

- (a) Fair value hedges

Changes in the fair value of designated derivatives that qualify as fair value hedges are shown in the consolidated statement of income, together with any change in the fair value of the asset or liability hedged that is attributable to the risk being hedged.

- (b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is shown in the statement of other comprehensive income. The loss or gain relating to the ineffective portion is recognized immediately in the consolidated statement of income under other gains (losses). Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

In case of variable interest-rate hedges, the amounts recognized in the statement of other comprehensive income are reclassified to results within financial costs at the same time the associated debts accrue interest.

For fuel price hedges, the amounts shown in the statement of other comprehensive income are reclassified to results under the line item Cost of sales to the extent that the fuel subject to the hedge is used.

For foreign currency hedges, the amounts recognized in the statement of other comprehensive income are reclassified to income as deferred revenue resulting from the use of points, are recognized as Income.

When hedging instrument mature, is sold or fails to meet the requirements to be accounted for as hedges, any gain or loss accumulated in the statement of Other comprehensive income until that moment, remains in the statement of other comprehensive income and is reclassified to the consolidated statement of income when the hedged transaction is finally recognized. When it is expected that the hedged transaction is no longer going to occur, the gain or loss accumulated in the

statement of other comprehensive income is taken immediately to the consolidated statement of income as "Other gains (losses)".

(c) Derivatives not booked as a hedge

The changes in fair value of any derivative instrument that is not booked as a hedge are shown immediately in the consolidated statement of income in "Other gains (losses)".

2.11. Inventories

Inventories, detailed in Note 10, are shown at the lower of cost and their net realizable value. The cost is determined on the basis of the weighted average cost method (WAC). The net realizable value is the estimated selling price in the normal course of business, less estimated costs necessary to make the sale.

2.12. Trade and other accounts receivable

Commercial accounts receivable are initially recognized at their fair value and subsequently at their amortized cost in accordance with the effective rate method, less the provision for impairment according to the model of the expected credit losses. The company applies the simplified approach permitted by IFRS 9, which requires that expected lifetime losses be recognized upon initial recognition of accounts receivable.

The existence of significant financial difficulties on the part of the debtor, the probability that the debtor goes bankrupt or financial reorganization are considered indicators of a significant increase in credit risk.

The carrying amount of the asset is reduced as the provision account is used and the loss is recognized in the consolidated income statement under "Cost of sales". When an account receivable is written off, it is regularized against the provision account for the account receivable.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, time deposits in financial institutions, and other short-term and highly liquid investments.

2.14. Capital

The common shares are classified as net equity.

Incremental costs directly attributable to the issuance of new shares or options are shown in net equity as a deduction from the proceeds received from the placement of shares.

2.15. Trade and other accounts payables

Trade payables and other accounts payable are initially recognized at fair value and subsequently at amortized cost.

2.16. Interest-bearing loans

Financial liabilities are shown initially at their fair value, net of the costs incurred in the transaction. Later, these financial liabilities are valued at their amortized cost; any difference between the proceeds obtained (net of the necessary arrangement costs) and the repayment value, is shown in the consolidated statement of income during the term of the debt, according to the effective interest rate method.

Financial liabilities are classified in current and non-current liabilities according to the contractual payment dates of the nominal principal.

2.17. Current and deferred taxes

The expense by tax is comprised of income and deferred taxes.

The charge for current tax is calculated based on tax laws in force on the date of statement of financial position, in the countries in which the subsidiaries and associates operate and generate taxable income.

Deferred taxes are calculated using the liability method, on the temporary differences arising between the tax bases of assets and liabilities and their book values. However, if the temporary differences arise from the initial recognition of a liability or an asset in a transaction different from a business combination that at the time of the transaction does not affect the accounting result or the tax gain or loss, they are not booked. The deferred tax is determined using the tax rates (and laws) that have been enacted or substantially enacted at the consolidated financial statements close, and are expected to apply when the related deferred tax asset is realized or the deferred tax liability discharged.

Deferred tax assets are recognized when it is probable that there will be sufficient future tax earnings with which to compensate the temporary differences.

The tax (current and deferred) is recognized in income by function, unless it relates to an item recognized in other comprehensive income, directly in equity or from business combination. In that case the tax is also recognized in other comprehensive income, directly in income by function or goodwill, respectively.

2.18. Employee benefits

(a) Personnel vacations

The Company recognizes the expense for personnel vacations on an accrual basis.

(b) Share-based compensation

The compensation plans implemented based on the shares of the Company are recognized in the consolidated financial statements in accordance with IFRS 2: Share-based payments, for plans based on the granting of options, the effect of fair value is recorded in equity with a charge to remuneration in a linear manner between the date of grant of said options and the date on which they become irrevocable, for the plans considered as cash settled award the fair value, updated as of the closing date of each reporting period, is recorded as a liability with charge to remuneration.

(c) Post-employment and other long-term benefits

Provisions are made for these obligations by applying the method of the projected unit credit method, and taking into account estimates of future permanence, mortality rates and future wage increases determined on the basis of actuarial calculations. The discount rates are determined by reference to market interest-rate curves. Actuarial gains or losses are shown in other comprehensive income.

(d) Incentives

The Company has an annual incentives plan for its personnel for compliance with objectives and individual contribution to the results. The incentives eventually granted consist of a given number or portion of monthly remuneration and the provision is made on the basis of the amount estimated for distribution.

2.19. Provisions

Provisions are recognized when:

- (i) The Company has a present legal or implicit obligation as a result of past events;
- (ii) It is probable that payment is going to be necessary to settle an obligation; and
- (iii) The amount has been reliably estimated.

2.20. Revenue from contracts with customers

(a) Transportation of passengers and cargo

The Company recognizes the sale for the transportation service as a deferred income liability, which is recognized as income when the transportation service has been lent or expired. In the case of air transport services sold by the Company and that will be made by other airlines, the liability is reduced when they are remitted to said airlines. The Company periodically reviews whether it is necessary to make an adjustment to deferred income liabilities, mainly related to returns, changes, among others.

Compensations granted to clients for changes in the levels of services or billing of additional services such as additional baggage, change of seat, among others, are considered modifications of the initial contract, therefore, they are deferred until the corresponding service is provided.

(b) Expiration of air tickets

The Company estimates in a monthly basis the probability of expiration of air tickets, with refund clauses, based on the history of use of the same. Air tickets without refund clause are expired on the date of the flight in case the passenger does not show up.

(c) Costs associated with the contract

The costs related to the sale of air tickets are activated and deferred until the corresponding service is provided. These assets are included under Other non-financial assets in the Consolidated Classified Statement of Financial Position.

(d) Frequent passenger program

The Company maintains the following loyalty programs: LATAM Pass, LATAM Fidelidade and Multiplus, whose objective is loyalty through the delivery of miles or points.

Members of these programs accumulate miles when flying with LATAM Airlines Group or any other member airline of the oneworld® program, as well as using the services of the associated entities.

When the miles and points are exchanged for products and services other than the services provided by the Company, the income is immediately recognized. When the exchange is made through air tickets of an airline of LATAM Airlines Group S.A. and subsidiaries, the income is deferred until the transportation service are rendered or expiration for non-use.

In addition, the Company has contracts with certain non-airline companies for the sale of miles or points. These contracts include some performance obligations in addition to the sale of the mile or point, such as marketing, advertising and other benefits. The income associated with these concepts is recognized in the income statement to the extent that the miles are accredited.

The calculation of the deferred income by loyalty programs at the end of the period corresponds to the valuation of the miles and points awarded to the holders of the loyalty programs, pending use, weighted by the probability of their exchange.

The miles and points that the Company estimates will not be exchanged, the proportionally associated value is recognized during the period in which it is expected that the remaining miles and points will be exchanged. The Company uses statistical models to estimate the exchange probability, which is based on historical patterns and projections.

(e) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.21. Leases

The Company recognizes contracts that meet the definition of a lease, as a right of use asset and a lease liability on the date when the underlying asset is available for use.

Assets for right of use are measured at cost including the following:

- The amount of the initial measurement of the lease liability;
- Lease payment made at or before commencement date;
- Initial direct costs, and
- Restoration costs.

The assets by right of use are recognized in the statement of financial position in Properties, Plants and equipment (See Note 17).

Lease liabilities include the net present value of the following payments:

- Fixed payments including in substance fixed payment.

- Variable lease payments that depend on an index or a rate;
- The exercise price of a purchase options, if is reasonably certain to exercise that option.

The Company determines the present value of the lease payments using the implicit rates for the aircraft leasing contracts and for the rest of the underlying assets, uses the incremental borrowing rate.

Lease liabilities are recognized in the statement of financial position under Other financial liabilities, current or non-current (See Note 19).

Interest accrued on financial liabilities is recognized in the consolidated statement of income in "Financial costs".

Principal and interest is presented in the consolidated cash flow as "Payments of lease liability" and "Interest paid", respectively in cash flows use in financing activities.

Payments associated with short-term leases without purchase options and leases of low-value assets are recognized on a straight-line basis in profit or loss at the time of accrual. Those payments are presented in cash flows use in operation activities.

The company analyzes the financing agreements of aircrafts, mainly considering characteristics such as:

- (a) that the company initially acquired the aircraft or took an important part in the process of direct acquisition with the manufacturers,
- (b) Due to the contractual conditions, it is virtually certain that the company will execute the purchase option of the aircraft at the end of the lease term.

Since these financing agreements are "substantially purchases" and not leases, the related liability is considered as a financial debt classified under IFRS 9 and continue to be presented within the "other financial liabilities" described in note 19. On the other hand, aircraft are presented in Property, Plants and Equipment as described in note 17, as "own aircrafts".

The Group qualifies as sale and leaseback transactions, operations which lead to a sale according to IFRS 15. More specifically, a sale is considered as such if there is no repurchase option on the goods at the end of the lease term.

- Sale according to IFRS 15

If the sale by the vendor-lessee is qualified as a sale according to IFRS 15, the vendor-lessee must: (i) derecognize the underlying asset, (ii) recognize a right-of-use asset equal to the retained portion of the net carrying amount of the asset.

- Not a sale according to IFRS 15

If the sale by the vendor-lessee is not qualified as a sale according to IFRS 15, the vendor-lessee keeps maintains the goods transferred on its balance sheet recognizes a financial liability equal to the disposal price (received from the buyer-lessor).

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

Non-current assets (or disposal groups) classified as assets held for sale are shown at the lesser of their book value and the fair value less costs to sell.

2.23. Maintenance

The costs incurred for scheduled heavy maintenance of the aircraft's fuselage and engines are capitalized and depreciated until the next maintenance. The depreciation rate is determined on technical grounds, according to the use of the aircraft expressed in terms of cycles and flight hours.

In case of aircraft include in property, plant and equipment, these maintenance cost are capitalized as Property, plant and equipment, while in the case of aircraft on right of use, a liability is accrued based on the use of the main components is recognized, since a contractual obligation with the lessor to return the aircraft on agreed terms of maintenance levels exists. These are recognized as Cost of sales.

Additionally, some contracts that comply with the definition of lease establish the obligation of the lessee to make deposits to the lessor as a guarantee of compliance with maintenance and return conditions. These deposits, often called maintenance reserves, accumulate until a major maintenance is performed, once made, the recovery is requested to the lessor. At the end of the contract period, there is comparison between the reserves that have been paid and required return conditions, and compensation between the parties are made if applicable.

The unscheduled maintenance of aircraft and engines, as well as minor maintenance, are charged to results as incurred.

2.24. Environmental costs

Disbursements related to environmental protection are charged to results when incurred.

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

The Company is exposed to different financial risks: (a) market risk, (b) credit risk, and (c) liquidity risk. The program overall risk management of the Company aims to minimize the adverse effects of financial risks affecting the company.

(a) Market risk

Due to the nature of its operations, the Company is exposed to market factors such as: (i) fuel-price risk, (ii) exchange -rate risk, and (iii) interest -rate risk.

The Company has developed policies and procedures for managing market risk, which aim to identify, quantify, monitor and mitigate the adverse effects of changes in market factors mentioned above.

For this, the Administration monitors the evolution of price levels, exchange rates and interest rates, and quantifies their risk exposures (Value at Risk), and develops and implements hedging strategies.

(i) Fuel-price risk:

Exposition:

For the execution of its operations the Company purchases a fuel called Jet Fuel grade 54 USGC, which is subject to the fluctuations of international fuel prices.

Mitigation:

To cover the risk exposure fuel, the Company operates with derivative instruments (swaps and options) whose underlying assets may be different from Jet Fuel, being possible use West Texas Intermediate (“WTI”) crude, Brent (“BRENT”) crude and distillate Heating Oil (“HO”), which have a high correlation with Jet Fuel and greater liquidity.

Fuel Hedging Results:

During the period ended March 31, 2019, the Company recognized gains of US\$ 8.9 million for fuel coverage net of premium. During the same period of 2018, the Company recognized gains of US\$ 6.5 million for the same concept.

As of March 31, 2019, the market value of fuel positions amounted to US\$ 6.3 million (negative). At the end of December 2018, this market value was US\$ 15.8 million (negative).

The following tables show the level of hedge for different periods:

Positions as of March 31, 2019 (*)	Maturities			
	Q219	Q319	Q419	Total
Percentage of coverage over the expected volume of consumption	65%	42%	20%	45%

(*) The volume shown in the table considers all the hedging instruments (swaps and options).

Positions as of December 31, 2018 (*)	Maturities				Total
	Q119	Q219	Q319	Q419	
Percentage of coverage over the expected volume of consumption	66%	58%	40%	15%	45%

(*) The volume shown in the table considers all the hedging instruments (swaps and options).

Sensitivity analysis

A drop in fuel price positively affects the Company through a reduction in costs. However, also negatively affects contracted positions as these are acquired to protect the Company against the risk of a rise in price. The policy therefore is to maintain a hedge-free percentage in order to be competitive in the event of a drop in price.

The current hedge positions they are booked as cash flow hedge contracts, so a variation in the fuel price has an impact on the Company's net equity.

The following table shows the sensitivity analysis of the financial instruments according to reasonable changes in the fuel price and their effect on equity. The term of the projection was defined until the end of the last current fuel hedge contract, being the last business day of the fourth quarter of 2019.

The calculations were made considering a parallel movement of US\$ 5 per barrel in the curve of the BRENT and JET crude futures benchmark price at the end of March 2019 and the end of December, 2018.

Benchmark price (US\$ per barrel)	Positions as of March 31, 2019 effect on equity (millions of US\$)	Positions as of December 31, 2018 effect on equity (millions of US\$)
+5	+10.8	+7.4
-5	- 9.5	- 5.5

Given the structure of fuel coverage during 2019, considers a hedge-free portion, a vertical drop of 5 dollars in the JET reference price (considered as the monthly average), would have meant an approximate impact US \$ 33.0 million of lower fuel costs. For the same period, a vertical rise of \$ 5 in the JET reference price (considered as the monthly average) would have meant an impact of approximately US \$ 30.5 million of higher fuel costs.

(ii) Foreign exchange rate risk:

Exposition:

The functional and presentation currency of the Financial Statements of the Parent Company is the US dollar, so that the risk of the Transactional and Conversion exchange rate arises mainly from the Company's business, strategic and accounting operating activities that are expressed in a monetary unit other than the functional currency.

The subsidiaries of LATAM are also exposed to foreign exchange risk whose impact affects the Company's Consolidated Income.

The largest operational exposure to LATAM's exchange risk comes from the concentration of businesses in Brazil, which are mostly denominated in Brazilian Real (BRL), and are actively managed by the company.

At a lower concentration, the Company is also exposed to the fluctuation of other currencies, such as: Euro, Pound sterling, Australian dollar, Colombian peso, Chilean peso, Argentine peso, Paraguayan guarani, Mexican peso, Peruvian nuevo sol and New Zealand dollar.

Mitigation:

The Company mitigates currency risk exposures by contracting derivative instruments or through natural hedges or execution of internal operations.

FX Hedging Results:

With the objective of reducing exposure to the exchange rate risk in the operational cash flows of 2019, and securing the operating margin, LATAM makes hedges using FX derivatives.

As of March 31, 2019 and the end of December 2018, the Company does not maintain hedge FX derivatives.

During the period ended March 31, 2019, the Company did not recognize results due to FX coverage. During the same period of 2018, the company recognized gains of US\$ 0.8 million.

As of March 31, 2019, and for the year end at December 2018, the company has not subscribed FX derivatives.

As of March 31, 2019 the company has contracted FX derivatives which have not been recorded under hedge accounting. The market value of these positions amounts to US\$ 17.4 million (positive). The premium associated with the contracting of this derivative is accrued linearly during the months elapsed until the expiration of the instrument. The Company registered the derivative as fair value through profits and loss. For the period ended March 31, 2019, the loss recognized in results amounts to US \$ 8.1 million including premiums.

Sensitivity analysis:

A depreciation of the R\$/US\$ exchange rate, negatively affects the Company's operating cash flows, however, also positively affects the value of the positions of derivatives contracted.

FX derivatives are recorded as cash flow hedge contracts; therefore, a variation in the exchange rate has an impact on the market value of the derivatives, the changes of which affect the Company's net equity.

As of March 31, 2019, the Company does not have FX derivatives in its portfolio.

During 2017, the Company contracted derivative currency swaps to hedge debt issued the same year for a notional UF 8.7 million. As of March 31, 2019, the market value of derivative positions of currency swaps amounted to US\$ 20.3 million (positive).

In the case of TAM S.A, whose functional currency is the Brazilian real, a large part of its liabilities are expressed in US dollars. Therefore, when converting financial assets and liabilities, from dollars to reals, they have an impact on the result of TAM S.A., which is consolidated in the Company's Income Statement.

With the objective of reducing the impact on the Company's results caused by appreciations or depreciations of R\$/US \$, the Company has executed internal operations to reduce the net exposure in US\$ for TAM S.A.

The following table shows the variation of financial performance to appreciate or depreciate 10% exchange rate R\$/US\$:

Appreciation (depreciation) of R\$/US\$(*)	Effect at March 31, 2019 Millions of US\$	Effect at March 31, 2018 Millions of US\$
-10%	+34.3	+28.5
+10%	-34.3	-28.5

(*) Appreciation (depreciation) of US\$ regard to the covered currencies.

Effects of exchange rate derivatives in the Financial Statements

The profit or losses caused by changes in the fair value of hedging instruments are segregated between intrinsic value and temporary value. The intrinsic value is the actual percentage of cash flow covered, initially shown in equity and later transferred to income, while the hedge transaction is recorded in income. The temporary value corresponds to the ineffective portion of cash flow hedge which is recognized in the financial results of the Company (Note 19).

Due to the functional currency of TAM S.A. and Subsidiaries is the Brazilian real, the Company presents the effects of the exchange rate fluctuations in Other comprehensive income by converting the Statement of financial position and Income statement of TAM S.A. and Subsidiaries from their functional currency to the U.S. dollar, which is the presentation currency of the consolidated financial statement of LATAM Airlines Group S.A. and Subsidiaries. The Goodwill generated in the Business combination is recognized as an asset of TAM S.A. and Subsidiaries in Brazilian real whose conversion to U.S. dollar also produces effects in other comprehensive income.

The following table shows the change in Other comprehensive income recognized in Total equity in the case of appreciate or depreciate 10% the exchange rate R\$/US\$:

Appreciation (depreciation) of R\$/US\$	Effect at March 31, 2019 Millions of US\$	Effect at December 31, 2018 Millions of US\$
-10%	+360.82	+384.73
+10%	-360.82	-314.78

(iii) Interest -rate risk:

Exposition:

The Company is exposed to fluctuations in interest rates affecting the markets future cash flows of the assets, and current and future financial liabilities.

The Company is exposed in one portion to the variations of London Inter-Bank Offer Rate ("LIBOR") and other interest rates of less relevance are Brazilian Interbank Deposit Certificate ("ILC").

Mitigation:

In order to reduce the risk of an eventual rise in interest rates, the Company has signed interest-rate swap and call option contracts. Currently a 63% (60% at December 31, 2018) of the debt is fixed to fluctuations in interest rate.

Rate Hedging Results:

As of March 31, 2019, the market value of the derivative positions of interest rates amounted to US \$ 1.7 million (negative). At the end of December 2018, this market value was US \$ 2.2 million (negative).

Sensitivity analysis:

The following table shows the sensitivity of changes in financial obligations that are not hedged against interest-rate variations. These changes are considered reasonably possible, based on current market conditions each date.

Increase (decrease) futures curve in libor 3 months	Positions as of March 31, 2019 effect on profit or loss before tax (millions of US\$)	Positions as of December 31, 2018 effect on profit or loss before tax (millions of US\$)
+100 basis points	-28.24	-28.50
-100 basis points	+28.24	+28.50

Much of the current rate derivatives are registered for as hedges of cash flow, therefore, a variation in the exchange rate has an impact on the market value of derivatives, whose changes impact on the Company's net equity.

The calculations were made increasing (decreasing) vertically 100 basis points of the three-month Libor futures curve, being both reasonably possible scenarios according to historical market conditions.

Increase (decrease) futures curve in libor 3 months	Positions as of March 31, 2019 effect on equity (millions of US\$)	Positions as of December 31, 2018 effect on equity (millions of US\$)
+100 basis points	+0.50	+0.70
-100 basis points	-0.51	-0.71

The assumptions of sensitivity calculation must assume that forward curves of interest rates do not necessarily reflect the real value of the compensation flows. Moreover, the structure of interest rates is dynamic over time.

During the periods presented, the Company has no registered amounts by ineffectiveness in consolidated statement of income for this kind of hedging.

(b) Credit risk

Credit risk occurs when the counterparty to a financial agreement or instrument fails to discharge an obligation due or financial instrument, leading to a loss in market value of a financial instrument (only financial assets, not liabilities).

The Company is exposed to credit risk due to its operative and financial activities, including deposits with banks and financial institutions, investments in other kinds of instruments, exchange-rate transactions and the contracting of derivative instruments or options.

To reduce the credit risk associated with operational activities, the Company has established credit limits to abridge the exposure of their debtors which are monitored permanently (mainly in case of operational activities in Brazil with travel agents).

As a way to mitigate credit risk related to financial activities, the Company requires that the counterparty to the financial activities remain at least investment grade by major Risk Assessment Agencies. Additionally the Company has established maximum limits for investments which are monitored regularly.

(i) Financial activities

Cash surpluses that remain after the financing of assets necessary for the operation are invested according to credit limits approved by the Company's Board, mainly in time deposits with different financial institutions, private investment funds, short-term mutual funds, and easily-liquidated corporate and sovereign bonds with short remaining maturities. These investments are booked as Cash and cash equivalents and other current financial assets.

In order to reduce counterparty risk and to ensure that the risk assumed is known and managed by the Company, investments are diversified among different banking institutions (both local and international). The Company evaluates the credit standing of each counterparty and the levels of investment, based on (i) their credit rating, (ii) the equity size of the counterparty, and (iii) investment limits according to the Company's level of liquidity. According to these three parameters, the Company chooses the most restrictive parameter of the previous three and based on this, establishes limits for operations with each counterparty.

The Company has no guarantees to mitigate this exposure.

(ii) Operational activities

The Company has four large sales "clusters": travel agencies, cargo agents, airlines and credit-card administrators. The first three are governed by International Air Transport Association, international ("IATA") organization comprising most of the airlines that represent over 90% of scheduled commercial traffic and one of its main objectives is to regulate the financial transactions between airlines and travel agents and cargo. When an agency or airline does not pay their debt, they are excluded from operating with IATA's member airlines. In the case of credit-card administrators, they are fully guaranteed by 100% by the issuing institutions.

The exposure consists of the term granted, which fluctuates between 1 and 45 days.

One of the tools the Company uses for reducing credit risk is to participate in global entities related to the industry, such as IATA, Business Sales Processing (“BSP”), Cargo Account Settlement Systems (“CASS”), IATA Clearing House (“ICH”) and banks (credit cards). These institutions fulfill the role of collectors and distributors between airlines and travel and cargo agencies. In the case of the Clearing House, it acts as an offsetting entity between airlines for the services provided between them. A reduction in term and implementation of guarantees has been achieved through these entities. Currently the sales invoicing of TAM Linhas Aéreas S.A. related with travel agents and cargo agents for domestic transportation in Brazil is done directly by TAM Linhas Aéreas S.A.

Credit quality of financial assets

The external credit evaluation system used by the Company is provided by IATA. Internal systems are also used for particular evaluations or specific markets based on trade reports available on the local market. The internal classification system is complementary to the external one, i.e. for agencies or airlines not members of IATA, the internal demands are greater.

To reduce the credit risk associated with operational activities, the Company has established credit limits to abridge the exposure of their debtors which are monitored permanently (mainly in case of operational activities of TAM Linhas Aéreas S.A. with travel agents). The bad-debt rate in the principal countries where the Company has a presence is insignificant.

(c) Liquidity risk

Liquidity risk represents the risk that the Company has no sufficient funds to meet its obligations.

Because of the cyclical nature of the business, the operation, and its investment and financing needs related to the acquisition of new aircraft and renewal of its fleet, plus the financing needs, the Company requires liquid funds, defined as cash and cash equivalents plus other short term financial assets, to meet its payment obligations.

The liquid funds, the future cash generation and the capacity to obtain additional funding, through bond issuance and banking loans, will allow the Company to obtain sufficient alternatives to face its investment and financing future commitments.

At March 31, 2019 is US\$ 1,544 million (US\$ 1,404 million at December 31, 2018), invested in short term instruments through financial high credit rating levels entities.

In addition to the balance of liquid funds, the Company has access to short-term credit lines. As of March 31, 2019, LATAM has credit lines for working capital that are not committed to several banks and additionally has an unused committed line of US\$ 575 million (US\$ 600 million as of December 31, 2018) subject to availability of collateral.

Class of liability for the analysis of liquidity risk ordered by date of maturity as of March 31, 2019 (Unaudited)

Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2 Chile.

Tax No.	Creditor	Creditor country	Currency	Up to	More than	More than	More than	More than	Total	Nominal value	Amortization	Effective rate	Nominal rate
				90 days	90 days to one year	one to three years	three to five years	five years					
Loans to exporters													
97.032.000-8	BBVA	Chile	US\$	76,275	38,697	-	-	-	114,972	113,000	At Expiration	3.48	3.48
97.032.000-8	BBVA	Chile	UF	865	52,881	-	-	-	53,746	52,001	At Expiration	4.11	3.31
97.036.000-K	BANCO DO BRASIL	Chile	US\$	201,803	-	-	-	-	201,803	200,000	At Expiration	3.60	3.60
97.003.000-K	HSBC	Chile	US\$	12,095	-	-	-	-	12,095	12,000	At Expiration	3.15	3.15
Bank loans													
97.023.000-9	CORPBANCA	Chile	UF	5,879	17,348	11,328	-	-	34,555	33,553	Quarterly	3.35	3.35
0-E	BLADDEX	U.S.A.	US\$	8,012	7,756	-	-	-	15,768	15,000	Semiannual	6.75	6.75
97.036.000-K	SANTANDER	Chile	US\$	540	48	51,283	-	-	51,871	51,283	Quarterly	5.40	5.40
76.362.099-9	BTG PACTUAL CHILE	Chile	UF	523	1,568	70,575	-	-	72,666	67,439	At Expiration	3.10	3.10
Obligations with the public													
97.030.000-7	ESTADO	Chile	UF	9,720	9,720	38,879	201,684	218,215	478,218	353,444	At Expiration	5.50	5.50
0-E	BANK OF NEW YORK	U.S.A.	US\$	42,188	86,521	698,375	180,250	1,408,063	2,415,397	1,800,000	At Expiration	7.33	7.02
Guaranteed obligations													
0-E	CREDIT AGRICOLE	France	US\$	739	2,189	5,654	1,384	-	9,966	9,422	Quarterly	4.32	3.23
0-E	BNP PARIBAS	U.S.A.	US\$	20,316	56,157	151,315	143,516	237,514	608,818	501,147	Quarterly	4.42	4.41
0-E	WILMINGTON TRUST COMPANY	U.S.A.	US\$	36,141	106,003	267,521	291,259	508,443	1,209,367	932,069	Semiannual	4.47	4.47
0-E	CITIBANK	U.S.A.	US\$	12,777	38,168	101,305	70,622	59,468	282,340	258,590	Quarterly	3.85	2.96
0-E	NATIXIS	France	US\$	13,940	41,316	108,275	87,289	112,733	363,553	314,256	Quarterly	4.56	4.56
0-E	INVESTEC	England	US\$	3,985	9,682	27,057	22,646	-	63,370	52,560	Quarterly	7.23	7.23
Otras obligaciones garantizadas													
0-E	CREDIT AGRICOLE	France	US\$	2,763	8,441	270,298	-	-	281,502	253,962	At Expiration	4.54	4.54
0-E	DVB BANK SE	Germany	US\$	27,760	81,686	208,628	101,296	15,157	434,527	398,648	Quarterly	4.23	4.23
Other guaranteed obligations													
0-E	ING	U.S.A.	US\$	4,025	12,075	8,108	-	-	24,208	23,143	Quarterly	5.70	5.01
0-E	CREDIT AGRICOLE	France	US\$	12,747	16,808	14,708	-	-	44,263	43,231	Monthly	3.71	3.33
0-E	CITIBANK	U.S.A.	US\$	14,828	42,224	78,212	33,468	-	168,732	158,949	Quarterly	4.32	3.73
0-E	PEFCO	U.S.A.	US\$	5,779	9,711	1,950	-	-	17,440	16,921	Quarterly	5.64	5.02
0-E	BNP PARIBAS	U.S.A.	US\$	8,441	27,887	16,837	-	-	53,165	51,640	Quarterly	4.08	3.77
0-E	WELLS FARGO	U.S.A.	US\$	35,450	106,176	278,336	231,559	74,953	726,474	687,667	Quarterly	2.80	2.11
97.036.000-K	SANTANDER	Chile	US\$	6,332	18,794	49,193	20,529	-	94,848	89,447	Quarterly	3.77	3.23
0-E	RRPF ENGINE	England	US\$	1,164	3,468	9,069	8,790	3,787	26,278	22,183	Quarterly	4.01	4.01
0-E	APPLE BANK	U.S.A.	US\$	1,725	5,105	13,365	12,367	-	32,562	30,099	Monthly	4.14	3.54
0-E	BTMU	U.S.A.	US\$	3,480	10,332	27,044	24,238	-	65,094	60,255	Quarterly	4.05	3.46
0-E	NATIXIS	France	US\$	3,739	5,290	4,641	-	-	13,670	13,106	Quarterly	4.19	4.00
0-E	KFW IPEX-BANK	Germany	US\$	1,825	5,442	3,610	-	-	10,877	10,517	Quarterly	4.23	4.23
0-E	AIRBUS FINANCIAL	U.S.A.	US\$	2,065	6,151	5,750	-	-	13,966	13,501	Monthly	4.05	4.05
0-E	US BANK	U.S.A.	US\$	18,747	55,955	147,422	145,181	68,133	435,438	396,178	Quarterly	4.00	2.82
0-E	PK AIRFINANCE	U.S.A.	US\$	2,593	7,917	26,359	-	-	36,869	35,295	Quarterly	4.18	4.18
Other loans													
0-E	BOEING	U.S.A.	US\$	917	1,371	83,592	-	-	85,880	83,592	Quarterly	4.29	4.29
0-E	CITIBANK (*)	U.S.A.	US\$	25,612	77,832	77,599	-	-	181,043	173,042	Monthly	6.00	6.00
Hedge derivative													
-	OTHERS	-	US\$	2,749	1,768	7,473	-	-	11,990	(4,790)	-	-	-
Total				628,539	972,487	2,863,761	1,576,078	2,706,466	8,747,331	7,322,330			

(*) Bonus securitized with the future flows of credit card sales in the United States and Canada.

Class of liability for the analysis of liquidity risk ordered by date of maturity as of March 31, 2019 (Unaudited)
Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

Tax No.	Creditor	Creditor country	Currency	Up to	More than	More than	More than	More than	Total	Nominal value	Amortization	Effective rate	Nominal rate
				90 days	90 days to one year	one to three years	three to five years	five years					
Bank loans													
0-E	NCM	Holland	US\$	175	499	1,221	-	-	1,895	1,714	Monthly	6.01	6.01
Financial leases													
0-E	NATIXIS	France	US\$	2,440	9,428	64,458	20,534	-	96,860	92,746	Quarterly / Semiannual	6.87	6.87
0-E	WACAPOU LEASING S.A.	Luxembourg	US\$	835	2,440	5,727	-	-	9,002	8,498	Quarterly	4.81	4.81
0-E	SOCIÉTÉ GÉNÉRALE MILAN BRANCH	Italy	US\$	11,519	32,247	151,047	-	-	194,813	198,802	Quarterly	5.88	5.82
0-E	GA Telesis LLC	U.S.A.	US\$	679	1,753	4,675	4,675	12,234	24,016	14,403	Monthly	15.62	15.62
Total				15,648	46,367	227,128	25,209	12,234	326,586	316,163			

Class of liability for the analysis of liquidity risk ordered by date of maturity as of March 31, 2019 (Unaudited)
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

Tax No.	Creditor	Creditor country	Currency	Up to	More than	More than	More than	More than	Total	Nominal value	Amortization	Effective rate %	Nominal rate %
				90 days	90 days to one year	one to three years	three to five years	five years					
Lease Liability													
-	AIRCRAFT	OTHERS	US\$	124,800	369,560	896,995	740,491	1,179,090	3,310,936	2,893,323	-	-	-
-	OTHER ASSETS	OTHERS	US\$	3,193	8,696	18,235	16,380	18,959	65,463	65,463	-	-	-
			CLP	3	172	-	-	-	175	175	-	-	-
			UF	1,579	1,447	598	17	-	3,641	3,641	-	-	-
			COP	69	37	39	16	-	161	161	-	-	-
			EUR	257	262	191	-	-	710	710	-	-	-
			GBP	46	113	13	-	-	172	172	-	-	-
			MXN	33	92	241	100	-	466	466	-	-	-
			PEN	152	354	42	-	-	548	548	-	-	-
Trade and other accounts payables													
-	OTHERS	OTHERS	US\$	406,424	9,464	-	-	-	415,888	415,888	-	-	-
			CLP	133,179	14,269	-	-	-	147,448	147,448	-	-	-
			BRL	221,510	693	-	-	-	222,203	222,203	-	-	-
			Other currencies	536,167	3,606	-	-	-	539,773	539,773	-	-	-
Accounts payable to related parties currents													
Foreing	Inversora Aeronáutica Argentina S.A.	Argentina	ARS	-	-	-	-	-	-	-	-	-	-
78.591.370-1	Bethia S.A. y Filiales	Chile	CLP	2,553	-	-	-	-	2,553	2,553	-	-	-
Extranjera	TAM Aviação Executiva e Taxi Aéreo S.A.	Brazil	BRL	16	-	-	-	-	16	16	-	-	-
Total				1,429,981	408,765	916,354	757,004	1,198,049	4,710,153	4,292,540			
Total consolidated				2,074,168	1,427,619	4,007,243	2,358,291	3,916,749	13,784,070	11,931,053			

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2018 Restated (Unaudited)
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2 Chile.

Tax No.	Creditor	Creditor country	Currency	Up to	More than	More than	More than	More than	Total	Nominal value	Amortization	Effective rate	Nominal rate
				90 days	90 days to one year	one to three years	three to five years	five years					
Loans to exporters													
97.032.000-8	BBVA	Chile	US\$	38,625	76,275	-	-	-	114,900	113,000	At Expiration	3.36	3.36
97.032.000-8	BBVA	Chile	UF	-	52,490	-	-	-	52,490	50,785	At Expiration	3.31	3.31
97.036.000-K	SANTANDER	Chile	US\$	23,070	-	-	-	-	23,070	23,000	At Expiration	3.90	3.90
97.003.000-K	BANCO DO BRASIL	Chile	US\$	201,884	-	-	-	-	201,884	200,000	At Expiration	3.64	3.64
97.951.000-4	HSBC	Chile	US\$	12,094	-	-	-	-	12,094	12,000	At Expiration	3.14	3.14
Bank loans													
97.023.000-9	CORPBANCA	Chile	UF	5,778	17,086	16,662	-	-	39,526	38,231	Quarterly	3.35	3.35
0-E	BLADDEX	U.S.A.	US\$	-	15,766	-	-	-	15,766	15,000	Semiannual	6.74	6.74
97.036.000-K	SANTANDER	Chile	US\$	1,347	587	102,521	-	-	104,455	102,521	Quarterly	5.60	5.60
76.362.099-9	BTG	Chile	UF	510	1,531	69,435	-	-	71,476	65,862	At Expiration	3.10	3.10
Obligations with the public													
0-E	BANK OF NEW YORK	U.S.A.	US\$	-	84,375	614,375	96,250	724,063	1,519,063	1,200,000	At Expiration	7.44	7.03
97.030.000-7	ESTADO	Chile	UF	-	18,985	37,970	196,970	213,114	467,039	345,182	At Expiration	5.50	5.50
Guaranteed obligations													
0-E	CREDIT AGRICOLE	France	US\$	743	2,201	5,718	2,086	-	10,748	10,080	Quarterly	3.23	3.23
0-E	BNP PARIBAS	U.S.A.	US\$	14,741	61,973	152,826	145,252	250,387	625,179	511,698	Quarterly	4.55	4.55
0-E	WILMINGTON TRUST COMPANY	U.S.A.	US\$	31,336	96,304	248,720	289,251	509,168	1,174,779	952,758	Quarterly	4.47	4.47
0-E	CITIBANK	U.S.A.	US\$	12,757	38,398	102,062	77,710	65,232	296,159	269,365	Quarterly	3.82	2.93
0-E	US BANK	U.S.A.	US\$	18,406	55,112	146,045	144,670	86,076	450,309	411,684	Quarterly	4.00	2.82
0-E	NATIXIS	France	US\$	14,027	42,132	111,528	92,228	124,910	384,825	324,524	Quarterly	4.69	4.69
0-E	PK AirFinance	U.S.A.	US\$	2,490	7,663	25,610	3,153	-	38,916	37,615	Monthly	4.15	4.14
0-E	INVESTEC	England	US\$	2,004	11,579	26,874	24,367	-	64,824	54,014	Semiannual	7.17	7.17
Otras obligaciones garantizadas													
0-E	CREDIT AGRICOLE	France	US\$	2,576	8,380	273,122	-	-	284,078	253,692	At Expiration	4.11	4.11
0-E	DVB BANK SE	Germany	US\$	28,087	83,260	213,177	122,674	20,274	467,472	422,065	Quarterly	4.42	4.42
Other guaranteed obligations													
0-E	ING	U.S.A.	US\$	4,025	12,075	12,134	-	-	28,234	26,831	Quarterly	5.70	5.01
0-E	CREDIT AGRICOLE	France	US\$	7,618	21,994	27,811	1,684	-	59,107	56,403	Quarterly	3.66	3.31
0-E	CITIBANK	U.S.A.	US\$	14,870	44,570	83,389	42,178	-	185,007	172,158	Quarterly	4.40	3.80
0-E	PEFCO	U.S.A.	US\$	5,771	13,541	3,899	-	-	23,211	22,407	Quarterly	5.64	5.02
0-E	BNP PARIBAS	U.S.A.	US\$	8,467	25,214	26,933	1,641	-	62,255	59,567	Quarterly	3.90	3.58
0-E	WELLS FARGO	U.S.A.	US\$	35,458	106,397	282,923	239,168	99,232	763,178	719,338	Quarterly	2.77	2.09
97.036.000-K	SANTANDER	Chile	US\$	6,340	19,025	49,945	26,779	-	102,089	95,022	Quarterly	3.68	3.14
0-E	RRPF ENGINE	England	US\$	1,167	3,480	9,103	8,826	4,870	27,446	23,012	Monthly	4.01	4.01
0-E	APPLE BANK	U.S.A.	US\$	1,711	5,175	13,640	13,394	760	34,680	31,544	Quarterly	3.93	3.33
0-E	BTMU	U.S.A.	US\$	3,489	10,485	27,605	27,062	775	69,416	63,189	Quarterly	4.06	3.46
0-E	NATIXIS	France	US\$	4,242	9,870	9,815	563	-	24,490	23,161	Quarterly	4.28	4.12
0-E	KFW IPEX-BANK	Germany	US\$	1,764	5,328	5,378	-	-	12,470	12,215	Quarterly	4.20	4.19
0-E	AIRBUS FINANCIAL	U.S.A.	US\$	2,074	6,197	7,840	-	-	16,111	15,417	Monthly	4.19	4.19
Other loans													
0-E	CITIBANK (*)	U.S.A.	US\$	25,705	77,703	103,341	-	-	206,749	196,211	Quarterly	6.00	6.00
0-E	Boeing	U.S.A.	US\$	559	1,425	55,728	-	-	57,712	55,727	At Expiration	4.01	4.01
Hedge derivative													
-	OTHERS	-	US\$	1,224	2,484	681	-	-	4,389	4,021	-	-	-
Total				534,959	1,039,060	2,866,810	1,555,906	2,098,861	8,095,596	6,989,299			

(*) Bonus securitized with the future flows of credit card sales in the United States and Canada.

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2018 Restated (Unaudited)

Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

Tax No.	Creditor	Creditor country	Currency	Up to	More than	More than	More than	More than	Total	Nominal	Amortization	Effective	Nominal
				90 days	90 days to one year	one to three years	three to five years	five years		value		rate	rate
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		%	%
Bank loans													
0-E	NEDERLANDSCHE NCM	Holland	US\$	175	499	1,332	55	-	2,061	1,851	Monthly	6.01	6.01
Financial leases													
0-E	NATIXIS	France	US\$	4,195	7,935	46,780	41,872	-	100,782	95,789	Quarterly / Semiannual	6.87	6.87
0-E	WACAPOU LEASING S.A.	Luxembourg	US\$	839	2,433	6,542	-	-	9,814	9,226	Quarterly	4.81	4.81
0-E	SOCIÉTÉ GÉNÉRALE MILAN BRANCH	Italy	US\$	11,536	32,312	161,778	-	-	205,626	208,224	Quarterly	5.88	5.82
0-E	GA Telesis LLC	U.S.A.	US\$	680	1,753	4,675	4,675	11,318	23,101	13,202	Monthly	15.62	15.62
	Total			17,425	44,932	221,107	46,602	11,318	341,384	328,292			

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2018 Restated (Unaudited)
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

Tax No.	Creditor	Creditor country	Currency	Up to	More than	More than	More than	More than	Total	Nominal value	Amortization	Effective rate %	Nominal rate %	
				90 days	90 days to one year	one to three years	three to five years	five years						ThUS\$
Leases Liability														
-	AIRCRAFT	OTHERS	US\$	140,780	420,561	1,015,495	785,417	1,298,585	3,660,838	2,721,352	-	-	-	
-	OTHER ASSETS	OTHERS	US\$	4,968	14,536	25,689	20,029	21,138	86,360	86,360	-	-	-	
			CLP	57	170	1	-	-	228	228	-	-	-	
			UF	1,683	2,565	667	34	-	4,949	4,949	-	-	-	
			COP	304	731	366	21	-	1,422	1,422	-	-	-	
			EUR	311	431	215	-	-	957	957	-	-	-	
			GBP	45	128	36	-	-	209	209	-	-	-	
			MXN	33	92	235	115	-	475	475	-	-	-	
			PEN	183	409	114	-	-	706	706	-	-	-	
Trade and other accounts payables														
-	OTHERS	OTHERS	US\$	356,342	11,773	-	-	-	368,115	368,115	-	-	-	
			CLP	137,296	359	-	-	-	137,655	137,655	-	-	-	
			BRL	250,915	925	-	-	-	251,840	251,840	-	-	-	
			Other currencies	518,448	3,918	-	-	-	522,366	522,366	-	-	-	
Accounts payable to related parties currents														
Foreing	Inversora Aeronáutica Argentina S.A.	Argentina	ARS	15	-	-	-	-	15	15	-	-	-	
78.591.370-1	Bethia S.A. y Filiales	Chile	CLP	365	-	-	-	-	365	365	-	-	-	
Extranjera	TAM Aviação Executiva e Taxi Aéreo S.A.	Brazil	BRL	2	-	-	-	-	2	2	-	-	-	
Total				1,411,747	456,598	1,042,818	805,616	1,319,723	5,036,502	4,097,016				
Total consolidated				1,964,131	1,540,590	4,130,735	2,408,124	3,429,902	13,473,482	11,414,607				

The Company has fuel, interest rate and exchange rate hedging strategies involving derivatives contracts with different financial institutions. The Company has margin facilities with each financial institution in order to regulate the mutual exposure produced by changes in the market valuation of the derivatives.

At the end of 2018, the Company had delivered US\$ 5.0 million in guarantees for derivative margins, corresponding to cash and standby letters of credit. As of March 31, 2019, US\$ 2.5 million were delivered in guarantees corresponding to cash and standby letters of credit. The decrease was due to: i) the expiration of hedge contracts, ii) acquisition of new fuel contracts, and iii) changes in fuel prices, changes in exchange rates and interest rates.

3.2. Capital risk management

The Company's objectives, with respect to the management of capital, are (i) to comply with the restrictions of minimum equity and (ii) to maintain an optimal capital structure.

The Company monitors its contractual obligations and the regulatory limitations in the different countries where the entities of the group are domiciled to assure they meet the limit of minimum net equity, where the most restrictive limitation is to maintain a positive net equity.

Additionally, the Company periodically monitors the short and long term cash flow projections to assure the Company has adequate sources of funding to generate the cash requirement to face its investment and funding future commitments.

The Company international credit rating is the consequence of the Company capacity to face its long terms financing commitments. As of March 31, 2019 the Company has an international long term credit rating of BB- with stable outlook by Standard & Poor's, a B+ rating with positive outlook by Fitch Ratings and a Ba3 rating with stable outlook by Moody's.

3.3. Estimates of fair value.

At March 31, 2019, the Company maintained financial instruments that should be recorded at fair value. These are grouped into two categories:

1. Hedge Instruments:

This category includes the following instruments:

- Interest rate derivative contracts,
- Fuel derivative contracts,
- Currency derivative contracts.

2. Financial Investments:

This category includes the following instruments:

- Investments in short-term Mutual Funds (cash equivalent)
- Private investment funds.

The Company has classified the fair value measurement using a hierarchy that reflects the level of information used in the assessment. This hierarchy consists of 3 levels (I) fair value based on quoted prices in active markets for identical assets or liabilities, (II) fair value calculated through valuation methods based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) and (III) fair value based on inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets, such as investments acquired for trading, is based on quoted market prices at the close of the period using the current price of the buyer. The fair value of financial assets not traded in active markets (derivative contracts) is determined using valuation techniques that maximize use of available market information. Valuation techniques generally used by the Company are quoted market prices of similar instruments and / or estimating the present value of future cash flows using forward price curves of the market at period end.

The following table shows the classification of financial instruments at fair value, depending on the level of information used in the assessment:

	As of March 31, 2019				As of December 31, 2018			
	Fair value measurements using values considered as				Fair value measurements using values considered as			
	Fair value	Level I	Level II	Level III	Fair value	Level I	Level II	Level III
	(Unaudited)							
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Assets								
Cash and cash equivalents	148,625	148,625	-	-	43,653	43,653	-	-
Short-term mutual funds	148,625	148,625	-	-	43,653	43,653	-	-
Other financial assets, current	469,787	437,394	32,393	-	366,573	343,218	23,355	-
Fair value interest rate derivatives	16,493	-	16,493	-	19,460	-	19,460	-
Fair value of fuel derivatives	7,606	-	7,606	-	-	-	-	-
Fair value of foreign currency derivative	8,294	-	8,294	-	3,895	-	3,895	-
Accrued interest since the last payment date Swap of currencies	-	-	-	-	-	-	-	-
Derivative not recognized as a hedge	17,362	17,362	-	-	19,396	19,396	-	-
Private investment funds	420,016	420,016	-	-	322,428	322,428	-	-
Domestic and foreign bonds	16	16	-	-	1,394	1,394	-	-
Other financial assets, not current	-	-	-	-	-	-	-	-
Fair value derived from foreign currency	-	-	-	-	-	-	-	-
Liabilities								
Other financial liabilities, current	18,069	13,801	4,268	-	33,633	7,712	25,921	-
Fair value of interest rate derivatives	2,135	-	2,135	-	335	-	335	-
Fair value of fuel derivatives	(88)	-	(88)	-	15,678	-	15,678	-
Fair value of foreign currency derivatives	-	-	-	-	7,587	-	7,587	-
Interest accrued since the last payment date of Currency Swap	2,221	-	2,221	-	2,321	-	2,321	-
Derivative not recognized as a hedge	13,801	13,801	-	-	7,712	7,712	-	-
Other financial liabilities, non current	243	-	243	-	340	-	340	-
Fair value of interest rate derivatives	-	-	-	-	-	-	-	-
Interest accrued since the last date of Swap interest rates	243	-	243	-	340	-	340	-

Additionally, at March 31, 2019, the Company has financial instruments which are not recorded at fair value. In order to meet the disclosure requirements of fair values, the Company has valued these instruments as shown in the table below:

	As of March 31, 2019		As of December 31, 2018	
	Book value	Fair value	Book value	Fair value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Unaudited			
Cash and cash equivalents	975,701	975,701	1,037,989	1,037,989
Cash on hand	24,973	24,973	8,974	8,974
Bank balance	323,474	323,474	331,218	331,218
Overnight	151,942	151,942	282,164	282,164
Time deposits	475,312	475,312	415,633	415,633
Other financial assets, current	16,614	16,614	17,411	17,411
Other financial assets	16,614	16,614	17,411	17,411
Trade debtors, other accounts receivable and				
Current accounts receivable	1,125,376	1,125,376	1,162,582	1,162,582
Accounts receivable from entities related, current	6,549	6,549	2,931	2,931
Other financial assets, not current	57,210	57,210	58,700	58,700
Accounts receivable, non-current	5,348	5,348	5,381	5,381
Other current financial liabilities	1,772,831	1,609,366	1,397,156	1,578,835
Accounts payable for trade and other accounts payable, current	1,704,729	1,704,729	1,674,303	1,674,303
Accounts payable to entities related, current	2,569	2,569	382	382
Other financial liabilities, not current	8,790,227	6,472,087	5,864,570	5,893,387
Accounts payable, not current	462,785	462,785	483,656	483,656

The book values of accounts receivable and payable are assumed to approximate their fair values, due to their short-term nature. In the case of cash on hand, bank balances, overnight, time deposits and accounts payable, non-current, fair value approximates their carrying values.

The fair value of other financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate for similar financial instruments (Level II). In the case of Other financial assets, the valuation was performed according to market prices at period end. The book value of Other financial liabilities, current or non-current, do not include lease liabilities.

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS

The Company has used estimates to value and record some of the assets, liabilities, income, expenses and commitments. Basically these estimates refer to:

(a) Evaluation of possible losses due to impairment of goodwill and intangible assets with indefinite useful life

As of March 31, 2019, goodwill amount to ThUS\$ 2,283,269 (ThUS\$ 2,294,072 as of December 31, 2018), while the intangible assets comprise the Airport Slots for ThUS\$ 824,523 (ThUS\$ 828,969 as of December 31, 2018) and Loyalty Program for ThUS\$ 272,878 (ThUS\$ 274,420 as of December 31, 2018).

The Company checks at least once a year whether goodwill and intangible assets with an indefinite useful life have suffered an impairment loss. For this evaluation, the Company has identified two cash generating units (CGU), "Air transport" and "Multiplus coalition and loyalty program". The book value of the surplus value assigned to each CGU as of March 31, 2019 amounts to ThUS\$ 1,836,856 and ThUS\$ 446,413 (ThUS\$ \$ 1,845,136 and ThUS\$ 448,936 as of December 31, 2018), which include the following intangible assets with an indefinite useful life:

	Air Transport CGU		Coalition and loyalty Program Multiplus CGU	
	As of March 31 2019	As of December 31, 2018	As of March 31 2019	As of December 31, 2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Unaudited		Unaudited	
Airport Slots	824,523	828,969	-	-
Loyalty program	-	-	272,878	274,420

The recoverable value of these cash-generating units (CGUs) has been determined based on calculations of their value in use. The principal assumptions used by the management include: growth rate, exchange rate, discount rate, fuel prices, and other economic assumptions. The estimation of these assumptions requires significant judgment by the management, as these variables feature inherent uncertainty; however, the assumptions used are consistent with Company's internal planning. Therefore, management evaluates and updates the estimates on an annual basis, in light of conditions that affect these variables. The mainly assumptions used as well as, the corresponding sensitivity analyses are showed in Note 16.

(b) Useful life, residual value, and impairment of property, plant, and equipment

The depreciation of assets is calculated based on the linear model, except for certain technical components depreciated on cycles and hours flown. These useful lives are reviewed on an annual basis according with the Company's future economic benefits associated with them.

Changes in circumstances such as: technological advances, business model, planned use of assets or capital strategy may render the useful life different to the lifespan estimated. When it is determined that the useful life of property, plant, and equipment must be reduced, as may occur in line with changes in planned usage of assets, the difference between the net book value and estimated recoverable value is depreciated, in accordance with the revised remaining useful life.

Residual values are estimated in accordance with the market value that these assets will have at the end of their useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, once a year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

(c) Recoverability of deferred tax assets

Deferred taxes are calculated according to the liability method, on the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets on tax losses are recognized to the extent that it is probable that future tax benefits will be available with which to offset the temporary differences. The Company makes financial and fiscal projections to evaluate the realization in time of this deferred tax asset. Additionally, it ensures that these projections are consistent with those used to measure other long-lived assets. As of March 31, 2019, the Company has recognized deferred tax assets of ThUS\$ 271,650 (ThUS\$ 273,529 as of December 31, 2018) and has ceased to recognize deferred tax assets on tax losses of ThUS\$ 199,582 (ThUS\$ 137,761 December 31, 2018) (Note 18).

(d) Air tickets sold that will not be finally used.

The Company records the advance sale of air tickets as deferred revenue. Revenue from the sale of tickets is recognized in the income statement when the passenger transport service is provided or expired due to non-use. The Company evaluates in a monthly basis the probability of expiration of air tickets, with refund clauses, based on the history of use of air tickets. A change in this probability could have an impact on ordinary income in the year in which the change occurs and in future periods. As of March 31, 2019, deferred revenues associated with air tickets sold amounted to ThUS\$ 1,137,235 (ThUS\$ 1,299,304 as of December 31, 2018). A hypothetical change of one percentage point in passenger behavior with respect to use would result in an impact of up to ThUS \$ 6,000 per month.

(e) Valuation of miles and points awarded to holders of loyalty programs, pending use.

As of March 31, 2019, the deferred revenue associated with the LATAM Pass loyalty program amounts to ThUS\$ 1,306,388 (ThUS\$ 1,324,635 as of December 31, 2018). A hypothetical change of one percentage point in the exchange probability would result in an impact of ThUS\$ 28,630 on the results of 2019 (ThUS \$ 27,726 in 2018). The deferred revenues associated with the LATAM Fidelidade and Multiplus loyalty programs amount to ThUS\$ 300,277 as of March 31, 2019 (ThUS\$ 293,831 as of December 31, 2018). A hypothetical change of two percentage points in the number of points pending to be exchanged would result in an impact of ThUS\$ 3,150 on the results of 2019 (ThUS\$ 13,140 in 2018).

(f) Provisions needs, and their valuation when required

Known contingencies are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Company applies professional judgment, experience, and knowledge to use available information to determine these values, in light of the specific characteristics of known risks. This process facilitates the early assessment and valuation of potential risks in individual cases or in the development of contingent eventualities.

(g) Leases

(i) Discount rate

The discount rate used to calculate the lease debt corresponds, for each aircraft, to the implicit interest rate induced by the contractual elements and residual market values. The implied rate of the contract is the discount rate that gives the aggregated present value of the minimum lease payments and the unguaranteed residual value. This present value should be equal to the sum of the fair value of the leased asset and any initial direct costs of the lessor.

For those lease other than aircraft, we use our estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. We give consideration to our recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating our incremental borrowing rates.

A 100 basis point decrease in our estimate of the rate at January 1, 2019 (the date of our adoption of the New Lease Standard) would increase our lease liability by approximately US\$ 105 million.

(ii) Lease term

In determining the lease term, there are considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(h) Investment in subsidiary (TAM)

The management has applied its judgment in determining that LATAM Airlines Group S.A. controls TAM S.A. and Subsidiaries, for accounting purposes, and has therefore consolidated the financial statements.

The grounds for this decision are that LATAM issued ordinary shares in exchange for the majority of circulating ordinary and preferential shares in TAM, except for those TAM shareholders who did not accept the exchange, which were subject to a squeeze out, entitling LATAM to substantially all economic benefits generated by the LATAM Group, and thus exposing it to substantially all risks relating to the operations of TAM. This exchange aligns the economic interests of LATAM and all of its shareholders, including the controlling shareholders of TAM, thus insuring that the shareholders and directors of TAM shall have no incentive to exercise their rights in a manner that would be beneficial to TAM but detrimental to LATAM. Furthermore, all significant actions necessary of the operation of the airlines require votes in favor by the controlling shareholders of both LATAM and TAM.

Since the integration of LAN and TAM operations, the most critical airline operations in Brazil have been managed by the CEO of TAM while global activities have been managed by the CEO of LATAM, who is in charge of the operation of the LATAM Group as a whole and reports to the LATAM Board.

The CEO of LATAM also evaluates the performance of LATAM Group executives and, together with the LATAM Board, determines compensation. Although Brazilian law currently imposes restrictions on the percentages of voting rights that may be held by foreign investors, LATAM believes that the economic basis of these agreements meets the requirements of accounting standards in force, and that the consolidation of the operations of LAN and LATAM is appropriate.

These estimates were made based on the best information available relating to the matters analyzed.

In any case, it is possible that events that may take place in the future could lead to their modification in future reporting periods, which would be made in a prospective manner.

NOTE 5 - SEGMENTAL INFORMATION

The Company considers that it has two operating segments: air transport and the Multiplus loyalty and coalition program.

The air transport segment corresponds to the route network for air transport and is based on the way in which the business is managed according to the centralized nature of its operations, the ability to open and close routes, as well as reallocating resources (aircraft, crew, personnel, etc.) within the network, which implies a functional interrelation between them, making them inseparable. This segment definition is one of the most common at the level of the airline industry worldwide.

The Multiplus Coalition and Loyalty Program segment, unlike the LATAM Pass and LATAM Fidelidade programs, which are frequent flyer programs that operate as a unilateral loyalty system, offers a flexible, interrelated coalition system among its members, which has 22.6 million members, together with being an entity with a separate administration and a business not directly related to air transport.

For the period ended	Air transportation At March 31,		Coalition and loyalty program Multiplus At March 31,		Eliminations At March 31,		Consolidated At March 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Unaudited	Restated Unaudited	Unaudited	Restated Unaudited	Unaudited	Restated Unaudited	Unaudited	Restated Unaudited
Income from ordinary activities from external customers (*)	2,423,316	2,613,835	20,558	-	(12,396)	-	2,431,478	2,613,835
Passenger	2,159,820	2,318,015	20,558	-	(12,396)	-	2,167,982	2,318,015
Freight	263,496	295,820	-	-	-	-	263,496	295,820
Income from ordinary activities from transactions with other operating segments	-	-	-	13,498	-	(13,498)	-	-
Other operating income	71,638	72,050	22,152	44,651	-	-	93,790	116,701
Interest income	1,666	5,009	4,225	7,178	-	-	5,891	12,187
Interest expense	(138,446)	(133,355)	-	-	-	-	(138,446)	(133,355)
Total net interest expense	(136,780)	(128,346)	4,225	7,178	-	-	(132,555)	(121,168)
Depreciation and amortization	(350,005)	(346,772)	(1,639)	(2,115)	-	-	(351,644)	(348,887)
Material non-cash items other than depreciation and amortization	(13,291)	(6,132)	(3)	-	-	-	(13,294)	(6,132)
Disposal of fixed assets and inventory losses	(7,805)	(5,779)	-	-	-	-	(7,805)	(5,779)
Doubtful accounts	(16,292)	(3,598)	(57)	-	-	-	(16,349)	(3,598)
Exchange differences	8,895	811	54	-	-	-	8,949	811
Result of indexation units	1,911	2,434	-	-	-	-	1,911	2,434
Income (loss) attributable to owners of the parents (**)	(81,093)	56,696	21,019	35,473	-	-	(60,074)	92,169
Expenses for income tax	(1,573)	(32,341)	(11,468)	(14,382)	-	-	(13,041)	(46,723)
Segment profit / (loss)	(77,616)	70,379	21,019	35,473	-	-	(56,597)	105,852
Assets of segment	19,059,300	19,900,235	1,171,644	1,521,024	(5,437)	(6,482)	20,225,507	21,414,777
Segment liabilities	16,426,132	16,811,125	457,288	717,929	(20,180)	(46,755)	16,863,240	17,482,299
Amount of non-current asset additions	189,918	160,425	-	-	-	-	189,918	160,425
Property, plant and equipment	171,629	140,591	-	-	-	-	171,629	140,591
Intangibles other than goodwill	18,289	19,834	-	-	-	-	18,289	19,834
Purchase of non-monetary assets of segment	200,330	198,477	-	-	-	-	200,330	198,477

(*) The Company does not have any interest revenue that should be recognized as income from ordinary activities by interest.

(**) The result of the Company includes a net result of ThUS\$ (582) resulting from the application of IAS 21 and IAS 29, for the subsidiaries that are in hyperinflationary economies.

For the period ended

	Air transportation At March 31,		Coalition and loyalty program Multiplus At March 31,		Eliminations At March 31,		Consolidated At March 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Unaudited	Restated Unaudited	Unaudited	Restated Unaudited	Unaudited	Restated Unaudited	Unaudited	Restated Unaudited
Net cash flows from								
Purchases of property, plant and equipment	181,819	178,566	7	-	-	-	181,826	178,566
Additions associated with maintenance	122,098	88,872	-	-	-	-	122,098	88,872
Other additions	59,721	89,694	7	-	-	-	59,728	89,694
Purchases of intangible assets (***)	18,196	18,940	308	971	-	-	18,504	19,911
Net cash flows from (used in) operating activities	242,751	460,763	(702)	13,038	(15,504)	(10,050)	226,545	463,751
Net cash flow from (used in) investing activities	(288,207)	(255,748)	(315)	(282)	-	-	(288,522)	(256,030)
Net cash flows from (used in) financing activities	120,464	(507,879)	-	(2,688)	-	-	120,464	(510,567)

(***)The Company does not have cash flows from purchases of intangible assets associated with maintenance.

The Company's revenues by geographic area are as follows:

	For the period ended	
	At March 31,	
	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$
	<u>Unaudited</u>	
Peru	180,933	154,974
Argentina	186,352	333,712
U.S.A.	261,846	255,511
Europe	189,803	200,166
Colombia	84,350	89,109
Brazil	855,285	894,854
Ecuador	48,907	49,018
Chile	414,197	424,800
Asia Pacific and rest of Latin America	209,805	211,691
Income from ordinary activities	<u>2,431,478</u>	<u>2,613,835</u>
Other operating income	<u>93,790</u>	<u>116,701</u>

The Company allocates revenues by geographic area based on the point of sale of the passenger ticket or cargo. Assets are composed primarily of aircraft and aeronautical equipment, which are used throughout the different countries, so it is not possible to assign a geographic area.

The Company has no customers that individually represent more than 10% of sales.

NOTE 6 - CASH AND CASH EQUIVALENTS

	As of	As of
	March 31,	December 31,
	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$
	<u>Unaudited</u>	
Cash on hand	24,973	8,974
Bank balances	323,474	331,218
Overnight	151,942	282,164
Total Cash	<u>500,389</u>	<u>622,356</u>
Cash equivalents		
Time deposits (*)	475,312	415,633
Mutual funds	148,625	43,653
Total cash equivalents	<u>623,937</u>	<u>459,286</u>
Total cash and cash equivalents	<u>1,124,326</u>	<u>1,081,642</u>

(*) Included ThUS \$ 304,984 that are subject to restriction for guarantee the fulfillment of the operation indicated on note 14 and therefore are not available for the general use of the Company.

Cash and cash equivalents are denominated in the following currencies:

<u>Currency</u>	As of March 31, 2019	As of December 31, 2018
	ThUS\$ Unaudited	ThUS\$
Argentine peso	11,267	17,786
Brazilian real	393,534	131,760
Chilean peso	210,762	415,713
Colombian peso	18,174	10,843
Euro	20,904	20,339
US Dollar	382,509	394,215
Other currencies	87,176	90,986
Total	<u>1,124,326</u>	<u>1,081,642</u>

NOTE 7 - FINANCIAL INSTRUMENTS

7.1. Financial instruments by category

As of March 31, 2019 (Unaudited)

<u>Assets</u>	Measured at amortized cost	At fair value with changes in results	Hedge derivatives	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	975,701	148,625	-	1,124,326
Other financial assets, current (*)	14,354	439,654	32,393	486,401
Trade and others				
accounts receivable, current	1,125,376	-	-	1,125,376
Accounts receivable from related entities, current	6,549	-	-	6,549
Other financial assets, non current (*)	57,210	-	-	57,210
Accounts receivable, non current	5,348	-	-	5,348
Total	<u>2,184,538</u>	<u>588,279</u>	<u>32,393</u>	<u>2,805,210</u>
<u>Liabilities</u>		Measured at amortized cost	Hedge derivatives	Total
		ThUS\$	ThUS\$	ThUS\$
Other liabilities, current		1,786,632	4,268	1,790,900
Trade and others accounts payable, current		1,704,729	-	1,704,729
Accounts payable to related entities, current		2,569	-	2,569
Other financial liabilities, non-current		8,790,227	243	8,790,470
Accounts payable, non-current		462,785	-	462,785
Total		<u>12,746,942</u>	<u>4,511</u>	<u>12,751,453</u>

(*) The value presented in designated at the initial moment at fair value with changes in results, corresponds mainly to private investment funds, and in loans and accounts receivable, corresponds to guarantees delivered.

As of December 31, 2018 (Restated)

<u>Assets</u>	Measured at amortized cost	At fair value with changes in results	Hedge derivatives	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	1,037,989	43,653	-	1,081,642
Other financial assets, current (*)	16,203	344,426	23,355	383,984
Trade and others				
accounts receivable, current	1,162,582	-	-	1,162,582
Accounts receivable from related entities, current	2,931	-	-	2,931
Other financial assets, non current (*)	58,700	-	-	58,700
Accounts receivable, non current	5,381	-	-	5,381
Total	<u>2,283,786</u>	<u>388,079</u>	<u>23,355</u>	<u>2,695,220</u>
<u>Liabilities</u>		Measured at amortized cost	Hedge derivatives	Total
		ThUS\$	ThUS\$	ThUS\$
		Restated		Restated
		Unaudited		Unaudited
Other liabilities, current		1,768,365	25,921	1,794,286
Trade and others accounts payable, current		1,674,303	-	1,674,303
Accounts payable to related entities, current		382	-	382
Other financial liabilities, non-current		8,359,122	340	8,359,462
Accounts payable, non-current		529,277	-	529,277
Total		<u>12,331,449</u>	<u>26,261</u>	<u>12,357,710</u>

(*) The value presented as initial designation as fair value through profit and loss, corresponds mainly to private investment funds; and loans and receivables corresponds to guarantees given.

7.2. Financial instruments by currency

a) Assets	As of	As of
	March 31, 2019	December 31, 2018
	ThUS\$ Unaudited	ThUS\$ Restated Unaudited
Cash and cash equivalents	1,124,326	1,081,642
Argentine peso	11,267	17,786
Brazilian real	393,534	131,760
Chilean peso	210,762	415,713
Colombian peso	18,174	10,843
Euro	20,904	20,339
US Dollar	382,509	394,215
Other currencies	87,176	90,986
Other financial assets (current and non-current)	543,611	442,684
Argentine peso	133	152
Brazilian real	430,723	327,110
Chilean peso	26,145	25,972
Colombian peso	492	1,748
Euro	7,609	7,438
US Dollar	76,448	78,121
Other currencies	2,061	2,143
Trade and other accounts receivable, current	1,125,376	1,162,582
Argentine peso	76,425	82,893
Brazilian real	511,897	511,171
Chilean peso	79,267	113,168
Colombian peso	500	7,259
Euro	43,390	49,044
US Dollar	130,409	110,312
Other currencies (*)	283,488	288,735
Accounts receivable, non-current	5,348	5,381
Brazilian real	3	3
Chilean peso	5,345	5,378
Accounts receivable from related entities, current	6,549	2,931
Brazilian real	-	293
Chilean peso	65	200
US Dollar	6,484	2,438
Total assets	2,805,210	2,695,220
Argentine peso	87,825	100,831
Brazilian real	1,336,157	970,337
Chilean peso	321,584	560,431
Colombian peso	19,166	19,850
Euro	71,903	76,821
US Dollar	595,850	585,086
Other currencies	372,725	381,864

(*) See the composition of the others currencies in Note 8 Trade, other accounts receivable and non-current accounts receivable.

b) Liabilities

Liabilities information is detailed in the table within Note 3 Financial risk management.

NOTE 8 - TRADE AND OTHER ACCOUNTS RECEIVABLE CURRENT, AND NON-CURRENT ACCOUNTS RECEIVABLE

	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited
Trade accounts receivable	1,007,092	1,077,561
Other accounts receivable	236,759	188,393
Total trade and other accounts receivable	<u>1,243,851</u>	<u>1,265,954</u>
Less: Allowance for impairment loss	(113,127)	(97,991)
Total net trade and accounts receivable	<u>1,130,724</u>	<u>1,167,963</u>
Less: non-current portion – accounts receivable	(5,348)	(5,381)
Trade and other accounts receivable, current	<u><u>1,125,376</u></u>	<u><u>1,162,582</u></u>

The fair value of trade and other accounts receivable does not differ significantly from the book value.

For to determine the expected credit losses, the company groups accounts receivable for passenger and cargo transportation; depending on the characteristics of shared credit risk and maturity.

Portfolio maturity	As of March 31, 2019			As December 31, 2018		
	Expected loss rate (1)	Gross book value (2)	Impairment loss Provision	Expected loss rate (1)	Gross book value (2)	Impairment loss Provision
	%	ThUS\$ (Unaudited)	ThUS\$	%	ThUS\$	ThUS\$
Up to date	3%	826,114	(23,506)	3%	888,930	(23,933)
From 1 to 90 days	13%	58,902	(7,401)	5%	91,387	(5,014)
From 91 to 180 days	39%	21,403	(8,332)	45%	11,085	(4,983)
From 181 to 360 days	44%	29,701	(13,052)	65%	15,078	(9,864)
more of 360 days	86%	70,972	(60,836)	76%	71,081	(54,197)
Total	<u>11%</u>	<u>1,007,092</u>	<u>(113,127)</u>	<u>9%</u>	<u>1,077,561</u>	<u>(97,991)</u>

(1) Corresponds to the expected average rate.

(2) the gross book value represents the maximum growth risk value of trade accounts receivable.

Currency balances that make up the Trade and other accounts receivable and non-current accounts receivable are the following:

<u>Currency</u>	As of March 31, <u>2019</u> ThUS\$ Unaudited	As of December 31, <u>2018</u> ThUS\$
Argentine Peso	76,425	82,893
Brazilian Real	511,900	511,174
Chilean Peso	84,612	118,546
Colombian peso	500	7,259
Euro	43,390	49,044
US Dollar	130,409	110,312
Other currency (*)	283,488	288,735
Total	<u>1,130,724</u>	<u>1,167,963</u>
(*) Other currencies		
Australian Dollar	90,874	100,733
Chinese Yuan	43	5,106
Danish Krone	945	475
Pound Sterling	25,844	18,129
Indian Rupee	8,800	7,163
Japanese Yen	59,955	56,589
Norwegian Kroner	1,000	283
Swiss Franc	5,988	5,046
Korean Won	28,061	31,381
New Taiwanese Dollar	7,569	6,180
Other currencies	54,409	57,650
Total	<u>283,488</u>	<u>288,735</u>

The movements of the provision for impairment losses of the Trade Debtors and other accounts receivable are as follows:

Periods	Opening balance	Adoption adjustment IFRS 9 (*)	Write-offs	(Increase) Decrease	Closing balance
	ThUS\$	ThUS\$		ThUS\$	ThUS\$
From January 1 to March 31, 2018 (Unaudited)	(87,909)	(10,524)	1,307	(3,858)	(100,984)
From April 1 to December 31, 2018	(100,984)	-	7,470	(4,477)	(97,991)
From January 1 to March 31, 2019 (Unaudited)	(97,991)	-	421	(15,557)	(113,127)

(*) Adjustment to the balance as of December 31, 2017 registered in retained earnings as of 01.01.2018 for the adoption of IFRS 9.

Once pre-judicial and judicial collection efforts are exhausted, the assets are written off against the allowance. The Company only uses the allowance method rather than direct write-off, to ensure control.

The historical and current renegotiations are not very relevant and the policy is to analyze case by case to classify them according to the existence of risk, determining if their reclassification corresponds to pre-judicial collection accounts.

The maximum credit-risk exposure at the date of presentation of the information is the fair value of each one of the categories of accounts receivable indicated above.

	As of March 31, 2019			As of December 31, 2018		
	Gross exposure according to balance	Gross impaired exposure	Exposure net of risk concentrations	Gross exposure according to balance	Gross Impaired exposure	Exposure net of risk concentrations
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Unaudited					
Trade accounts receivable	1,007,092	(113,127)	893,965	1,077,561	(97,991)	979,570
Other accounts receivable	236,759	-	236,759	188,393	-	188,393

There are no relevant guarantees covering credit risk and these are valued when they are settled; no materially significant direct guarantees exist. Existing guarantees, if appropriate, are made through IATA.

NOTE 9 - ACCOUNTS RECEIVABLE FROM/PAYABLE TO RELATED ENTITIES

(a) Accounts Receivable

<u>Tax No.</u>	<u>Related party</u>	<u>Relationship</u>	<u>Country of origin</u>	<u>Currency</u>	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Unaudited
Foreign	Qatar Airways	Indirect shareholder	Qatar	US\$	6,489	1,907
78.591.370-1	Bethia S.A. and Subsidiaries	Related director	Chile	CLP	-	988
Foreign	Inversora Aeronáutica Argentina S.A.	Related director	Argentina	US\$	5	-
87.752.000-5	Granja Marina Tornagaleones S.A.	Common shareholder	Chile	CLP	42	31
96.810.370-9	Inversiones Costa Verde Ltda. y CPA.	Related director	Chile	CLP	13	5
	Total current assets				<u>6,549</u>	<u>2,931</u>

(b) Accounts payable

<u>Tax No.</u>	<u>Related party</u>	<u>Relationship</u>	<u>Country of origin</u>	<u>Currency</u>	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Unaudited
78.591.370-1	Bethia S.A. and Subsidiaries	Related director	Chile	CLP	2,553	365
Foreign	Inversora Aeronáutica Argentina S.A.	Related director	Argentina	US\$	-	15
Foreign	TAM Aviação Executiva e Taxi Aéreo S.A.	Common shareholder	Brazil	BRL	16	2
	Total current liabilities				<u>2,569</u>	<u>382</u>

Transactions between related parties have been carried out on free-trade conditions between interested and duly-informed parties. The transaction times are between 30 and 45 days, and the nature of settlement of the transactions is monetary.

NOTE 10 -INVENTORIES

The composition of Inventories is as follows:

	As of March 31, 2019 <u>ThUS\$</u> Unaudited	As of December 31, 2018 <u>ThUS\$</u>
Technical stock	259,452	233,276
Non-technical stock	42,207	46,068
Total	<u>301,659</u>	<u>279,344</u>

The items included in this heading are spare parts and materials that will be used mainly in consumption in in-flight and maintenance services provided to the Company and third parties, which are valued at average cost, net of provision for obsolescence, as per the following detail:

	As of March 31, 2019 <u>ThUS\$</u> Unaudited	As of December 31, 2018 <u>ThUS\$</u>
Provision for obsolescence Technical stock	20,644	20,500
Provision for obsolescence Non-technical stock	7,171	4,621
Total	<u>27,815</u>	<u>25,121</u>

The resulting amounts do not exceed the respective net realization values.

For the period ended March 31, 2019, the Company recorded ThUS\$ 32,239 (ThUS\$ 32,456 for the period ended March 31, 2018) in results, mainly related to on-board consumption and maintenance, which is part of the Cost of sales.

NOTE 11 - OTHER FINANCIAL ASSETS

The composition of other financial assets is as follows:

	Current Assets		Non-current assets		Total Assets	
	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
(a) Other financial assets						
Private investment funds	420,016	322,428	-	-	420,016	322,428
Deposits in guarantee (aircraft)	9,330	9,610	36,728	37,636	46,058	47,246
Guarantees for margins of derivatives	291	661	-	-	291	661
Other investments	-	-	494	494	494	494
Domestic and foreign bonds	16	1,394	-	-	16	1,394
Other guarantees given	6,993	7,140	19,988	20,570	26,981	27,710
Subtotal of other financial assets	436,646	341,233	57,210	58,700	493,856	399,933
(b) Hedging assets						
Fair value of interest rate derivatives	16,493	19,460	-	-	16,493	19,460
Fair value of foreign currency derivatives	8,294	3,895	-	-	8,294	3,895
Fair value of fuel price derivatives	7,606	-	-	-	7,606	-
Subtotal of hedging assets	32,393	23,355	-	-	32,393	23,355
(c) Derivatives not recognized as a hedge						
Foreign currency derivatives not recognized as a hedge	17,362	19,396	-	-	17,362	19,396
Subtotal of derivatives not recognized as a hedge	17,362	19,396	-	-	17,362	19,396
Total Other Financial Assets	486,401	383,984	57,210	58,700	543,611	442,684

The different derivative hedging contracts maintained by the Company at the end of each period are described in Note 19.

NOTE 12 - OTHER NON-FINANCIAL ASSETS

The composition of other non-financial assets is as follows:

	Current assets		Non-current assets		Total Assets	
	As of March 31, 2019	As of December 31, 2018	As of March 31, 2019	As of December 31, 2018	As of March 31, 2019	As of December 31, 2018
	ThUS\$ Unaudited	ThUS\$ Restated Unaudited	ThUS\$ Unaudited	ThUS\$ Restated Unaudited	ThUS\$ Unaudited	ThUS\$ Restated Unaudited
(a) Advance payments						
Aircraft insurance and other	9,480	16,483	-	-	9,480	16,483
Others	17,108	20,105	3,417	4,460	20,525	24,565
Subtotal advance payments	26,588	36,588	3,417	4,460	30,005	41,048
(b) Contract assets (1)						
GDS costs	14,410	14,708	-	-	14,410	14,708
Credit card commissions	17,048	21,614	-	-	17,048	21,614
Travel agencies commissions	13,534	12,635	-	-	13,534	12,635
Subtotal advance payments	44,992	48,957	-	-	44,992	48,957
(c) Other assets						
Aircraft maintenance reserve (2)	-	831	51,836	51,836	51,836	52,667
Sales tax	175,665	187,410	39,150	38,186	214,815	225,596
Other taxes	11,582	15,255	-	-	11,582	15,255
Contributions to Société Internationale de Télécommunications Aéronautiques ("SITA")	258	258	739	739	997	997
Judicial deposits	-	-	142,838	132,267	142,838	132,267
Others	-	1,177	54	53	54	1,230
Subtotal other assets	187,505	204,931	234,617	223,081	422,122	428,012
Total Other Non - Financial Assets	259,085	290,476	238,034	227,541	497,119	518,017

(1) Movement of Contracts assets:

	Initial balance	Activation	Adjustments by the application IFRS 15	Difference by conversion	Amortization	Final balance
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
From January 1 to March 31, 2018 (Unaudited)	-	57,919	54,361	-	(69,400)	42,880
From April 1 to December 31, 2018	42,880	122,252	-	(5,020)	(111,155)	48,957
From January 1 to March 31, 2019 (Unaudited)	48,957	48,771	-	(4,937)	(47,799)	44,992

(2) Aircraft maintenance reserves reflect prepayment deposits made by the group to lessors of certain aircraft under operating lease agreements in order to ensure that funds are available to support the scheduled heavy maintenance of the aircraft.

These amounts are calculated based on performance measures, such as flight hours or cycles, are paid periodically (usually monthly) and are contractually required to be repaid to the lessee upon the completion of the required maintenance of the leased aircraft. At the end of the lease term, any unused maintenance reserves are either returned to the Company in cash or used to offset amounts that we may owe the lessor as a maintenance adjustment.

In some cases (five lease agreements), if the maintenance cost incurred by LATAM is less than the corresponding maintenance reserves, the lessor is entitled to retain those excess amounts at the time the heavy maintenance is performed. The Company periodically reviews its maintenance reserves for each of its leased aircraft to ensure that they will be recovered, and recognizes an expense if any such amounts are less than probable of being returned. The cost of aircraft maintenance in the last years has been higher than the related maintenance reserves for all aircraft.

As of March 31, 2019, maintenance reserves amount to ThUS\$ 51,836 (ThUS\$ 52,667 as of December 31, 2018), corresponding to 8 aircraft that maintain remaining balances, which will be settled in the next maintenance or return.

Aircraft maintenance reserves are classified as current or non-current depending on the dates when the related maintenance is expected to be performed (Note 2.23).

NOTE 13 - NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Non-current assets and groups in expropriation held for sale at March 31, 2019 and December 31, 2018, are detailed below:

	As of March 31, <u>2019</u> ThUS\$ Unaudited	As of December 31, <u>2018</u> ThUS\$
Current assets		
Aircraft	-	265
Engines and rotables	1,852	5,299
Other assets	<u>154</u>	<u>204</u>
Total	<u><u>2,006</u></u>	<u><u>5,768</u></u>

The balances are presented at the lower of book value and fair value less cost to sell. The fair value of these assets was determined based on quoted prices in active markets for similar assets or liabilities. This is a level II measurement as per the fair value hierarchy set out in note 3.3 (2). There were no transfers between levels for recurring fair value measurements during the year.

(a) Assets reclassified from Property, plant and equipment to Non-current assets or groups of assets for disposal classified as held for sale

As of March 31, 2019, adjustments were recognized for ThUS\$ 200.0 to register these assets at their net realizable value.

Additionally, during the period 2019, the sale of one motor spare Boeing 767 was produced.

(b) Assets reclassified from Inventories to Non-current assets or groups of assets for disposal classified as held for sale

During in the first quarter of 2017, technical stocks of the fleet Airbus A330, were reclassified from Inventories to Non-current assets or groups of assets for disposal classified as held for sale.

As of March 31, 2019, has been recognized of US \$ 3.1 million to record these assets at their net realizable value.

NOTE 14 - INVESTMENTS IN SUBSIDIARIES

(a) Investments in subsidiaries

The Company has investments in companies recognized as investments in subsidiaries. All the companies defined as subsidiaries have been consolidated within the financial statements of LATAM Airlines Group S.A. and Subsidiaries. The consolidation also includes special-purpose entities.

Detail of significant subsidiaries and summarized financial information:

Name of significant subsidiary	Country of incorporation	Functional currency	Ownership	
			As of March 31, 2019	As of December 31, 2018
			% Unaudited	%
Lan Perú S.A.	Peru	US\$	70.00000	70.00000
Lan Cargo S.A.	Chile	US\$	99.89803	99.89803
Lan Argentina S.A.	Argentina	ARS	99.86560	99.86560
Transporte Aéreo S.A.	Chile	US\$	100.00000	100.00000
Aerolane Líneas Aéreas Nacionales del Ecuador S.A.	Ecuador	US\$	100.00000	100.00000
Aerovías de Integración Regional, AIRES S.A.	Colombia	COP	99.19061	99.19061
TAM S.A.	Brazil	BRL	99.99938	99.99938

The consolidated subsidiaries do not have significant restrictions for transferring funds to controller.

Summary financial information of significant subsidiaries

Name of significant subsidiary	Statement of financial position as of March 31, 2019						Results for the period ended March 31, 2019	
	Total Assets	Current Assets	Non-current Assets	Total Liabilities	Current Liabilities	Non-current Liabilities	Revenue	Net Income
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Unaudited						Unaudited	
Lan Perú S.A.	348,683	309,400	39,283	347,032	345,576	1,456	282,733	(3,266)
Lan Cargo S.A.	654,634	367,145	287,489	476,696	435,526	41,170	67,892	1,341
Lan Argentina S.A.	317,763	311,032	6,731	80,961	78,586	2,375	61,734	(10,813)
Transporte Aéreo S.A.	352,229	94,153	258,076	148,121	48,142	99,979	85,610	1,903
Aerolane Líneas Aéreas Nacionales del Ecuador S.A.	108,242	96,325	11,917	98,226	87,848	10,378	59,551	1,097
Aerovías de Integración Regional, AIRE S.A.	112,931	51,001	61,930	77,354	69,035	8,319	68,878	(3,393)
TAM S.A. (*)	4,370,696	1,962,007	2,408,689	3,283,500	1,919,200	1,364,300	1,141,875	(98,911)

Name of significant subsidiary	Statement of financial position as of December 31, 2018						Results for the period ended March 31, 2018	
	Total Assets	Current Assets	Non-current Assets	Total Liabilities	Current Liabilities	Non-current Liabilities	Revenue	Net Income
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Restated Unaudited						Restated Unaudited	
Lan Perú S.A.	419,325	379,490	39,835	409,221	406,159	3,062	292,954	2,732
Lan Cargo S.A.	513,367	243,499	269,868	336,715	292,399	44,316	64,885	(34,248)
Lan Argentina S.A.	243,230	235,919	7,311	239,234	236,786	2,448	111,013	37,410
Transporte Aéreo S.A.	331,496	72,597	258,899	129,233	28,277	100,956	89,652	(17,490)
Aerolane Líneas Aéreas Nacionales del Ecuador S.A.	108,735	96,564	12,171	98,238	89,921	8,317	57,204	1,995
Aerovías de Integración Regional, AIRE S.A.	116,352	55,865	60,487	77,984	69,150	8,834	75,501	8,804
TAM S.A. (*)	4,420,546	2,007,830	2,412,716	3,256,017	1,832,796	1,423,221	1,211,235	358,616

(*) Corresponds to consolidated information of TAM S.A. and Subsidiaries

(b) Non-controlling

Equity	Tax No.	Country of origin	As of	As of	As of	As of
			March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
			%	%	ThUS\$	ThUS\$
			Unaudited		Unaudited	Restated
						Unaudited
Lan Perú S.A	0-E	Peru	30.00000	30.00000	499	3,032
Lan Cargo S.A. and Subsidiaries	93.383.000-4	Chile	0.10196	0.10196	476	(101)
Inversora Cordillera S.A. and Subsidiaries	0-E	Argentina	0.13940	0.13940	19,661	8,684
Lan Argentina S.A.	0-E	Argentina	0.02890	0.02890	(405)	(472)
Americonsult de Guatemala S.A.	0-E	Guatemala	1.00000	1.00000	1	1
Americonsult S.A. and Subsidiaries	0-E	Mexico	0.20000	0.20000	(2)	1
Americonsult Costa Rica S.A.	0-E	Costa Rica	1.00000	1.00000	12	11
Línea Aérea Carguera de Colombiana S.A.	0-E	Colombia	10.00000	10.00000	(1,030)	(462)
Aerolíneas Regionales de Integración Aires S.A.	0-E	Colombia	0.79880	0.79880	349	378
Transportes Aereos del Mercosur S.A.	0-E	Paraguay	5.02000	5.02000	1,921	1,740
Multiplus S.A.	0-E	Brazil	27.26000	27.26000	72,691	67,096
Total					<u>94,173</u>	<u>79,908</u>
Incomes	Tax No.	Country of origin	For the period ended		For the period ended	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
			%	%	ThUS\$	ThUS\$
			Unaudited		Unaudited	
Lan Perú S.A	0-E	Peru	30.00000	30.00000	(2,000)	3,533
Lan Cargo S.A. and Subsidiaries	93.383.000-4	Chile	0.10196	0.10196	9	12
Promotora Aerea Latinoamericana S.A. and Subsidiaries	0-E	Mexico	0.00000	51.00000	-	261
Inversora Cordillera S.A. and Subsidiaries	0-E	Argentina	0.13940	0.13940	82	-
Lan Argentina S.A.	0-E	Argentina	0.02890	0.02842	19	-
Americonsult S.A. and Subsidiaries	0-E	Mexico	0.00000	0.20000	(2)	-
Línea Aérea Carguera de Colombiana S.A.	0-E	Colombia	10.00000	10.00000	(569)	58
Aerolíneas Regionales de Integración Aires S.A.	0-E	Colombia	0.79880	0.80944	(27)	(2)
Transportes Aereos del Mercosur S.A.	0-E	Paraguay	5.02000	5.02000	239	220
Multiplus S.A.	0-E	Brazil	27.26000	27.26000	5,726	9,601
Total					<u>3,477</u>	<u>13,683</u>

(*) On February 28, 2019, the company TAM, a subsidiary of LATAM Airlines Group SA, received an official letter from the Comissão de Valores Mobiliários, in which it communicates the acceptance to the request for registration of the public offer for the acquisition of the shares of its subsidiary Multiplus SA, corresponding to the minority shareholders of said company, which will give rise to the cancellation of the registration and exit of the special trading segment called "Novo Mercado".

NOTE 15 - INTANGIBLE ASSETS OTHER THAN GOODWILL

The details of intangible assets are as follows:

	Classes of intangible assets (net)		Classes of intangible assets (gross)	
	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Airport slots	824,523	828,969	824,523	828,969
Loyalty program	272,878	274,420	272,878	274,420
Computer software	177,330	156,038	564,749	529,009
Developing software	132,646	151,853	132,646	151,853
Trademarks (1)	26,541	29,361	53,091	53,391
Other assets	406	431	1,315	1,325
Total	<u>1,434,324</u>	<u>1,441,072</u>	<u>1,849,202</u>	<u>1,838,967</u>

Movement in Intangible assets other than goodwill:

	Computer software Net ThUS\$	Developing software ThUS\$	Airport slots (2) ThUS\$	Trademarks and loyalty program (1) (2) ThUS\$	Total ThUS\$
Opening balance as of January 1, 2018	160,970	123,415	964,513	368,349	1,617,247
Additions	750	19,084	-	-	19,834
Withdrawals	(27)	(2)	-	-	(29)
Transfer software	35,956	(35,960)	-	-	(4)
Foreing exchange	(340)	(147)	(4,405)	(1,751)	(6,643)
Amortization	(12,590)	-	-	(3,112)	(15,702)
Closing balance as of March 31, 2018 (Unaudited)	<u>184,719</u>	<u>106,390</u>	<u>960,108</u>	<u>363,486</u>	<u>1,614,703</u>
Opening balance as of April 1, 2018	184,719	106,390	960,108	363,486	1,614,703
Additions	42	75,216	-	-	75,258
Withdrawals	(376)	(122)	-	-	(498)
Transfer software	23,719	(25,127)	-	-	(1,408)
Foreing exchange	(9,796)	(4,504)	(131,139)	(51,770)	(197,209)
Amortization	(41,959)	-	-	(7,935)	(49,894)
Hyperinflation Argentina	62	-	-	-	62
Adjustment application IAS 29 by hyperinflation Argentina	58	-	-	-	58
Closing balance as of December 31, 2018	<u>156,469</u>	<u>151,853</u>	<u>828,969</u>	<u>303,781</u>	<u>1,441,072</u>
Opening balance as of January 1, 2019	156,469	151,853	828,969	303,781	1,441,072
Additions	139	18,150	-	-	18,289
Withdrawals	-	(10)	-	-	(10)
Transfer software	37,007	(37,075)	-	-	(68)
Foreing exchange	(431)	(272)	(4,446)	(1,707)	(6,856)
Amortization	(15,448)	-	-	(2,655)	(18,103)
Closing balance as of March 31, 2019 (Unaudited)	<u>177,736</u>	<u>132,646</u>	<u>824,523</u>	<u>299,419</u>	<u>1,434,324</u>

- 1) In 2016, the Company resolved to adopt a unique name and identity, and announced that the group's brand will be LATAM, which united all the companies under a single image.

The estimate of the new useful life is 5 years, equivalent to the period necessary to complete the change of image.

2) See Note 2.5

The amortization of each period is recognized in the consolidated income statement in the administrative expenses. The cumulative amortization of computer programs and brands as of March 31, 2019, amounts to ThUS \$ 457,162 (ThUS \$ 439,059 as of December 31, 2018).

NOTE 16 – GOODWILL

Goodwill as of March 31, 2019, amounts to ThUS \$ 2,283,269 (ThUS \$ 2,294,072 as of December 31, 2018). The goodwill movement, separated by CGU, includes the following:

Movement of Goodwill, separated by CGU:	Air Transport	Coalition and loyalty program Multiplus	Total
	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2018	2,146,692	525,858	2,672,550
Increase (decrease) due to exchange rate differences	(4,838)	(2,500)	(7,338)
Closing balance as of March 31, 2018 (Unaudited)	<u>2,141,854</u>	<u>523,358</u>	<u>2,665,212</u>
Opening balance as of April 1, 2018	2,141,854	523,358	2,665,212
Increase (decrease) due to exchange rate differences	(295,365)	(74,422)	(369,787)
Adjustment IAS 29, hyperinflation Argentina	335	-	335
Others	(1,688)	-	(1,688)
Closing balance as of December 31, 2018	<u>1,845,136</u>	<u>448,936</u>	<u>2,294,072</u>
Opening balance as of January 1, 2019	1,845,136	448,936	2,294,072
Increase (decrease) due to exchange rate differences	(8,280)	(2,523)	(10,803)
Closing balance as of March 31, 2019 (Unaudited)	<u>1,836,856</u>	<u>446,413</u>	<u>2,283,269</u>

The Company has two cash-generating units (CGUs), “Air transportation” and, “Coalition and loyalty program Multiplus”. The CGU "Air transport" considers the transport of passengers and cargo, both in the domestic markets of Chile, Peru, Argentina, Colombia, Ecuador and Brazil, and in a developed series of regional and international routes in America, Europe and Oceania, while the CGU "Coalition and loyalty program Multiplus" works with an integrated network associated companies in Brazil.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of expected cash flows, 5 years after tax, which are based on the budget approved by the Board. Cash flows beyond the budget period are extrapolated using the estimated growth rates, which do not exceed the average rates of long-term growth.

Management establish rates for annual growth, discount, inflation and exchange for each cash generating, as well as fuel prices, based on their key assumptions. The annual growth rate is based on past performance and management's expectations over market developments in each country where it operates. The discount rates used are in American Dollars for the CGU "Air transportation" and Brazilian Reals for CGU "Program coalition loyalty Multiplus", both after taxes and reflect specific risks related to each country where the Company operates. Inflation and exchange rates are based on available data for each country and the information provided by the Central Bank of each country, and the fuel price is determined based on estimated production levels, competitive environment market in which they operate and its business strategy.

As of December 31, 2018 the recoverable values were determined using the following assumptions presented below:

		Air transportation CGU	Coalition and loyalty program Multiplus CGU (2)
Annual growth rate (Terminal)	%	1.0 - 2.0	4.0 - 5.0
Exchange rate (1)	R\$/US\$	3.7 - 4.6	3.5 - 4.3
Discount rate based on the weighted average cost of capital (WACC)	%	8.07 - 10.07	
Discount rate based on cost of equity (CoE)	%	-	12.0 - 13.0
Fuel Price from futures price curves commodities markets	US\$/barrel	75-80	

(1) In line with the expectations of the Central Bank of Brazil

(2) The flows, like the growth and discount rates, are denominated in reais.

The result of the impairment test, which includes a sensitivity analysis of the main variables, showed that the estimated recoverable amount is higher than carrying value of the book value of net assets allocated to the cash generating unit, and therefore impairment was not detected.

CGU's are sensitive to rates for annual growth, discount and exchanges rates. The sensitivity analysis included the individual impact of changes in estimates critical in determining the recoverable amounts, namely:

	Increase Maximum WACC	Increase Maximum CoE	Decrease Minimum terminal growth rate
Air transportation CGU	%	%	%
	10.07	-	1.0
Coalition and loyalty program Multiplus CGU	-	13.00	4.0

In none of the previous cases impairment in the cash- generating unit was presented.

As of March 31, 2019, no impairment indicator have been identified either for the CGU Multiplus coalition and loyalty program and for the Air Transport CGU that require impairment test.

NOTE 17 - PROPERTY, PLANT AND EQUIPMENT

The composition by category of Property, plant and equipment is as follows:

	Gross Book Value		Acumulated depreciation		Net Book Value	
	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited
Construction in progress (1)	605,854	630,320	-	-	605,854	630,320
Land	53,166	45,424	-	-	53,166	45,424
Buildings	179,691	179,907	(68,795)	(67,342)	110,896	112,565
Plant and equipment	13,460,687	13,333,837	(4,482,807)	(4,361,337)	8,977,880	8,972,500
Own aircraft	12,686,766	12,595,223	(4,212,763)	(4,096,975)	8,474,003	8,498,248
Other (2)	773,921	738,614	(270,044)	(264,362)	503,877	474,252
Machinery	34,045	34,253	(27,939)	(27,659)	6,106	6,594
Information technology equipment	161,855	160,936	(140,096)	(138,372)	21,759	22,564
Fixed installations and accessories	182,717	182,629	(114,215)	(111,620)	68,502	71,009
Motor vehicles	68,001	69,653	(59,602)	(60,531)	8,399	9,122
Leasehold improvements	224,280	211,322	(132,903)	(128,055)	91,377	83,267
Right of use	5,159,191	4,987,953	(2,537,630)	(2,439,509)	2,621,561	2,548,444
Aircraft	4,932,850	4,761,529	(2,397,737)	(2,305,195)	2,535,113	2,456,334
Other assets	226,341	226,424	(139,893)	(134,314)	86,448	92,110
Total	<u>20,129,487</u>	<u>19,836,234</u>	<u>(7,563,987)</u>	<u>(7,334,425)</u>	<u>12,565,500</u>	<u>12,501,809</u>

(1) As of March 31, 2019, includes advances paid to aircraft manufacturers for ThUS\$ 560,967 (ThUS\$ 612,236 as of December 31, 2018)

(2) Consider mainly rotables and tools.

a) Movement in the different categories of Property, plant and equipment:

	Construction in progress	Land	Buildings net	Plant and equipment net	Information technology equipment net	Fixed installations & accessories net	Motor vehicles net	Leasehold improvements net	Rights of use net	Property, Plant and equipment net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2018										
Restated (Unaudited)	556,822	49,780	124,548	9,138,591	30,156	80,777	436	84,225	2,865,317	12,930,652
Additions	1,210	-	-	136,598	2,729	51	3	-	70,963	211,554
Disposals	-	-	(791)	-	-	(45)	-	-	-	(836)
Retirements	(6)	-	-	(6,844)	(86)	(22)	-	(4)	-	(6,962)
Depreciation expenses	-	-	(1,614)	(180,588)	(3,376)	(3,348)	(45)	(7,188)	(97,645)	(293,804)
Foreing exchange	(6)	(105)	(128)	(3,026)	(58)	(111)	(1)	(81)	(207)	(3,723)
Other increases (decreases)	41,342	-	-	3,869	5	2,802	-	8,753	(2,434)	54,337
Changes, total	42,540	(105)	(2,533)	(49,991)	(786)	(673)	(43)	1,480	(29,323)	(39,434)
Closing balance as of March 31, 2018										
Restated (Unaudited)	599,362	49,675	122,015	9,088,600	29,370	80,104	393	85,705	2,835,994	12,891,218
Opening balance as of April 1, 2018										
Restated (Unaudited)	599,362	49,675	122,015	9,088,600	29,370	80,104	393	85,705	2,835,994	12,891,218
Additions	6,717	-	-	498,768	2,266	13	21	20,410	255,335	783,530
Disposals	-	(8)	(622)	(4,747)	(30)	(28)	(14)	-	-	(5,449)
Retirements	(74)	-	(19)	(56,929)	(8)	(5)	-	-	-	(57,035)
Depreciation expenses	-	-	(4,605)	(524,989)	(8,301)	(9,190)	(101)	(20,578)	(293,493)	(861,257)
Foreing exchange	(707)	(4,243)	(4,116)	(91,461)	(1,760)	(8,388)	(27)	(2,270)	(13,544)	(126,516)
Other increases (decreases)	24,649	-	(88)	74,472	728	7,392	273	-	(235,848)	(128,422)
Hyperinflation Argentina	373	-	-	3,868	299	1,111	89	-	-	5,740
Changes, total	30,958	(4,251)	(9,450)	(101,018)	(6,806)	(9,095)	241	(2,438)	(287,550)	(389,409)
Closing balance as of December 31, 2018										
Restated (Unaudited)	630,320	45,424	112,565	8,987,582	22,564	71,009	634	83,267	2,548,444	12,501,809
Opening balance as of January 1, 2019										
(Restated Unaudited)	630,320	45,424	112,565	8,987,582	22,564	71,009	634	83,267	2,548,444	12,501,809
Additions	6,879	7,950	-	188,281	1,442	13	14	13,127	171,629	389,335
Disposals	-	-	-	(28)	-	-	(11)	-	-	(39)
Retirements	-	-	-	(9,661)	-	-	-	-	-	(9,661)
Depreciation expenses	-	-	(1,521)	(186,049)	(2,363)	(2,908)	(27)	(4,950)	(97,819)	(295,637)
Foreing exchange	(92)	(208)	(148)	(3,835)	95	(339)	(115)	(67)	(693)	(5,402)
Other increases (decreases)	(31,253)	-	-	15,600	21	727	-	-	-	(14,905)
Changes, total	(24,466)	7,742	(1,669)	4,308	(805)	(2,507)	(139)	8,110	73,117	63,691
Closing balance as of March 31, 2019										
(Unaudited)	605,854	53,166	110,896	8,991,890	21,759	68,502	495	91,377	2,621,561	12,565,500

(b) Composition of the fleet:

Aircraft	Model	Aircraft included in Property, plant and equipment		Aircraft included as Rights of use assets		Total fleet	
		As of March 31, 2019 Unaudited	As of December 31, 2018	As of March 31, 2019 Unaudited	As of December 31, 2018	As of March 31, 2019 Unaudited	As of December 31, 2018
Boeing 767	300ER	33	33	2	2	35	35
Boeing 767	300F	9 (1)	9 (1)	1	1	10 (1)	10 (1)
Boeing 777	300ER	4	4	6	6	10	10
Boeing 777	200ER	-	-	2	2	2	2
Boeing 787	800	6	6	4	4	10	10
Boeing 787	900	4	4	10	10	14	14
Airbus A319	100	37	37	9	9	46	46
Airbus A320	200	97 (2)	97 (2)	33	34	130 (2)	131 (2)
Airbus A320	NEO	1	1	5	3	6	4
Airbus A321	200	30	30	19	19	49	49
Airbus A350	900	5 (3)	5 (3)	5	4 (3)	10 (3)	9 (3)
Total		226	226	96	94	322	320

(1) One aircraft leased to Aerotransportes Mas de Carga S.A. de C.V. to December 2018

(2) Three aircraft leased to Salam Air and two to Sundair

(3) Three aircraft leased to Qatar Air. Two in rights of use assets and one in Property, plant and equipment.

(c) Method used for the depreciation of Property, plant and equipment:

	Method	Useful life (years)	
		minimum	maximum
Buildings	Straight line without residual value	20	50
Plant and equipment	Straight line with residual value of 20% in the short-haul fleet and 36% in the long-haul fleet. (*)	5	30
Information technology equipment	Straight line without residual value	5	10
Fixed installations and accessories	Straight line without residual value	10	10
Motor vehicle	Straight line without residual value	10	10
Leasehold improvements	Straight line without residual value	5	5
Assets for rights of use	Straight line without residual value	1	25

(*) Except in the case of the Boeing 767 300ER and Boeing 767 300F fleets that consider a lower residual value due to the extension of their useful life to 22 and 30 years respectively. Additionally, certain technical components are depreciated based on cycles and hours flown.

The aircraft with remarketing clause (***) under modality of financial leasing, which are depreciated according to the duration of their contracts, between 12 and 18 years. Its residual values are estimated according to market value at the end of such contracts.

(***) Aircraft with remarketing clause are those that are required to sell at the end of the contract.

As of March 31, 2019, the charge to income for the depreciation of the period, which is included in the consolidated statement of income, amounts to ThUS \$ 295,637 and ThUS \$ 293,804 for the

same period of the year 2018; those amounts include depreciation of assets for right of use, for ThUS \$ 97,819 and ThUS \$ 97,645, respectively). This expense is recognized in the cost of sales and administrative expenses of the consolidated statement of income.

(d) Additional information regarding Property, plant and equipment:

(i) Property, plant and equipment pledged as guarantee:

Description of Property, plant and equipment pledged as guarantee:

Guarantee agent (1)	Assets committed	Fleet	As of March 31, 2019		As of December 31, 2018	
			Existing Debt	Book Value	Existing Debt	Book Value
			ThUS\$	ThUS\$	ThUS\$	ThUS\$
			Unaudited			
Wilmington Trust Company	Aircraft and engines	Airbus A319	90,721	241,199	96,057	234,329
		Airbus A320	91,839	232,080	98,903	220,390
		Airbus A321 / A350	574,642	673,110	587,382	682,639
		Boeing 767	77,527	207,325	82,793	206,868
		Boeing 787	653,688	726,276	672,065	736,858
Banco Santander S.A.	Aircraft and engines	Airbus A320	-	-	172,474	275,511
		Airbus A321	-	-	25,661	41,957
BNP Paribas	Aircraft and engines	Airbus A319	8,990	18,662	26,702	45,520
Credit Agricole	Aircraft and engines	Airbus A319	10,495	38,550	11,154	31,865
		Airbus A320	143,960	152,954	134,328	132,301
		Airbus A350	22,439	24,815	22,439	24,939
		Boeing 767	18,697	38,510	21,830	43,568
		Boeing 787	74,023	40,724	74,023	42,228
Wells Fargo	Aircraft and engines	Airbus A320	-	-	196,540	285,877
Bank of Utah	Aircraft and engines	Airbus A320 / A350	544,716	611,821	556,019	630,065
Natixis	Aircraft and engines	Airbus A320	191,055	247,335	-	-
		Airbus A321	123,222	157,463	324,524	410,771
Citibank N. A.	Aircraft and engines	Airbus A320	73,761	130,359	78,049	132,296
		Airbus A321	27,129	67,553	28,938	70,333
PK AirFinance US, Inc.	Aircraft and engines	Airbus A320	-	-	37,615	52,435
Banco BBVA	Land and buildings (3)		51,805	63,898	50,785	64,500
Total direct guarantee			<u>2,778,709</u>	<u>3,672,634</u>	<u>3,298,281</u>	<u>4,365,250</u>

(1) For syndicated loans, is the Guarantee Agent that, represent different creditors.

(2) Corresponds to a debt classified in item loans to exporters (see Note 19).

The amounts of the current debt are presented at their nominal value. The book value corresponds to the goods granted as collateral.

Additionally, there are indirect guarantees associated with assets registered in properties, plants and equipment whose total debt as of March 31, 2019, amounts to ThUS\$ 1,960,083 (ThUS\$ 1,633,504 as of December 31, 2018). The book value of the assets with indirect guarantees as of March 31, 2019, amounts to ThUS\$ 3,860,613 (ThUS\$ 3,258,950 as of December 31, 2018).

As of March 31, 2019, the Company keeps valid letters of credit related to assets by right of use according to the following detail:

Creditor Guarantee	Debtor	Type	Value ThUS\$	Release date
GE Capital Aviation Services Limited	Lan Cargo S.A.	One letter of credit	1,100	Nov 30, 2019
Avolon Aerospace AOE 62 Limited	LATAM Airlines Group S.A.	Three letter of credit	2,167	Sep 30, 2019
ACS Aero 1 Alpha Limited	LATAM Airlines Group S.A.	One letter of credit	3,255	Aug 31, 2019
Bank of Utah	LATAM Airlines Group S.A.	One letter of credit	2,000	Mar 24, 2020
GE Capital Aviation Services Ltd.	LATAM Airlines Group S.A.	Three letter of credit	14,327	Dec 6, 2019
ORIX Aviation Systems Limited	LATAM Airlines Group S.A.	Three letter of credit	8,004	Sep 30, 2019
Sky High XXIV Leasing Company	LATAM Airlines Group S.A.	Eight letter of credit	6,831	Aug 5, 2019
Wells Fargo Bank	LATAM Airlines Group S.A.	Eight letter of credit	13,505	Sep 30, 2019
Merlin Aviation Leasing (Ireland) 18 Limited	Tam Linhas Aéreas S.A.	One letter of credit	3,000	Mar 1, 2020
Shapphire Leasing (AOE) Limited	Tam Linhas Aéreas S.A.	One letter of credit	7,000	Oct 25, 2019
			61,189	

(ii) Commitments and others

Fully depreciated assets and commitments for future purchases are as follows:

	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Gross book value of fully depreciated property, plant and equipment still in use	197,906	192,606
Commitments for the acquisition of aircraft (*)	14,000,000	14,400,000

(*) According to the manufacturer's price list.

Purchase commitment of aircraft

Manufacturer	Year of delivery					Total
	2019	2020	2021	2022	2023-2026	
Airbus S.A.S.	10	9	13	11	21	64
A320-NEO	7	5	6	5	7	30
A321-NEO	-	4	5	4	6	19
A350-1000	-	-	-	-	8	8
A350-900	3	-	2	2	-	7
The Boeing Company	2	2	2	-	4	10
Boeing 777-F	-	-	-	-	2	2
Boeing 787-9	2	2	2	-	2	8
Total	12	11	15	11	25	74

As of March 31, 2019, as a result of the different aircraft purchase contracts and agreements signed with Airbus SAS, there are remaining to receive 49 Airbus aircraft of the A320 family, with deliveries between 2018 and 2024, and 15 Airbus aircraft of the A350 family with dates delivery

between 2018 and 2026. The approximate amount, according to manufacturer's list prices, is ThUS\$ 11,000,000.

As of March 31, 2019, as a result of the different aircraft purchase contracts signed with The Boeing Company, there are remaining 8 Boeing 787 Dreamliner aircraft, with delivery dates between 2019 and 2023, and 2 Boeing 777-300 Freighter aircraft, with delivery scheduled for the year 2024. The approximate amount, according to manufacturer's list prices, is ThUS\$ 3,000,000.

Additionally, during 2019 the Company signed a contract to rent 10 aircraft Airbus A320-200 with delivery since second quarter of this year.

(iii) Capitalized interest costs with respect to Property, plant and equipment.

		For the period ended	
		March 31,	
		2019	2018
		Unaudited	
Average rate of capitalization of			
capitalized interest costs	%	3.95	4.47
Costs of capitalized interest	ThUS\$	7,060	5,456

NOTE 18 - CURRENT AND DEFERRED TAXES

In the period ended March 31, 2019, the income tax provision was calculated for such period, applying the partially integrated taxation system and a rate of 27%, in accordance with the Law No. 20,780 published in the Official Journal of the Republic of Chile on September 29, 2014.

The effect in the income statement for deferred tax corresponds to the variation of the year, of the assets and liabilities for deferred taxes generated by temporary differences and tax losses.

There are the permanent differences that give rise to an accounting value of the assets and liabilities other than their tax value, no deferred tax has been recorded since they are caused by transactions that are recorded in the financial statements and that will not affect the expense tax for income tax.

(a) Current taxes

(a.1) The composition of the current tax assets is the following:

	Current assets		Non-current assets		Total assets	
	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Provisional monthly payments (advances)	46,003	48,480	-	-	46,003	48,480
Other recoverable credits	18,010	20,654	757	757	18,767	21,411
Total assets by current tax	<u>64,013</u>	<u>69,134</u>	<u>757</u>	<u>757</u>	<u>64,770</u>	<u>69,891</u>

(a.2) The composition of the current tax liabilities are as follows:

	Current liabilities		Non-current liabilities		Total liabilities	
	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Income tax provision	3,699	3,738	-	-	3,699	3,738
Total liabilities by current tax	<u>3,699</u>	<u>3,738</u>	<u>-</u>	<u>-</u>	<u>3,699</u>	<u>3,738</u>

(b) Deferred taxes

The balances of deferred tax are the following:

Concept	Assets		Liabilities	
	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$ Restated Unaudited
Properties, Plants and equipment	160,967	150,831	1,750,488	1,733,327
Assets by right of use	272	202	(121,402)	(85,550)
Amortization	(938)	(983)	54,191	55,880
Provisions	(89,728)	(38,303)	(53,847)	(75,631)
Revaluation of financial instruments	(177)	445	(2,402)	458
Tax losses	210,494	170,980	(1,187,730)	(1,198,170)
Intangibles	-	-	334,575	351,238
Others	(9,240)	(9,643)	5,078	5,019
Total	<u>271,650</u>	<u>273,529</u>	<u>778,951</u>	<u>786,571</u>

The balance of deferred tax assets and liabilities are composed primarily of temporary differences to be reversed in the long term.

Movements of Deferred tax assets and liabilities

(a) From January 1 to March 31, 2018 Restated (Unaudited)

	Opening balance	Recognized in consolidated	Recognized in comprehensive	Exchange rate	Ending balance
	Assets/(liabilities)	income	income		Asset (liability)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Property, plant and equipment	(1,568,764)	(27,696)	-	195	(1,596,265)
Assets for right of use	75,849	3,511	-	-	79,360
Amortization	(54,820)	(1,124)	-	55	(55,889)
Provisions	(10,461)	(22,385)	(260)	(1,514)	(34,620)
Revaluation of financial instruments	3,750	6,364	(2,297)	(38)	7,779
Tax losses	1,479,560	1,217	-	(398)	1,480,379
Intangibles	(406,536)	29,721	-	(2,150)	(378,965)
Others	(28,405)	20,931	-	(101)	(7,575)
Total	(509,827)	10,539	(2,557)	(3,951)	(505,796)

(b) From April 1 to December 31, 2018 Restated (Unaudited)

	Opening balance	Recognized in consolidated	Recognized in comprehensive	Exchange rate	Ending balance
	Assets/(liabilities)	income	income	variation	Asset (liability)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Property, plant and equipment	(1,596,265)	7,961	-	5,808	(1,582,496)
Assets for right of use	79,360	6,392	-	-	85,752
Amortization	(55,889)	(2,611)	-	1,637	(56,863)
Provisions	(34,620)	115,189	1,827	(45,068)	37,328
Revaluation of financial instruments	7,779	(8,690)	2,028	(1,130)	(13)
Tax losses	1,480,379	(99,371)	-	(11,858)	1,369,150
Intangibles	(378,965)	(9,721)	-	37,448	(351,238)
Others	(7,575)	(4,078)	-	(3,009)	(14,662)
Total	(505,796)	5,071	3,855	(16,172)	(513,042)

(c) From January 1 to March 31, 2019 (Unaudited)

	Opening balance	Recognized in consolidated	Recognized in comprehensive	Exchange rate	Ending balance
	Assets/(liabilities)	income	income	variation	Asset (liability)
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Property, plant and equipment	(1,582,496)	(7,222)	-	197	(1,589,521)
Assets for right of use	85,752	35,922	-	-	121,674
Amortization	(56,863)	1,679	-	55	(55,129)
Provisions	37,328	(72,336)	655	(1,528)	(35,881)
Revaluation of financial instruments	(13)	1,850	426	(38)	2,225
Tax losses	1,369,150	29,476	-	(402)	1,398,224
Intangibles	(351,238)	14,647	-	2,016	(334,575)
Others	(14,662)	(1,056)	-	1,400	(14,318)
Total	(513,042)	2,960	1,081	1,700	(507,301)

Deferred tax assets not recognized:	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Tax losses	199,582	137,761
Total Deferred tax assets not recognized	<u>199,582</u>	<u>137,761</u>

Deferred tax assets due to negative tax results are recognized to the extent that the corresponding tax benefit is probable in the future. As a result, as of March 31, 2019, the Company no longer recognizes deferred tax assets for ThUS \$ 199,582 (ThUS \$ 137,761 as of December 31, 2018) with respect to losses of ThUS \$ 622,275 (ThUS \$ 447,150 at December 31, 2018).

Deferred tax expense and current income taxes:

	For the period ended March 31,	
	2019 ThUS\$ Unaudited	2018 ThUS\$ Restated Unaudited
Current tax expense		
Current tax expense	16,001	39,696
Total current tax expense, net	<u>16,001</u>	<u>39,696</u>
Deferred tax expense		
Deferred expense for taxes related to the creation and reversal of temporary differences	(2,960)	3,517
Total deferred tax expense, net	<u>(2,960)</u>	<u>3,517</u>
Income tax expense	<u>13,041</u>	<u>43,213</u>

Composition of income tax expense (income):

	For the period ended March 31,	
	2019 ThUS\$ Unaudited	2018 ThUS\$ Restated Unaudited
Current tax expense, net, foreign	15,721	38,966
Current tax expense, net, Chile	280	730
Total current tax expense, net	<u>16,001</u>	<u>39,696</u>
Deferred tax expense, net, foreign	(1,823)	(208)
Deferred tax expense, net, Chile	(1,137)	3,725
Deferred tax expense, net, total	<u>(2,960)</u>	<u>3,517</u>
Income tax expense	<u>13,041</u>	<u>43,213</u>

Profit before tax by the legal tax rate in Chile (27% at March 31, 2019 and 2018)

	For the period ended March 31,		For the period ended March 31,	
	2019	2018	2019	2018
	ThUS\$	ThUS\$	%	%
	Unaudited	Restated Unaudited	Unaudited	Restated Unaudited
Tax expense using the legal rate	(8,238)	38,850	27.00	27.00
Tax effect of rates in other jurisdictions	(5,918)	6,588	19.39	4.58
Tax effect of non-taxable operating revenues	(631)	97	2.07	0.07
Tax effect of disallowable expenses	18,932	4,023	(62.04)	2.80
Tax effect of due to the non-use of tax losses	-	1,087	-	0.76
Other increases (decreases) in legal tax charge	8,896	(7,432)	(29.15)	(5.17)
Total adjustments to tax expense using the legal rate	21,279	4,363	(69.73)	3.04
Tax expense using the effective rate	13,041	43,213	(42.73)	30.04

Deferred taxes related to items charged to net equity:

	For the period ended March 31,	
	2019	2018
	ThUS\$	ThUS\$
	Unaudited	
Aggregate deferred taxation of components of other comprehensive income	1,081	2,557

NOTE 19 - OTHER FINANCIAL LIABILITIES

The composition of other financial liabilities is as follows:

	As of March 31, 2019	As of December 31, 2018
	ThUS\$ Unaudited	ThUS\$ Restated Unaudited
Current		
(a) Interest bearing loans	1,392,358	1,397,156
(b) Lease Liability	380,473	363,497
(c) Hedge derivatives	4,268	25,921
(d) Derivative non classified as hedge accounting	13,801	7,712
Total current	<u>1,790,900</u>	<u>1,794,286</u>
Non-current		
(a) Interest bearing loans	6,233,328	5,864,570
(b) Lease Liability	2,556,899	2,494,552
(b) Hedge derivatives	243	340
Total non-current	<u>8,790,470</u>	<u>8,359,462</u>
(a) Interest bearing loans		
Obligations with credit institutions and debt instruments:		
	As of March 31, 2019	As of December 31, 2018
	ThUS\$ Unaudited	ThUS\$
Current		
Loans to exporters	379,843	400,721
Bank loans	38,453	37,743
Guaranteed obligations	255,009	324,976
Other guaranteed obligations	97,491	97,143
Subtotal bank loans	<u>770,796</u>	<u>860,583</u>
Obligation with the public	47,290	14,643
Financial leases	475,187	425,100
Other loans	99,085	96,830
Total current	<u>1,392,358</u>	<u>1,397,156</u>
Non-current		
Bank loans	130,071	184,998
Guaranteed obligations (1)	1,798,743	2,209,045
Other guaranteed obligations	553,013	576,309
Subtotal bank loans	<u>2,481,827</u>	<u>2,970,352</u>
Obligation with the public (1)	2,141,046	1,538,436
Financial leases (2)	1,450,433	1,199,754
Other loans	160,022	156,028
Total non-current	<u>6,233,328</u>	<u>5,864,570</u>
Total obligations with financial institutions	<u>7,625,686</u>	<u>7,261,726</u>

(1) On February 11, 2019, LATAM Finance Limited, a company incorporated in the Cayman Islands with limited liability and exclusively owned by LATAM Airlines Group SA, has issued on the international market, pursuant to Rule 144-A and Regulation S of the securities laws of the United States of America, unsecured long-term bonds for a nominal amount of US \$ 600,000,000 at an annual interest rate of 7.00%. The bonds were placed at an issue price of 99.309%. The bonds expire on March 1, 2026, unless they will be redeemed early according to their terms. As reported to the market, the issuance and placement was intended to finance general corporate purposes.

(2) In the period ended March 31, 2019, the Company sold its participation in twenty one special-purpose entities. As a result of this, the classification of the financial liabilities associated with 23 aircraft from bonds guaranteed to finance leases was modified.

All interest-bearing liabilities are recorded according to the effective rate method. Under IFRS, in the case of fixed rate loans, the effective rate determined does not vary over the duration of the loan, whereas in variable rate loans, the effective rate changes to the date of each payment of interest.

Currency balances that make the interest bearing loans:

	As of March 31, 2019	As of December 31, 2018
Currency	ThUS\$	ThUS\$
	Unaudited	
Chilean peso (U.F.)	512,441	500,398
US Dollar	7,113,245	6,761,328
Total	7,625,686	7,261,726

Interest-bearing loans due in installments to March 31, 2019 (Unaudited)
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

Tax No.	Creditor	Creditor country	Currency	Nominal values						Accounting values						Amortization	Effective rate %	Nominal rate %
				Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total nominal value	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total accounting value			
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
Loans to exporters																		
97.032.000-8	BBVA	Chile	ThUS\$	75,000	38,000	-	-	-	113,000	76,261	38,127	-	-	-	114,388	At Expiration	3.48	3.48
97.032.000-8	BBVA	Chile	UF	52,001	-	-	-	-	52,001	52,579	-	-	-	-	52,579	At Expiration	4.11	3.31
97.003.000-K	BANCO DO BRASIL	Chile	ThUS\$	200,000	-	-	-	-	200,000	200,863	-	-	-	-	200,863	At Expiration	3.60	3.60
97.951.000-4	HSBC	Chile	ThUS\$	12,000	-	-	-	-	12,000	12,013	-	-	-	-	12,013	At Expiration	3.15	3.15
Bank loans																		
97.023.000-9	CORPBANCA	Chile	UF	5,592	16,777	11,184	-	-	33,553	5,612	16,777	11,050	-	-	33,439	Quarterly	3.35	3.35
0-E	BLADEX	U.S.A.	ThUS\$	7,500	7,500	-	-	-	15,000	7,809	7,438	-	-	-	15,247	Semiannual	6.75	6.75
97.036.000-K	SANTANDER	Chile	ThUS\$	-	-	51,283	-	-	51,283	115	-	51,283	-	-	51,398	Quarterly	5.40	5.40
76.362.099-9	BTG PACTUAL CHILE	Chile	UF	-	-	67,439	-	-	67,439	121	-	66,596	-	-	66,717	At Expiration	3.10	3.10
Obligations with the public																		
0-E	ESTADO	Chile	UF	-	-	-	176,722	176,722	353,444	6,497	-	-	176,603	176,603	359,703	At Expiration	5.50	5.50
97.030.000-7	BANK OF NEW YORK	U.S.A.	ThUS\$	-	-	500,000	-	1,300,000	1,800,000	35,087	5,706	495,617	-	1,292,223	1,828,633	At Expiration	7.33	7.02
Guaranteed obligations																		
0-E	CREDIT AGRICOLE	France	ThUS\$	660	1,992	5,400	1,370	-	9,422	713	1,992	5,400	1,370	-	9,475	Quarterly	4.32	3.23
0-E	BNP PARIBAS	U.S.A.	ThUS\$	16,189	38,204	115,132	117,641	213,981	501,147	20,768	38,554	111,877	115,842	212,289	499,330	Quarterly	4.42	4.41
0-E	WILMINGTON TRUST	U.S.A.	ThUS\$	21,879	66,057	179,432	227,738	436,963	932,069	27,427	66,056	174,392	225,617	434,768	928,260	Quarterly	4.47	4.47
0-E	CITIBANK	U.S.A.	ThUS\$	10,854	33,024	91,653	65,785	57,274	258,590	11,985	33,024	86,942	63,751	56,047	251,749	Quarterly	3.85	2.96
0-E	NATIXIS	France	ThUS\$	10,357	31,668	89,633	75,862	106,736	314,256	11,303	31,668	87,881	74,934	105,591	311,377	Quarterly	4.56	4.56
0-E	INVESTEC	England	ThUS\$	3,435	6,575	21,855	20,695	-	52,560	4,342	6,683	21,360	20,604	-	52,989	Semiannual	7.23	7.23
-	SWAP Aviones llegados	-	ThUS\$	167	327	78	-	-	572	167	327	78	-	-	572	Quarterly	-	-
Other guaranteed obligations																		
0-E	CREDIT AGRICOLE	France	ThUS\$	-	-	253,962	-	-	253,962	2,780	-	252,342	-	-	255,122	At Expiration	4.54	4.54
0-E	DVB BANK SE	Germany	ThUS\$	23,479	70,816	191,745	97,727	14,881	398,648	23,895	70,816	188,881	97,083	14,707	395,382	Quarterly	4.23	4.23
Financial leases																		
0-E	ING	U.S.A.	ThUS\$	3,734	11,478	7,931	-	-	23,143	3,939	11,478	7,819	-	-	23,236	Quarterly	5.70	5.01
0-E	CREDIT AGRICOLE	France	ThUS\$	12,472	16,270	14,489	-	-	43,231	12,460	16,271	14,489	-	-	43,220	Quarterly	3.71	3.33
0-E	CITIBANK	U.S.A.	ThUS\$	13,347	38,708	74,071	32,823	-	158,949	14,058	38,708	72,491	32,686	-	157,943	Quarterly	4.32	3.73
0-E	PEFCO	U.S.A.	ThUS\$	5,573	9,422	1,926	-	-	16,921	5,693	9,422	1,864	-	-	16,979	Quarterly	5.64	5.02
0-E	BNP PARIBAS	U.S.A.	ThUS\$	8,025	27,071	16,544	-	-	51,640	8,381	27,071	16,350	-	-	51,802	Quarterly	4.08	3.77
0-E	WELLS FARGO	U.S.A.	ThUS\$	31,831	96,472	260,907	224,270	74,187	687,667	34,842	96,472	244,122	218,788	73,162	667,386	Quarterly	2.80	2.11
97.036.000-K	SANTANDER	Chile	ThUS\$	5,604	16,982	46,634	20,227	-	89,447	6,014	16,981	45,687	20,161	-	88,843	Quarterly	3.77	3.23
0-E	RRPF ENGINE	England	ThUS\$	558	2,557	7,216	7,831	4,021	22,183	605	2,557	7,216	7,831	4,021	22,230	Monthly	4.01	4.01
0-E	APPLE BANK	U.S.A.	ThUS\$	1,455	4,420	12,225	11,999	-	30,099	1,667	4,420	11,833	11,922	-	29,842	Quarterly	4.14	3.54
0-E	BTMU	U.S.A.	ThUS\$	2,961	8,965	24,794	23,535	-	60,255	3,215	8,966	24,011	23,389	-	59,581	Quarterly	4.05	3.46
0-E	NATIXIS	France	ThUS\$	3,606	5,048	4,452	-	-	13,106	3,648	5,048	4,452	-	-	13,148	Quarterly	4.19	4.00
0-E	KFW IPEX-BANK	Germany	ThUS\$	1,714	5,235	3,568	-	-	10,517	1,735	5,235	3,568	-	-	10,538	Quarterly	4.23	4.23
0-E	AIRBUS FINANCIAL	U.S.A.	ThUS\$	1,930	5,884	5,687	-	-	13,501	1,964	5,884	5,687	-	-	13,535	Monthly	4.05	4.05
0-E	US BANK	U.S.A.	ThUS\$	15,594	47,318	130,200	136,262	66,804	396,178	17,427	47,318	115,915	130,640	65,301	376,601	Quarterly	4.00	2.82
0-E	PK AIRFINANCE	U.S.A.	ThUS\$	2,361	7,334	25,600	-	-	35,295	2,426	7,334	25,600	-	-	35,360	Monthly	4.18	4.18
Other loans																		
0-E	BOEING	U.S.A.	ThUS\$	-	-	83,592	-	-	83,592	-	2,069	83,592	-	-	85,661	At Expiration	4.29	4.25
0-E	CITIBANK (*)	U.S.A.	ThUS\$	23,316	73,296	76,430	-	-	173,042	23,720	73,296	76,430	-	-	173,446	Quarterly	6.00	6.00
Total				573,194	687,400	2,375,062	1,240,487	2,451,569	7,327,712	642,131	695,698	2,314,825	1,221,221	2,434,712	7,308,587			

Interest-bearing loans due in installments to March 31, 2019 (Unaudited)
Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

Tax No.	Creditor	Creditor country	Currency	Nominal values						Accounting values						Amortization	Effective rate	Nominal rate
				Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total nominal value	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total accounting value			
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
Bank loans																		
0-E	NEDERLANDSCHE CREDITVERZEKERING MAATSCHAPPIJ	Holland	ThUS\$	140	432	1,142	-	-	1,714	149	432	1,142	-	-	1,723	Monthly	6.01	6.01
Financial leases																		
0-E	NATIXIS	France	ThUS\$	1,652	8,081	62,505	20,508	-	92,746	1,934	8,081	62,505	20,508	-	93,028	Quarterly/Semiannual	6.87	6.87
0-E	WACAPOU LEASING S.A.	Luxemburg	ThUS\$	730	2,245	5,523	-	-	8,498	756	2,245	5,523	-	-	8,524	Quarterly	4.81	4.81
0-E	SOCIÉTÉ GÉNÉRALE MILAN BRANCH	Italy	ThUS\$	9,532	29,194	160,076	-	-	198,802	10,256	29,194	159,876	-	-	199,326	Quarterly	5.88	5.88
0-E	GA Telessis LLC	U.S.A	ThUS\$	301	913	2,511	2,640	8,038	14,403	569	913	3,838	2,640	6,538	14,498	Monthly	15.62	15.62
Total				12,355	40,865	231,757	23,148	8,038	316,163	13,664	40,865	232,884	23,148	6,538	317,099			
Total consolidated				585,549	728,265	2,606,819	1,263,635	2,459,607	7,643,875	655,795	736,563	2,547,709	1,244,369	2,441,250	7,625,686			

Interest-bearing loans due in installments to December 31, 2018
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

Tax No.	Creditor	Creditor country	Currency	Nominal values						Accounting values						Amortization	Effective rate %	Nominal rate %
				Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total nominal value	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total accounting value			
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
Loans to exporters																		
97.032.000-8	BBVA	Chile	ThUS\$	38,000	75,000	-	-	-	113,000	38,432	75,623	-	-	-	114,055	At Expiration	3.36	3.36
97.032.000-8	BBVA	Chile	UF	-	50,785	-	-	-	50,785	-	50,930	-	-	-	50,930	At Expiration	3.31	3.31
97.036.000-K	SANTANDER	Chile	ThUS\$	23,000	-	-	-	-	23,000	23,025	-	-	-	-	23,025	At Expiration	3.90	3.90
97.030.000-7	ESTADO	Chile	ThUS\$	-	-	-	-	-	-	-	-	-	-	-	-	At Expiration	-	-
97.003.000-K	BANCO DO BRASIL	Chile	ThUS\$	200,000	-	-	-	-	200,000	200,698	-	-	-	-	200,698	At Expiration	3.64	3.64
97.951.000-4	HSBC	Chile	ThUS\$	12,000	-	-	-	-	12,000	12,013	-	-	-	-	12,013	At Expiration	3.14	3.14
Bank loans																		
97.023.000-9	CORPBANCA	Chile	UF	5,461	16,385	16,385	-	-	38,231	5,480	16,385	16,232	-	-	38,097	Quarterly	3.35	3.35
0-E	BLADEX	U.S.A.	ThUS\$	-	15,000	-	-	-	15,000	-	14,964	-	-	-	14,964	Semiannual	6.74	6.74
97.036.000-K	SANTANDER	Chile	ThUS\$	-	-	102,521	-	-	102,521	223	-	102,521	-	-	102,744	Quarterly	5.60	5.60
76.362.099-9	BTG PACTUAL CHILE	Chile	UF	-	-	-	65,862	-	65,862	118	-	-	64,957	-	65,075	At Expiration	3.10	3.10
Obligations with the public																		
0-E	BANK OF NEW YORK	U.S.A.	ThUS\$	-	-	500,000	-	700,000	1,200,000	13,057	-	495,617	-	697,869	1,206,543	At Expiration	7.44	7.03
97.030.000-7	ESTADO	Chile	UF	-	-	-	172,591	172,591	345,182	1,586	-	-	172,420	172,530	346,536	At Expiration	5.50	5.50
Guaranteed obligations																		
0-E	CREDIT AGRICOLE	France	ThUS\$	658	1,986	5,384	2,052	-	10,080	715	1,986	5,384	2,052	-	10,137	Quarterly	3.23	3.23
0-E	BNP PARIBAS	U.S.A.	ThUS\$	10,553	43,430	114,247	117,556	225,912	511,698	13,334	44,191	110,977	115,747	224,093	508,342	Quarterly	4.55	4.55
0-E	WILMINGTON TRUST	U.S.A.	ThUS\$	20,689	65,846	178,818	237,334	450,071	952,758	26,365	65,846	173,617	235,058	447,686	948,572	Quarterly	4.47	4.47
0-E	CITIBANK	U.S.A.	ThUS\$	10,776	32,790	90,991	72,189	62,619	269,365	11,923	32,790	86,130	70,048	61,203	262,094	Quarterly	3.82	2.93
0-E	US BANK	U.S.A.	ThUS\$	15,506	47,050	129,462	135,489	84,177	411,684	17,433	47,050	114,729	129,547	82,137	390,896	Quarterly	4.00	2.82
0-E	NATIXIS	France	ThUS\$	10,247	31,350	88,688	77,693	116,546	324,524	11,250	31,350	86,883	76,760	115,285	321,528	Quarterly	4.69	4.69
0-E	PK AIRFINANCE	U.S.A.	ThUS\$	2,319	7,208	24,944	3,144	-	37,615	2,387	7,208	24,944	3,144	-	37,683	Monthly	4.15	4.14
0-E	INVESTEC	England	ThUS\$	1,454	8,472	21,667	22,421	-	54,014	1,879	8,661	21,154	22,309	-	54,003	Semiannual	7.17	7.17
-	SWAP Aviones llegados	-	ThUS\$	194	414	158	-	-	766	194	414	158	-	-	766	Quarterly	-	-
Other guaranteed obligations																		
0-E	CREDIT AGRICOLE	France	ThUS\$	-	-	253,692	-	-	253,692	2,646	-	252,207	-	-	254,853	At Expiration	4.11	4.11
0-E	DVB BANK SE	Germany	ThUS\$	23,417	70,626	191,207	117,084	19,731	422,065	23,871	70,626	188,231	116,185	19,686	418,599	Quarterly	4.42	4.42
Financial leases																		
0-E	ING	U.S.A.	ThUS\$	3,687	11,338	11,806	-	-	26,831	3,923	11,338	11,657	-	-	26,918	Quarterly	5.70	5.01
0-E	CREDIT AGRICOLE	France	ThUS\$	13,171	24,577	18,655	-	-	56,403	13,187	24,331	18,655	-	-	56,173	Quarterly	3.66	3.31
0-E	CITIBANK	U.S.A.	ThUS\$	13,209	40,365	77,587	40,997	-	172,158	13,998	40,365	75,830	40,801	-	170,994	Quarterly	4.40	3.80
0-E	PEFCO	U.S.A.	ThUS\$	5,486	13,094	3,827	-	-	22,407	5,641	13,094	3,743	-	-	22,478	Quarterly	5.65	5.02
0-E	BNP PARIBAS	U.S.A.	ThUS\$	7,926	29,494	22,147	-	-	59,567	8,320	29,493	21,891	-	-	59,704	Quarterly	3.90	3.58
0-E	WELLS FARGO	U.S.A.	ThUS\$	31,673	95,981	263,239	230,417	98,028	719,338	34,816	95,981	245,615	224,395	96,589	697,396	Quarterly	2.77	2.09
97.036.000-K	SANTANDER	Chile	ThUS\$	5,576	16,895	46,386	26,165	-	95,022	6,000	16,895	45,346	26,063	-	94,304	Quarterly	3.68	3.14
0-E	RRPF ENGINE	England	ThUS\$	552	2,531	7,142	7,752	5,035	23,012	552	2,531	7,142	7,752	5,035	23,012	Monthly	4.01	4.01
0-E	APPLE BANK	U.S.A.	ThUS\$	1,444	4,393	12,146	12,808	753	31,544	1,658	4,393	11,726	12,713	752	31,242	Quarterly	3.93	3.31
0-E	BTMU	U.S.A.	ThUS\$	2,933	8,916	24,635	25,937	768	63,189	3,199	8,916	23,798	25,751	767	62,431	Quarterly	4.06	3.46
0-E	NATIXIS	France	ThUS\$	10,056	7,951	5,154	-	-	23,161	10,135	7,952	5,154	-	-	23,241	Quarterly	4.28	4.12
0-E	KFW IPEX-BANK	Germany	ThUS\$	1,699	5,188	5,328	-	-	12,215	1,723	5,188	5,328	-	-	12,239	Quarterly	4.20	4.19
0-E	AIRBUS FINANCIAL	U.S.A.	ThUS\$	1,915	5,838	7,664	-	-	15,417	1,954	5,838	7,664	-	-	15,456	Monthly	4.19	4.19
Other loans																		
0-E	BOEING	U.S.A.	ThUS\$	-	-	55,727	-	-	55,727	-	1,229	55,727	-	-	56,956	At Expiration	4.01	4.01
0-E	CITIBANK (*)	U.S.A.	ThUS\$	23,167	72,018	101,026	-	-	196,211	23,583	72,018	100,301	-	-	195,902	Quarterly	6.00	6.00
Total				496,768	804,921	2,380,633	1,367,491	1,936,231	6,986,044	535,318	807,586	2,318,361	1,345,702	1,923,632	6,930,599			

(*) Securitized bond with the future flows from the sales with credit card in United States and Canada.

Interest-bearing loans due in installments to December 31, 2018
 Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

Tax No.	Creditor	Creditor country	Currency	Nominal values						Accounting values						Amortization	Effective rate	Nominal rate
				Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total nominal value	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total accounting value			
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
Bank loans																		
0-E	NEDERLANDSCHE CREDITVERZEKERING MAATSCHAPPIJ	Holland	ThUS\$	138	426	1,233	54	-	1,851	147	426	1,233	54	-	1,860	Monthly	6.01	6.01
Financial leases																		
0-E	NATIXIS	France	ThUS\$	3,043	6,490	44,525	41,731	-	95,789	3,656	6,490	44,525	41,731	-	96,402	Quarterly/Semiannual	6.87	6.87
0-E	WACAPOU LEASING S.A.	Luxemburg	ThUS\$	728	2,219	6,280	-	-	9,227	756	2,219	6,280	-	-	9,255	Quarterly	4.81	4.81
0-E	SOCIÉTÉ GÉNÉRALE MILAN BRANCH	Italy	ThUS\$	9,422	28,872	169,930	-	-	208,224	10,212	28,871	169,730	-	-	208,813	Quarterly	5.88	5.82
0-E	GA Telessis LLC	U.S.A	ThUS\$	299	908	2,496	2,623	6,876	13,202	568	908	3,823	2,623	6,876	14,798	Quarterly	15.62	15.62
Total				13,630	38,915	224,464	44,408	6,876	328,293	15,339	38,914	225,591	44,408	6,876	331,128			
Total consolidated				510,398	843,836	2,605,097	1,411,899	1,943,107	7,314,337	550,657	846,500	2,543,952	1,390,110	1,930,508	7,261,727			

(b) Lease Liability:

The movement of the lease liabilities corresponding to the period reported is as follows:

	Aircraft	Others	Lease Liability total
	ThUS\$	ThUS\$	ThUS\$
Opening balance as January 1, 2018 Restated (Unaudited)	3,045,982	109,053	3,155,035
New contracts and renegotiations	68,541	-	68,541
Payments	(130,242)	(7,602)	(137,844)
Accrued interest	44,063	2,365	46,428
Exchange differences	-	(912)	(912)
Cumulative translation adjustment	-	(122)	(122)
Other increases (decreases)	(3,618)	3	(3,615)
Total cambios	(21,256)	(6,268)	(27,524)
Closing balance as of March 31, 2018 Restated (Unaudited)	3,024,726	102,785	3,127,511
Opening balance as April 1, 2018 Restated (Unaudited)	3,024,726	102,785	3,127,511
New contracts and renegotiations	(21,068)	32,404	11,336
Payments	(395,929)	(22,325)	(418,254)
Accrued interest	130,189	6,069	136,258
Exchange differences	-	1,670	1,670
Cumulative translation adjustment	-	(3,882)	(3,882)
Other increases (decreases)	(109)	3,519	3,410
Total cambios	(286,917)	17,455	(269,462)
Closing balance as of December 31, 2018 Restated (Unaudited)	2,737,809	120,240	2,858,049
Opening balance as January 1, 2019 Restated (Unaudited)	2,737,809	120,240	2,858,049
New contracts and renegotiations	171,970	-	171,970
Payments	(129,343)	(8,753)	(138,096)
Accrued interest	41,199	3,093	44,292
Exchange differences	-	108	108
Cumulative translation adjustment	773	268	1,041
Other increases (decreases)	195	(187)	8
Total cambios	84,794	(5,471)	79,323
Closing balance as of March 31, 2019 (Unaudited)	2,822,603	114,769	2,937,372

The company recognizes the interest payments related to the lease liabilities in the consolidated result under Financial expenses (See note 27 (d)).

(c) Hedge derivatives

	Current liabilities		Non-current liabilities		Total hedge derivatives	
	As of March 31, 2019	As of December 31, 2018	As of March 31, 2019	As of December 31, 2018	As of March 31, 2019	As of December 31, 2018
	ThUS\$ Unaudited	ThUS\$	ThUS\$ Unaudited	ThUS\$	ThUS\$ Unaudited	ThUS\$
Accrued interest from the last date of interest rate swap	2,221	2,321	243	340	2,464	2,661
Fair value of interest rate derivatives	2,135	335	-	-	2,135	335
Fair value of fuel derivatives	(88)	15,678	-	-	(88)	15,678
Fair value of foreign currency derivatives	-	7,587	-	-	-	7,587
Total hedge derivatives	4,268	25,921	243	340	4,511	26,261

(d) Derivatives do not qualify for hedge accounting

	Current liabilities		Non-current liabilities		Total derivatives of no coverage	
	As of 31 March of 2019	As of 31 December of 2018	As of 31 March of 2019	As of 31 December of 2018	As of 31 March of 2019	As of 31 December of 2018
	ThUS\$ Unaudited	ThUS\$	ThUS\$ Unaudited	ThUS\$	ThUS\$ Unaudited	ThUS\$
Derivative of foreign currency not registered as hedge	13,801	7,712	-	-	13,801	7,712
Total derived not qualify as hedge accounting	13,801	7,712	-	-	13,801	7,712

The foreign currency derivatives correspond to options, forwards and swaps.

Hedging operation

The fair values of net assets/ (liabilities), by type of derivative, of the contracts held as hedging instruments are presented below:

	As of March 31, 2019	As of December 31, 2018
	ThUS\$	ThUS\$
	Unaudited	
Cross currency swaps (CCS) (1)	21,887	15,099
Interest rate swaps (2)	(1,699)	(2,194)
Fuel options (3)	(1,010)	(15,811)

- (1) Covers the significant variations in cash flows associated with market risk implicit in the changes in the 3-month LIBOR interest rate and the exchange rate US\$/UF of bank loans. These contracts are recorded as cash flow hedges and fair value.

- (2) Covers the significant variations in cash flows associated with market risk implicit in the increases in the 3 months LIBOR interest rates for long-term loans incurred in the acquisition of aircraft and bank loans. These contracts are recorded as cash flow hedges.
- (3) Covers significant variations in cash flows associated with market risk implicit in the changes in the price of future fuel purchases. These contracts are recorded as cash flow hedges.

During the periods presented, the Company only has cash flow and fair value hedges (in the case of CCS). In the case of fuel hedges, the cash flows subject to such hedges will occur and will impact results in the next 9 months from the date of the consolidated statement of financial position, while in the case of hedges of interest rates, these they will occur and will impact results throughout the life of the associated loans, up to their maturity. In the case of currency hedges through a CCS, there is a group of hedging relationships, in which two types of hedge accounting are generated, one of cash flow for the US \$ / UF component; and another of fair value, for the floating rate component US \$. The other group of hedging relationships only generates cash flow hedge accounting for the US \$ / UF component.

During the periods presented, no hedging operations of future highly probable transaction that have not been realized have occurred.

Since none of the coverage resulted in the recognition of a non-financial asset, no portion of the result of the derivatives recognized in equity was transferred to the initial value of such assets.

The amounts recognized in comprehensive income during the period and transferred from net equity to income are as follows:

	For the period ended	
	March 31,	
	2019	2018
	ThUS\$	ThUS\$
	Unaudited	
Debit (credit) recognized in comprehensive income during the period	17,268	15,533
Debit (credit) transferred from net equity to income during the period	(7,412)	4,907

NOTE 20 - TRADE AND OTHER ACCOUNTS PAYABLES

The composition of Trade and other accounts payables is as follows:

	As of March 31, 2019 <u>ThUS\$</u> Unaudited	As of December 31, 2018 <u>ThUS\$</u>
Current		
(a) Trade and other accounts payables	1,325,312	1,279,976
(b) Accrued liabilities at the reporting date	379,417	394,327
Total trade and other accounts payables	<u>1,704,729</u>	<u>1,674,303</u>

(a) Trade and other accounts payable:

	As of March 31, 2019 <u>ThUS\$</u> Unaudited	As of December 31, 2018 <u>ThUS\$</u>
Trade creditors	1,139,624	1,048,033
Other accounts payable	185,688	228,943
Total	<u>1,325,312</u>	<u>1,276,976</u>

The details of Trade and other accounts payables are as follows:

	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Aircraft Fuel	347,537	304,426
Boarding Fee	189,941	210,621
Suppliers technical purchases	133,446	75,402
Handling and ground handling	100,639	84,213
Airport charges and overflight	95,943	82,181
Other personnel expenses	94,205	92,047
Professional services and advisory	72,481	83,182
Air companies	54,169	59,524
Leases, maintenance and IT services	51,039	55,427
Services on board	43,078	44,434
Marketing	42,689	60,303
Land services	29,959	26,014
Achievement of goals	21,550	21,265
Crew	21,532	21,943
Aviation insurance	9,342	11,943
Maintenance	2,701	8,244
Communications	144	92
Others	14,917	38,715
	<u>1,325,312</u>	<u>1,279,976</u>
Total trade and other accounts payables		

(b) Liabilities accrued:

	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Accrued personnel expenses	146,410	116,242
Aircraft and engine maintenance	188,795	170,731
Accounts payable to personnel (*)	15,900	81,222
Others accrued liabilities	28,312	26,132
	<u>379,417</u>	<u>394,327</u>
Total accrued liabilities		

(*) Profits and bonus participation (Note 23 letter b)

NOTE 21 - OTHER PROVISIONS

Other provisions:

	Current liabilities		Non-current liabilities		Total Liabilities	
	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Provision for contingencies (1)						
Tax contingencies	2,990	2,982	199,200	197,038	202,190	200,020
Civil contingencies	1,637	1,207	64,400	59,834	66,037	61,041
Labor contingencies	583	605	26,177	23,244	26,760	23,849
Other	-	-	13,642	13,976	13,642	13,976
Provision for European						
Commission investigation (2)	-	-	9,222	9,403	9,222	9,403
Total other provisions (3)	<u>5,210</u>	<u>4,794</u>	<u>312,641</u>	<u>303,495</u>	<u>317,851</u>	<u>308,289</u>

(1) Provisions for contingencies:

The tax contingencies correspond to litigation and tax criteria related to the tax treatment applicable to direct and indirect taxes, which are found in both administrative and judicial stage.

The civil contingencies correspond to different demands of civil order filed against the Company.

The labor contingencies correspond to different demands of labor order filed against the Company.

The Provisions are recognized in the consolidated income statement in administrative expenses or tax expenses, as appropriate.

- (2) Provision made for proceedings brought by the European Commission for possible breaches of free competition in the freight market.
- (3) Total other provision at March 31, 2019, and December 31, 2018, include the fair value correspond to those contingencies from the business combination with TAM S.A and subsidiaries, with a probability of loss under 50%, which are not provided for the normal application of IFRS enforcement and that only must be recognized in the context of a business combination in accordance with IFRS 3.

Movement of provisions:

	Legal claims (1)	European Commission Investigation (2)	Total
	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2018	367,493	9,883	377,376
Increase in provisions	27,623	-	27,623
Provision used	(9,956)	-	(9,956)
Difference by subsidiaries conversion	(1,642)	-	(1,642)
Reversal of provision	(5,670)	-	(5,670)
Exchange difference	246	224	470
Closing balance as of March 31, 2018 (Unaudited)	<u>378,094</u>	<u>10,107</u>	<u>388,201</u>
Opening balance as of April 1, 2018	378,094	10,107	388,201
Increase in provisions	79,247	-	79,247
Provision used	(49,076)	-	(49,076)
Difference by subsidiaries conversion	(46,688)	-	(46,688)
Reversal of provision	(61,295)	-	(61,295)
Exchange difference	(1,396)	(704)	(2,100)
Closing balance as of December 31, 2018	<u>298,886</u>	<u>9,403</u>	<u>308,289</u>
Opening balance as of January 1, 2019	<u>298,886</u>	<u>9,403</u>	<u>308,289</u>
Increase in provisions	34,401	-	34,401
Provision used	(17,989)	-	(17,989)
Difference by subsidiaries conversion	(1,564)	-	(1,564)
Reversal of provision	(5,094)	-	(5,094)
Exchange difference	(11)	(181)	(192)
Closing balance as of March 31, 2019 (Unaudited)	<u>308,629</u>	<u>9,222</u>	<u>317,851</u>

- (1) Cumulative balances include judicial deposit delivered as security, with respect to the "Aerovía Fundo" (FA), for US\$ 88 million, made in order to suspend the application of the tax credit. The Company is discussing in the Court the constitutionality of the requirement made by FA in a lawsuit. Initially it was covered by the effects of a precautionary measure, this means that the Company would not be obliged to collect the tax, as long as there is no judicial decision in this regard. However, the decision taken by the judge in the first instance was published unfavorably, revoking the injunction. As the lawsuit is still underway (TAM appealed this first decision), the Company needed to make the judicial deposit, for the suspension of the enforceability of the tax credit; deposit that was classified in this item, discounting the existing provision for this purpose. Finally, if the final decision is favorable to the Company, the deposit made will return to TAM. On the other hand, if the court confirms the first decision, said deposit will become a final payment in favor of the Government of Brazil. The procedural stage as of March 31, 2019 is described in Note 31 in the Role of the case 2001.51.01.012530-0.

2) European Commission Provision:

Provision constituted on the occasion of the process initiated in December 2007 by the General Competition Directorate of the European Commission against more than 25 cargo airlines, among which is Lan Cargo SA, which forms part of the global investigation initiated in 2006 for possible infractions of free competition in the air cargo market, which was carried out jointly by the European and United States authorities.

With respect to Europe, the General Directorate of Competition imposed fines totaling € 799,445,000 (seven hundred and ninety-nine million four hundred and forty-five thousand Euros) for infractions of European Union regulations on free competition against eleven (11) airlines, among which are LATAM Airlines Group SA and its subsidiary Lan Cargo S.A .. For its part, LATAM Airlines Group S.A. and Lan Cargo S.A., jointly and severally, have been fined for the amount of € 8,220,000 (eight million two hundred and twenty thousand Euros), for these infractions, an amount that was provisioned in the financial statements of LATAM. On January 24, 2011, LATAM Airlines Group S.A. and Lan Cargo S.A. They appealed the decision before the Court of Justice of the European Union. On December 16, 2015, the European Court resolved the appeal and annulled the Commission's Decision. The European Commission did not appeal the judgment, but on March 17, 2017, the European Commission again adopted its original decision to impose on the eleven lines original areas, the same fine previously imposed, amounting to a total of 776,465,000 Euros In the case of LAN Cargo and its parent, LATAM Airlines Group S.A. imposed the same fine of 8.2 million Euros. The procedural stage as of March 31, 2019 is described in Note 31 in section (ii) judgments received by LATAM Airlines Group S.A. and Subsidiaries.

NOTE 22 - OTHER NON-FINANCIAL LIABILITIES

	Current liabilities		Non-current liabilities		Total Liabilities	
	As of March 31, <u>2019</u> ThUS\$	As of December 31, <u>2018</u> ThUS\$	As of March 31, <u>2019</u> ThUS\$	As of December 31, <u>2018</u> ThUS\$	As of March 31, <u>2019</u> ThUS\$	As of December 31, <u>2018</u> ThUS\$
	Unaudited		Unaudited		Unaudited	
Deferred revenues (*)	2,170,774	2,330,058	628,236	644,702	2,799,010	2,974,760
Sales tax	12,070	12,726	-	-	12,070	12,726
Retentions	44,463	34,434	-	-	44,463	34,434
Others taxes	4,882	7,700	-	-	4,882	7,700
Dividends payable	54,580	54,580	-	-	54,580	54,580
Other sundry liabilities	6,865	15,248	-	-	6,865	15,248
Total other non-financial liabilities	<u>2,293,634</u>	<u>2,454,746</u>	<u>628,236</u>	<u>644,702</u>	<u>2,921,870</u>	<u>3,099,448</u>

Movement of Other non-financial liabilities

	Deferred income					Adjustment application IAS 29, Argentina hyperinflation	Others provisions	Final balance
	Initial balance	Recognition	Use	Loyalty (accreditation and exchange)	Expiration of tickets			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
From January 1 to March 31, 2018 (Unaudited)	2,849,266	2,065,620	(2,083,793)	124,959	(59,506)	-	7,220	2,903,766
From April 1 to December 31, 2018	2,903,766	5,625,352	(6,146,957)	819,287	(225,224)	927	(2,391)	2,974,760
From January 1 to March 31, 2019 (Unaudited)	2,974,760	1,758,847	(1,899,223)	21,196	(64,961)	-	8,391	2,799,010

(*) Note 2.20.

The balance includes, mainly, deferred income for services not provided as of March 31, 2019 and December 31, 2018; and programs such as: LATAM Pass, LATAM Fidelidade and Multiplus:

LATAM Pass is the frequent passenger program created by LAN to reward the preference and loyalty of its customers with multiple benefits and privileges, through the accumulation of miles that can be exchanged for free flight tickets or for a varied range of products and services. Customers accumulate LATAM Pass miles every time they fly on LAN, TAM, oneworld® member companies and other airlines associated with the program, as well as buying at stores or using the services of a vast network of companies that have an agreement with the program around the world.

For its part, TAM, thinking of people who travel constantly, created the LATAM Fidelidade program, in order to improve the service and give recognition to those who choose the company. Through the program, customers accumulate points in a wide variety of loyalty programs in a single account and can redeem them in all TAM destinations and associated airline companies, and even more, participate in the Multiplus Fidelidade Network.

Multiplus is a coalition of loyalty programs, with the objective of operating accumulation and exchange of points. This program has a network integrated by associated companies, including hotels, financial institutions, retail companies, supermarkets, vehicle leases and magazines, among many other partners from different segments.

The Company signed a renewal of the agreement with Banco Santander-Chile, which extends its alliance in Chile to continue developing travel benefits to its respective clients during the next 7 years.

NOTE 23 - EMPLOYEE BENEFITS

	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Retirements payments	59,924	56,126
Resignation payments	9,552	8,802
Other obligations	19,940	17,437
Total liability for employee benefits	<u>89,416</u>	<u>82,365</u>

The movement in retirements and resignation payments and other obligations:

	Opening balance ThUS\$	Increase (decrease) current service provision ThUS\$	Benefits paid ThUS\$	Actuarial (gains) losses ThUS\$	Currency translation ThUS\$	Closing balance ThUS\$
From January 1 to March 31, 2018 (Unaudited)	101,087	4,921	(1,470)	2,098	6,539	113,175
From April 1 to December 31, 2018	113,175	(12,305)	(4,548)	3,722	(17,679)	82,365
From January 1 to March 31, 2019 (Unaudited)	82,365	17,729	(1,538)	2,394	(11,534)	89,416

The principal assumptions used in the calculation to the provision in Chile are presented below:

<u>Assumptions</u>	For the period ended March 31,	
	2019	2018
	<u>Unaudited</u>	
Discount rate	3.95%	4.47%
Expected rate of salary increase	4.50%	4.50%
Rate of turnover	6.04%	6.98%
Mortality rate	RV-2014	RV-2014
Inflation rate	2.75%	2.72%
Retirement age of women	60	60
Retirement age of men	65	65

The discount rate corresponds to the 20-year term rate of the BCP Central Bank of Chile Bonds. The RV-2014 mortality tables correspond to those established by the Commission for the Financial Market of Chile and for the determination of the inflation rates; the market performance curves of Central Bank of Chile papers of the BCUs have been used. BCP long term at the date of scope.

The calculation of the present value of the defined benefit obligation is sensitive to the variation of some actuarial assumptions such as discount rate, salary increase, rotation and inflation.

The sensitivity analysis for these variables is presented below:

	Effect on the liability	
	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
<u>Discount rate</u>		
Change in the accrued liability an closing for increase in 100 p.b.	(6,545)	(6,538)
Change in the accrued liability an closing for decrease of 100 p.b.	5,587	4,918
<u>Rate of wage growth</u>		
Change in the accrued liability an closing for increase in 100 p.b.	5,340	4,750
Change in the accrued liability an closing for decrease of 100 p.b.	(6,505)	(6,547)

(b) The liability for short-term:

	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Profit-sharing and bonuses (*)	<u>15,900</u>	<u>81,222</u>

(*) Accounts payables to employees (Note 20 letter b)

The participation in profits and bonuses correspond to an annual incentives plan for achievement of objectives.

(c) Employment expenses are detailed below:

	For the period ended March 31,	
	2019 ThUS\$ Unaudited	2018 ThUS\$
Salaries and wages	408,443	414,634
Short-term employee benefits	15,957	33,743
Termination benefits	15,748	14,622
Other personnel expenses	35,864	51,544
Total	<u>476,012</u>	<u>514,543</u>

NOTE 24 - ACCOUNTS PAYABLE, NON-CURRENT

	As of March 31, 2019 ThUS\$ Unaudited	As of December 31, 2018 ThUS\$
Aircraft and engine maintenance	447,209	513,544
Provision for vacations and bonuses	15,242	15,357
Other sundry liabilities	334	376
Total accounts payable, non-current	<u>462,785</u>	<u>529,277</u>

NOTE 25 - EQUITY

(a) Capital

The Company's objective is to maintain an appropriate level of capitalization that enables it to ensure access to the financial markets for carrying out its medium and long-term objectives, optimizing the return for its shareholders and maintaining a solid financial position.

The paid capital of the Company at March 31, 2019 amounts to ThUS\$ 3,146,265 divided into 606,407,693 common stock of a same series (ThUS\$ 3,146,265 (*) divided into 606,407,693 shares as of December 31, 2018), a single series nominative, ordinary character with no par value. There are no special series of shares and no privileges. The form of its stock certificates and their issuance, exchange, disablement, loss, replacement and other similar circumstances, as well as the transfer of the shares, is governed by the provisions of Corporations Law and its regulations.

(*) Includes deduction of issuance costs for ThUS \$ 3,299 and adjustment for placement of 10,282 shares for ThUS \$ 156, approved at the Extraordinary Shareholders Meeting of the Company on April 27, 2017.

(b) Subscribed and paid shares

On August 18, 2016, the Company held an extraordinary shareholders' meeting at which it was approved to increase the capital by issuing 61,316,424 payment shares, all ordinary, without par value. As of December 31, 2016, 60,849,592 shares had been placed against said increase, according to the following breakdown: (a) 30,499,685 shares subscribed and paid at the end of the pre-emptive option period, which expired on December 23, 2016; December 2016, collecting the equivalent of US \$ 304,996,850; and (b) 30,349,907 additional shares subscribed on December 28, 2016, collecting the equivalent of US \$ 303,499,070. Due to this last described placement, as of March 31, 2019, the number of subscribed and paid shares of the Company reached 606,407,693.

Consequently, as of March 31, 2019, the statutory capital of the Company is represented by 606,874,525 shares, all of the same and unique series, registered, ordinary, without par value, which is divided into: (a) 606,407,693 subscribed and paid shares mentioned above; and (b) 466,832 shares pending subscription and payment, which correspond to the balance of shares pending placement of the last capital increase, described in the previous paragraph.

The following table shows the movement of the authorized and fully paid shares described above:

Movement of authorized shares	Opening balance	Expired shares intended for compensation plans	Closing balance
<u>Nro. Of shares</u>	<u>balance</u>	<u>compensation plans</u>	<u>balance</u>
From January 1 to December 31, 2018	608,374,525	(1,500,000) (*)	606,874,525
From January 1 to March 31, 2019 (Unaudited)	606,874,525	-	606,874,525

(*) On June 11, 2018, the term of subscription and payment of 1,500,000 shares to create and implement compensation plans for Company employees expired.

Movement fully paid shares

	N° of shares	Movement value of shares (1) ThUS\$	Cost of issuance and placement of shares (2) ThUS\$	Paid- in Capital ThUS\$
	<u>shares</u>	<u>ThUS\$</u>	<u>ThUS\$</u>	<u>ThUS\$</u>
Paid shares as of January 1, 2018	606,407,693	3,160,718	(14,453)	3,146,265
There are no movements of shares paid during the 2018 period	-	-	-	-
Paid shares as of December 31, 2018	<u>606,407,693</u>	<u>3,160,718</u>	<u>(14,453)</u>	<u>3,146,265</u>
Paid shares as of January 1, 2019	606,407,693	3,160,718	(14,453)	3,146,265
There are no movements of shares paid during the 2019 period	-	-	-	-
Paid shares as of March 31, 2019 (Unaudited)	<u>606,407,693</u> (3)	<u>3,160,718</u>	<u>(14,453)</u>	<u>3,146,265</u>

(1) Amounts reported represent only those arising from the payment of the shares subscribed.

(2) Decrease of capital by capitalization of reserves for cost of issuance and placement of shares established according to Extraordinary Shareholder's Meetings, where such decreases were authorized.

(3) At March 31, 2019, the difference between authorized shares and fully paid shares are 466,832 shares, of which correspond to the shares issued and unsubscribed from the capital increase approved at the Extraordinary Shareholders Meeting held on August 18, 2016.

(c) Treasury stock

At March 31, 2019, the Company held no treasury stock, the remaining of ThUS\$ (178) corresponds to the difference between the amount paid for the shares and their book value, at the time of the full right decrease of the shares which held in its portfolio.

(d) Reserve of share- based payments

Movement of Reserves of share- based payments:

Periods	Opening balance	Stock option plan	Closing balance
	ThUS\$	ThUS\$	ThUS\$
From January 1 to March 31, 2018 (Unaudited)	39,481	(1,938)	37,543
From April 1 to December 31, 2018	37,543	331	37,874
From January 1 to March 31, 2019 (Unaudited)	37,874	(70)	37,804

These reserves are related to the “Share-based payments” explained in Note 34.

(e) Other sundry reserves

Movement of Other sundry reserves:

Periods	Opening balance	Legal reserves	Closing balance
	ThUS\$	ThUS\$	ThUS\$
From January 1 to March 31, 2018 (Unaudited)	2,639,780	5,783	2,645,563
From April 1 to December 31, 2018	2,645,563	(6,647)	2,638,916
From January 1 to March 31, 2019 (Unaudited)	2,638,916	(96)	2,638,820

Balance of Other sundry reserves comprises the following:

	As of March 31, 2019	As of December 31, 2018
	ThUS\$	ThUS\$
	Unaudited	
Higher value for TAM S.A. share exchange (1)	2,665,692	2,665,692
Reserve for the adjustment to the value of fixed assets (2)	2,620	2,620
Transactions with non-controlling interest (3)	(25,913)	(25,913)
Others	(3,579)	(3,483)
Total	<u>2,638,820</u>	<u>2,638,916</u>

(1) Corresponds to the difference between the value of the shares of TAM S.A., acquired by Sister Holdco S.A. (under the Subscriptions) and by Holdco II S.A. (by virtue of the Exchange Offer), which is recorded in the declaration of completion of the merger by absorption, and the fair value of the shares exchanged by LATAM Airlines Group S.A. as of June 22, 2012.

(2) Corresponds to the technical revaluation of the fixed assets authorized by the Commission for the Financial Market in the year 1979, in Circular No. 1529. The revaluation was optional and could be made only once; the originated reserve is not distributable and can only be capitalized.

(3) The balance as of March 31, 2019 corresponds to the loss generated by: Lan Pax Group S.A. e Inversiones Lan S.A. in the acquisition of shares of Aerovías de Integración Regional Aires S.A. for ThUS \$ (3,480) and ThUS \$ (20), respectively; the acquisition of TAM S.A. of the minority interest in Aerolíneas Brasileiras S.A. for ThUS \$ (885), the acquisition of Inversiones Lan S.A. of the minority participation in Aires Integra Regional Airlines S.A. for an amount of ThUS \$ (2) and the acquisition of a minority stake in Aerolane S.A. by Lan Pax Group S.A. for an amount of ThUS \$ (21,526) through Holdco Ecuador S.A.

(f) Reserves with effect in other comprehensive income.

Movement of Reserves with effect in other comprehensive income:

	Currency translation reserve	Cash flow hedging reserve	Actuarial gain or loss on defined benefit plans reserve	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance as of January 1, 2018	(2,131,591)	18,140	(10,926)	(2,124,377)
Increase (decrease) by application of new accounting standards	205,877	-	-	205,877
Initial balance Restated (Unaudited)	<u>(1,925,714)</u>	<u>18,140</u>	<u>(10,926)</u>	<u>(1,918,500)</u>
Derivatives valuation gains (losses)	-	17,148	-	17,148
Deferred tax	-	(537)	-	(537)
Actuarial reserves				
by employee benefit plans	-	-	(2,041)	(2,041)
Deferred tax actuarial IAS				
by employee benefit plans	-	-	525	525
Difference by subsidiaries conversion	(22,571)	-	-	(22,571)
Closing balance as of March 31, 2018 Restated (Unaudited)	<u>(1,948,285)</u>	<u>34,751</u>	<u>(12,442)</u>	<u>(1,925,976)</u>
Opening balance as of April 1, 2018	(1,948,285)	34,751	(12,442)	(1,925,976)
Derivatives valuation gains (losses)	-	(44,047)	-	(44,047)
Deferred tax	-	(37)	-	(37)
Actuarial reserves				
by employee benefit plans	-	-	(3,778)	(3,778)
Deferred tax actuarial IAS				
by employee benefit plans	-	-	1,042	1,042
Difference by subsidiaries conversion	(708,359)	-	-	(708,359)
Closing balance as of December 31, 2018 Restated (Unaudited)	<u>(2,656,644)</u>	<u>(9,333)</u>	<u>(15,178)</u>	<u>(2,681,155)</u>
Opening balance as of January 1, 2019	(2,656,644)	(9,333)	(15,178)	(2,681,155)
Derivatives valuation gains (losses)	-	26,653	-	26,653
Deferred tax	-	416	-	416
Actuarial reserves				
by employee benefit plans	-	-	(2,395)	(2,395)
Deferred tax actuarial IAS				
by employee benefit plans	-	-	656	656
Difference by subsidiaries conversion	(57,689)	-	-	(57,689)
Closing balance as of March 31, 2019 (Unaudited)	<u>(2,714,333)</u>	<u>17,736</u>	<u>(16,917)</u>	<u>(2,713,514)</u>

(f.1) Currency translation reserve

These originate from exchange differences arising from the translation of any investment in foreign entities (or Chilean investment with a functional currency different to that of the parent), and from loans and other instruments in foreign currency designated as hedges for such investments. When the investment (all or part) is sold or disposed and loss of control occurs, these reserves are shown in the consolidated statement of income as part of the loss or gain on the sale or disposal. If the sale does not involve loss of control, these reserves are transferred to non-controlling interests.

(f.2) Cash flow hedging reserve

These originate from the fair value valuation at the end of each period of the outstanding derivative contracts that have been defined as cash flow hedges. When these contracts expire, these reserves should be adjusted and the corresponding results recognized.

(f.3) Reserves of actuarial gains or losses on defined benefit plans

Correspond to the increase or decrease in the obligation present value for defined benefit plan due to changes in actuarial assumptions, and experience adjustments, which is the effects of differences between the previous actuarial assumptions and what has actually occurred.

(g) Retained earnings

Movement of Retained earnings:

Periods	Opening balance	Increase (decrease) by application of new accounting standards	Result for the period	Dividends	Other increase (decreases) (1) (2)	Closing balance
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
From January 1 to March 31, 2018 restated (Unaudited)	475,118	(516,130)	92,169	(28,167)	-	22,990
From April 1 to December 31, 2018 restated (Unaudited)	22,990	-	217,642	(26,413)	4,752	218,971
From January 1 to March 31, 2019 (Unaudited)	218,971	-	(60,074)	-	-	158,897

(1) Adjustments adoption IFRS 9 and IFRS 15 ThUS (9,549) (See Note 2)

(2) Variation effect in Accumulated results, by application IAS 29, Argentina hyperinflation:

<u>Items</u>	<u>ThUS\$</u>
Property, plant and equipment	4,573
Intangible assets other than goodwill	69
Goodwill	335
Deferred incomes	(377)
Other non-financial assets	152
Total Adjust accumulated results	<u>4,752</u>

(h) Dividends per share

<u>Description of dividend</u>	<u>Minimum mandatory dividend 2019</u>	<u>Minimum mandatory dividend 2018</u>	<u>Final dividend dividend 2017</u>
Date of dividend	03-31-2019	12-31-2018	12-31-2017
Amount of the dividend (ThUS\$)	-	54,580	46,591 (*)
Number of shares among which the dividend is distributed	606,407,693	606,407,693	606,407,693
Dividend per share (US\$)	0.0000	0.0900	0.0768

(*) By virtue of the Essential Fact issued on April 26, 2018, the shareholders of LATAM approved the distribution of the final dividend proposed by the Board of Directors in Ordinary Session of April 26, 2018, which amounts to ThUS \$ 46,591, which corresponds to 30% of the profits for the year corresponding to 2017.

The payment was made on May 17, 2018.

NOTE 26 - REVENUE

The detail of revenues is as follows:

	For the period ended	
	March 31,	
	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$
	<u>Unaudited</u>	
Passengers	2,167,982	2,318,015
Cargo	263,496	295,820
Total	<u>2,431,478</u>	<u>2,613,835</u>

NOTE 27 - COSTS AND EXPENSES BY NATURE

(a) Costs and operating expenses

The main operating costs and administrative expenses are detailed below:

	For the period ended March 31,	
	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$
	Unaudited	Restated Unaudited
Aircraft fuel	746,551	717,854
Other rentals and landing fees	322,821	311,610
Aircraft maintenance	104,056	98,677
Comissions	54,066	60,120
Passenger services	64,246	79,756
Other operating expenses (*)	323,748	328,645
Total	<u>1,615,488</u>	<u>1,596,662</u>

(*) Lease expenses are included within this amount (See note 2.21)

	For the period ended March 31,	
	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$
	Unaudited	Restated Unaudited
Payments for leases of low-value assets	9,821	7,475
Total	<u>9,821</u>	<u>7,475</u>

(b) Depreciation and amortization

Depreciation and amortization are detailed below:

	For the period ended March 31,	
	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$
	Unaudited	Restated Unaudited
Depreciation (*)	333,541	333,185
Amortization	18,103	15,702
Total	<u>351,644</u>	<u>348,887</u>

(*) Included within this amount is the depreciation of the Properties, plants and equipment (See Note 17 (a)) and the maintenance of the aircraft recognized as assets by right of use. The maintenance cost amount included in the depreciation line for the period ended March 31, 2019 is ThUS \$ 98.056 and ThUS \$ 89,270 for the same period 2018.

(c) Personnel expenses

The costs for personnel expenses are disclosed in Note 23 liability for employee benefits.

(d) Financial costs

The detail of financial costs is as follows:

	For the period ended	
	March 31,	
	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$
	Unaudited	Restated Unaudited
Bank loan interest	73,941	68,977
Financial leases	15,022	15,730
Lease liability	45,343	47,138
Other financial instruments	4,140	1,510
Total	<u>138,446</u>	<u>133,355</u>

Costs and expenses by nature presented in this note plus the Employee expenses disclosed in Note 23, are equivalent to the sum of cost of sales, distribution costs, administrative expenses, other expenses and financing costs presented in the consolidated statement of income by function.

NOTE 28 - OTHER INCOME, BY FUNCTION

Other income by function is as follows:

	For the period ended	
	March 31,	
	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$
	Unaudited	
Coalition and loyalty program Multiplus	22,152	44,651
Tours	28,939	32,463
Aircraft leasing	22,168	16,029
Customs and warehousing	7,146	6,510
Maintenance	2,168	1,379
Duty free	-	517
Other miscellaneous income	11,217	15,152
Total	<u>93,790</u>	<u>116,701</u>

NOTE 29 - FOREIGN CURRENCY AND EXCHANGE RATE DIFFERENCES

The functional currency of LATAM Airlines Group S.A. is the US dollar, also it has subsidiaries whose functional currency is different to the US dollar, such as the chilean peso, argentine peso, colombian peso, brazilian real and guaraní.

The functional currency is defined as the currency of the primary economic environment in which an entity operates and in each entity and all other currencies are defined as foreign currency.

Considering the above, the balances by currency mentioned in this note correspond to the sum of foreign currency of each of the entities that make LATAM Airlines Group S.A. and Subsidiaries.

(a) Foreign currency

The foreign currency detail of balances of monetary items in current and non-current assets is as follows:

<u>Current assets</u>	As of March 31, <u>2019</u> ThUS\$ Unaudited	As of December 31, <u>2018</u> ThUS\$
Cash and cash equivalents	391,636	606,673
Argentine peso	5,775	4,236
Brazilian real	10,671	34,360
Chilean peso	209,557	415,399
Colombian peso	2,635	2,732
Euro	20,904	20,339
U.S. dollar	70,339	51,382
Other currency	71,755	78,225
Other financial assets, current	35,443	57,132
Argentine peso	9	11
Brazilian real	4,812	25,829
Chilean peso	26,076	25,904
Colombian peso	141	139
U.S. dollar	4,070	4,923
Other currency	335	326

<u>Current assets</u>	As of March 31, <u>2019</u> ThUS\$ Unaudited	As of December 31, <u>2018</u> ThUS\$
Other non - financial assets, current	82,537	106,952
Argentine peso	14,745	13,077
Brazilian real	18,862	37,794
Chilean peso	20,831	30,916
Colombian peso	515	434
Euro	5,077	3,935
U.S. dollar	6,034	8,949
Other currency	16,473	11,847
Trade and other accounts receivable, current	461,672	518,006
Argentine peso	51,111	54,053
Brazilian real	4,577	6,037
Chilean peso	77,702	112,133
Colombian peso	278	5,065
Euro	43,390	49,044
U.S. dollar	3,140	2,938
Other currency	281,474	288,736
Accounts receivable from related entities, current	794	593
Chilean peso	65	200
U.S. dollar	729	393
Tax current assets	26,591	20,774
Argentine peso	2,067	812
Brazilian real	1,824	1,106
Chilean peso	6,057	4,860
Colombian peso	639	5
Euro	184	-
U.S. dollar	429	429
Peruvian sun	13,892	13,306
Other currency	1,499	256
Total current assets	998,673	1,310,130
Argentine peso	73,707	72,189
Brazilian real	40,746	105,126
Chilean peso	340,288	589,412
Colombian peso	4,208	8,375
Euro	69,555	73,318
U.S. Dollar	84,741	69,014
Other currency	385,428	392,696

Non-current assets	As of March 31, <u>2019</u> ThUS\$ Unaudited	As of December 31, <u>2018</u> ThUS\$
Other financial assets, non-current	21,679	21,850
Brazilian real	4,015	4,941
Chilean peso	69	68
Colombian peso	263	145
Euro	7,609	7,438
U.S. dollar	7,997	7,441
Other currency	1,726	1,817
Other non - financial assets, non-current	30,229	31,126
Argentine peso	75	86
Brazilian real	7,637	7,465
U.S. dollar	3	3
Other currency	22,514	23,572
Accounts receivable, non-current	5,345	5,378
Chilean peso	5,345	5,378
Deferred tax assets	3,247	2,102
Colombian peso	80	78
U.S. dollar	1,172	29
Other currency	1,995	1,995
Total non-current assets	60,500	60,456
Argentine peso	75	86
Brazilian real	11,652	12,406
Chilean peso	5,414	5,446
Colombian peso	343	223
Euro	7,609	7,438
U.S. dollar	9,172	7,473
Other currency	26,235	27,384

The foreign currency detail of balances of monetary items in current liabilities and non-current is as follows:

<u>Current liabilities</u>	<u>Up to 90 days</u>		<u>91 days to 1 year</u>	
	As of	As of	As of	As of
	March 31,	December 31,	March 31,	December 31,
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Unaudited		Unaudited	
Other financial liabilities, current	77,639	63,920	-	107,815
Argentine peso	1	3	-	-
Brazilian real	247	261	-	-
Chilean peso	50,014	41,694	-	68,901
Euro	247	704	-	-
U.S. dollar	26,914	16,773	-	38,914
Other currency	216	4,485	-	-
Trade and other accounts payables, current	1,037,058	970,872	37,918	37,809
Argentine peso	242,025	229,907	2,920	6,142
Brazilian real	31,846	30,974	693	1,152
Chilean peso	190,937	198,766	25,020	26,113
Colombian peso	4,783	7,915	13	752
Euro	89,768	84,903	47	1,375
U.S. dollar	380,149	325,385	3,176	55
Peruvian sol	38,177	37,285	5,746	1,124
Mexican peso	4,340	5,975	17	167
Pound sterling	16,616	13,395	102	305
Uruguayan peso	523	847	-	-
Other currency	37,894	35,520	184	624
Accounts payable to related entities, current	2,545	365	-	-
Chilean peso	1,950	253	-	-
U.S. dollar	595	112	-	-
Other currency	-	-	-	-
Other provisions, current	1,813	1,434	-	-
Chilean peso	28	28	-	-
Other currency	1,785	1,406	-	-
Tax liabilities, current	-	13	-	-
Argentine peso	-	4	-	-
Chilean peso	-	9	-	-

Current liabilities	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
	ThUS\$ Unaudited	ThUS\$	ThUS\$ Unaudited	ThUS\$
Other non-financial liabilities, current	34,133	38,120	-	-
Argentine peso	639	1,089	-	-
Brazilian real	2,712	1,455	-	-
Chilean peso	10,880	14,130	-	-
Colombian peso	708	1,009	-	-
Euro	5,926	4,411	-	-
U.S. dollar	3,975	10,468	-	-
Other currency	9,293	5,558	-	-
Total current liabilities	1,153,188	1,074,724	187,662	145,624
Argentine peso	242,665	231,003	2,920	6,142
Brazilian real	34,805	32,690	693	1,152
Chilean peso	253,809	254,880	95,957	95,014
Colombian peso	5,491	8,924	13	752
Euro	95,941	90,018	293	1,375
U.S. dollar	411,633	352,738	81,217	38,969
Other currency	108,844	104,471	6,569	2,220

Non-current liabilities	More than 1 to 3 years		More than 3 to 5 years		More than 5 years	
	As of March 31, 2019	As of December 31, 2018	As of March 31, 2019	As of December 31, 2018	As of March 31, 2019	As of December 31, 2018
	ThUS\$ Unaudited	ThUS\$	ThUS\$ Unaudited	ThUS\$	ThUS\$ Unaudited	ThUS\$
Other financial liabilities, non-current	371,356	299,735	231,335	281,785	184,640	179,406
Chilean peso	78,168	16,259	176,545	237,377	176,602	172,530
Brazilian real	897	948	-	-	-	-
Euro	207	296	-	-	-	-
U.S. dollar	291,842	280,197	54,698	44,408	8,038	6,876
Other currency	242	2,035	92	-	-	-
Accounts payable, non-current	252,949	294,704	-	-	-	-
Chilean peso	13,879	14,027	-	-	-	-
U.S. dollar	237,865	279,437	-	-	-	-
Other currency	1,205	1,240	-	-	-	-
Other provisions, non-current	37,065	36,120	-	-	-	-
Argentine peso	462	542	-	-	-	-
Brazilian real	20,986	19,815	-	-	-	-
Colombian peso	299	295	-	-	-	-
Euro	9,222	9,403	-	-	-	-
U.S. dollar	6,096	6,065	-	-	-	-
Provisions for						
employees benefits, non-current	77,442	72,674	-	-	-	-
Chilean peso	76,900	72,187	-	-	-	-
U.S. dollar	542	487	-	-	-	-
Other non-financial liabilities, non-current	-	-	-	-	-	-
Colombian peso	-	-	-	-	-	-
Total non-current liabilities	738,812	703,233	231,335	281,785	184,640	179,406
Argentine peso	462	542	-	-	-	-
Brazilian real	21,883	20,763	-	-	-	-
Chilean peso	168,947	102,473	176,545	237,377	176,602	172,530
Colombian peso	299	295	-	-	-	-
Euro	9,429	9,699	-	-	-	-
U.S. dollar	536,345	566,186	54,698	44,408	8,038	6,876
Other currency	1,447	3,275	92	-	-	-

General summary of foreign currency:	As of March 31, <u>2019</u> ThUS\$ Unaudited	As of December 31, <u>2018</u> ThUS\$
Total assets	1,059,173	1,370,586
Argentine peso	73,782	72,275
Brazilian real	52,398	117,532
Chilean peso	345,702	594,858
Colombian peso	4,551	8,598
Euro	77,164	80,756
U.S. dollar	93,913	76,487
Other currency	411,663	420,080
Total liabilities	2,495,637	2,446,785
Argentine peso	246,047	237,687
Brazilian real	57,381	54,605
Chilean peso	871,860	862,274
Colombian peso	5,803	9,971
Euro	105,663	101,092
U.S. dollar	1,091,931	1,071,190
Other currency	116,952	109,966
Net position		
Argentine peso	(172,265)	(165,412)
Brazilian real	(4,983)	62,927
Chilean peso	(526,158)	(267,416)
Colombian peso	(1,252)	(1,373)
Euro	(28,499)	(20,336)
U.S. dollar	(998,018)	(994,703)
Other currency	294,711	310,114

(b) Exchange differences

The exchange differences recognized in profit or loss, except for financial instruments measured at fair value through profit or loss, for the period ended March 31, 2019 and 2018, amounted a credit of ThUS\$ 8,949 and ThUS\$ 811, respectively.

The exchange differences recognized in statement of comprehensive income as reserves for translation exchange differences for the period ended March 31, 2019 and 2018 meant a charge of ThUS \$ 19,667 and ThUS\$ 13,041, respectively.

The following shows the current exchange rates for the U.S. dollar, on the dates indicated:

	As of March 31,	As of December 31,		
	2019	2018	2017	2016
	Unaudited			
Argentine peso	43.34	37.74	18.57	15.84
Brazilian real	3.9	3.87	3.31	3.25
Chilean peso	678.53	694.77	614.75	669.47
Colombian peso	3,184.62	3,239.45	2,984.77	3,000.25
Euro	0.89	0.87	0.83	0.95
Strong bolivar	-	-	3,345.00	673.76
Sovereign bolivar (*)	3,294.48	638.18	-	-
Australian dollar	1.41	1.42	1.28	1.38
Boliviano	6.86	6.86	6.86	6.86
Mexican peso	19.45	19.68	19.66	20.63
New Zealand dollar	1.47	1.49	1.41	1.44
Peruvian Sol	3.32	3.37	3.24	3.35
Uruguayan peso	33.43	32.38	28.74	29.28

(*) On August 20, 2018, in Venezuela there was a change of currency, five zeros were eliminated to simplify and the surname was changed to sovereign.

NOTE 30 - EARNINGS / (LOSS) PER SHARE

	For the period ended	
	March 31,	
	2019	2018
Basic earnings / (loss) per share	<u>Unaudited</u>	<u>Restated Unaudited</u>
Earnings / (loss) attributable to owners of the parent (ThUS\$)	(60,074)	92,169
Weighted average number of shares, basic	606,407,693	606,407,693
Basic earnings / (loss) per share (US\$)	(0.09907)	0.15199

	For the period ended	
	March 31,	
	2019	2018
Diluted earnings / (loss) per share	<u>Unaudited</u>	<u>Restated Unaudited</u>
Earnings / (loss) attributable to owners of the parent (ThUS\$)	(60,074)	92,169
Weighted average number of shares, basic	<u>606,407,693</u>	<u>606,407,693</u>
Weighted average number of shares, diluted	<u>606,407,693</u>	<u>606,407,693</u>
Diluted earnings / (loss) per share (US\$)	(0.09907)	0.15199

NOTE 31 – CONTINGENCIES

I. Lawsuits

1) Lawsuits filed by LATAM Airlines Group S.A. and Subsidiaries

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*)</u> ThUS\$
Tam Viagens S.A.	Fazenda Pública do Município de São Paulo.	1004194-37.2018.8.26.0053	This is a voidance action appealing the charges for violations and fines (67.168.795 / 67.168.833 / 67.168.884 / 67.168.906 / 67.168.914 / 67.168.965). We are arguing that numbers are missing from the ISS calculation base since the company supposedly made improper deductions.	The lawsuit was assigned on January 31, 2018. That same day, a decision was rendered suspending the charges without any bond. We are waiting for the deadline for the municipality to appeal to expire. The municipality filed an appeal against this decision on April 30, 2018, that is pending a decision. The voidance action is now in the evidentiary period.	86,629

2) Lawsuits received by LATAM Airlines Group S.A. and Subsidiaries

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*)</u> ThUS\$
LATAM Airlines Group S.A. y Lan Cargo S.A.	European Commission.	-	Investigation of alleged infringements to free competition of cargo airlines, especially fuel surcharge. On December 26 th , 2007, the General Directorate for Competition of the European Commission notified Lan Cargo S.A. and LATAM Airlines Group S.A. the instruction process against twenty five cargo airlines, including Lan Cargo S.A., for alleged breaches of competition in the air cargo market in Europe, especially the alleged fixed fuel surcharge and freight.	<p>On April 14th, 2008, the notification of the European Commission was replied. The appeal was filed on January 24, 2011.</p> <p>On May 11, 2015, we attended a hearing at which we petitioned for the vacation of the Decision based on discrepancies in the Decision between the operating section, which mentions four infringements (depending on the routes involved) but refers to Lan in only one of those four routes; and the ruling section (which mentions one single conjoint infraction).</p> <p>On November 9th, 2010, the General Directorate for Competition of the European Commission notified Lan Cargo S.A. and LATAM Airlines Group S.A. the imposition of a fine in the amount of ThUS\$ 9,222 (8.220.000 Euros)</p> <p>This fine is being appealed by Lan Cargo S.A. and LATAM Airlines Group S.A. On December 16, 2015, the European Court of Justice revoked the Commission's decision because of discrepancies. The European Commission did not appeal the decision, but presented a new one on March 17, 2017 reiterating the imposition of the same fine on the eleven original airlines. The fine totals 776,465,000 Euros. It imposed the same fine as before on Lan Cargo and its parent, LATAM Airlines Group S.A., totaling 8.2 million Euros. On May 31, 2017 Lan Cargo S.A. and LATAM Airlines Group S.A. filed a petition with the General Court of the European Union seeking vacation of this decision. We presented our defense in December 2017. LATAM AIRLINES GROUP S.A. expects that the Court of the European Union will reduce this fine.</p>	9,222

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
Lan Cargo S.A. y LATAM Airlines Group S.A.	In the High Court of Justice Chancery División (England) Ovre Romerike District Court (Norway) y Directie Juridische Zaken Afdeling Ceveil Recht (Netherlands) , Cologne Regional Court (Landgerich Köln Germany).	-	Lawsuits filed against European airlines by users of freight services in private lawsuits as a result of the investigation into alleged breaches of competition of cargo airlines, especially fuel surcharge. Lan Cargo S.A. and LATAM Airlines Group S.A., have been sued in court proceedings directly and/or in third party, based in England, Norway, the Netherlands and Germany.	Cases are in the uncovering evidence stage. In the case in England, mediation was held with nearly all the airlines involved in the aim of attempting to reach an agreement. It began in September, and LATAM Airlines Group S.A. reached an agreement for approximately GBP 636,000. A settlement was signed in December 2018 and payment was made in January 2019. This concluded the claim for all class-action plaintiffs except one, with whom negotiations continue. The amount is undetermined, but small.	-0-
Aerolinhas Brasileiras S.A.	Federal Justice.	0008285-53.2015.403.6105	An action seeking to quash a decision and petitioning for early protection in order to obtain a revocation of the penalty imposed by the Brazilian Competition Authority (CADE) in the investigation of cargo airlines alleged fair trade violations, in particular the fuel surcharge.	This action was filed by presenting a guaranty – policy – in order to suspend the effects of the CADE’s decision regarding the payment of the following fines: (i) ABSA:ThUS\$10,438; (ii) Norberto Jochmann: ThUS\$201; (iii) Hernan Merino: ThUS\$ 102; (iv) Felipe Meyer :ThUS\$ 102. The action also deals with the affirmative obligation required by the CADE consisting of the duty to publish the condemnation in a widely circulating newspaper. This obligation had also been stayed by the court of federal justice in this process. Awaiting CADE’s statement. ABSA began a judicial review in search of an additional reduction in the fine amount. The Judge’s decision was published on March 12, 2019, and we filed an appeal against it on March 13, 2019.	10,532

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
Aerolinhas Brasileiras S.A.	Federal Justice.	0001872-58.2014.4.03.6105	An annulment action with a motion for preliminary injunction, was filed on 28/02/2014, in order to cancel tax debts of PIS, CONFINS, IPI and II, connected with the administrative process 10831.005704/2006.43.	We have been waiting since August 21, 2015 for a statement by Serasa on TAM's letter of indemnity and a statement by the Union. The statement was authenticated on January 29, 2016. A petition on evidence and replications were filed on June 20, 2016. A new insurance policy was submitted on March 3, 2016 with the change to the guarantee requested by PGFN, which was declared on June 3, 2016. A decision is pending.	14,146
Tam Linhas Aéreas S.A.	Department of Federal Revenue of Brazil	19515.720476/2015-83	Alleged irregularities in the SAT payments for the periods 01/2011 to 12/2012.	The lawsuit was converted into a measure in January 2018. A statement will be made after the prosecutor's measure has concluded. The Brazilian Administrative Council of Tax Appeals (CARF) issued a decision in favor of the Company on September 22, 2018. We are currently expecting that the Ministry of Finance of Brazil will appeal.	59,650
Tam Linhas Aéreas S.A.	Court of the Second Region.	2001.51.01.012530-0	Ordinary judicial action brought for the purpose of declaring the nonexistence of legal relationship obligating the company to collect the Air Fund.	Unfavorable court decision in first instance. Currently expecting the ruling on the appeal filed by the company. In order to suspend chargeability of Tax Credit a Guaranty Deposit to the Court was delivered for ThUS\$106. The court decision requesting that the Expert make all clarifications requested by the parties in a period of 30 days was published on March 29, 2016. The plaintiffs' submitted a petition on June 21, 2016 requesting acceptance of the opinion of their consultant and an urgent ruling on the dispute. No amount additional to the deposit that has already been made is required if this case is lost.	88,604

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*)</u> ThUS\$
Tam Linhas Aéreas S.A.	Internal Revenue Service of Brazil.	10880.725950/ 2011-05	Compensation credits of the Social Integration Program (PIS) and Contribution for Social Security Financing (COFINS) Declared on DCOMPs.	The objection (<i>manifestação de inconformidade</i>) filed by the company was rejected, which is why the voluntary appeal was filed. The case was assigned to the 1st Ordinary Group of Brazil's Administrative Council of Tax Appeals (CARF) on June 8, 2015. TAM's appeal was included in the CARF session held August 25, 2016. An agreement that converted the proceedings into a formal case was published on October 7, 2016.	57,470
Aerovías de Integración Regional, AIRES S.A.	United States Court of Appeals for the Eleventh Circuit, Florida, U.S.A. 45th Civil Court of the Bogota Circuit in Colombia.	2013-20319 CA 01	The July 30th , 2012 Aerovías de Integración Recional, Aires S.A. (LATAM AIRLINES COLOMBIA) initiated a legal process in Colombia against Regional One INC and Volvo Aero Services LLC, to declare that these companies are civilly liable for moral and material damages caused to LATAM AIRLINES COLOMBIA arising from breach of contractual obligations of the aircraft HK-4107. The June 20th , 2013 AIRES SA And / Or LATAM AIRLINES COLOMBIA was notified of the lawsuit filed in U.S. for Regional One INC and Dash 224 LLC for damages caused by the aircraft HK-4107 arguing failure of LATAM AIRLINES GROUP S.A. customs duty to obtain import declaration when the aircraft in April 2010 entered Colombia for maintenance required by Regional One.	This case is being heard by the 45th Civil Court of the Bogota Circuit in Colombia. Statements were taken from witnesses presented by REGIONAL ONE and VAS on February 12, 2018. The court received the expert opinions requested by REGIONAL ONE and VAS and given their petition, it asked the experts to expand upon their opinions. It also changed the experts requested by LATAM AIRLINES COLOMBIA. The case was brought before the Court on September 10, 2018 and these rulings are pending processing so that a new hearing can be scheduled. On October 31, 2018, the judge postponed the deadline for the parties to answer the objection because of a serious error brought to light by VAS regarding the translation submitted by the expert. The appointment of a new damage settlement expert is pending, requested by LATAM AIRLINES COLOMBIA because the previous designate did not take office. Also pending is a decision on the objection to the Spanish translation of the documents provided in English due to serious errors. VAS made this motion, which was served to the parties in October 2018. The claims by VAS and Regional One have been joined before the same State Court, which has set the date for the trial by jury for August 19, 2019. On March 27, 2019, the State Court denied LATAM Airlines Colombia's petitions to dismiss the claims by Regional One and VAS for a lack of merits. Discovery is now underway until the trial begins. There may be some change in the amount claimed later on, which will be disclosed in due course.	12,443

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*)</u> ThUS\$
Tam Linhas Aéreas S.A.	Internal Revenue Service of Brazil	10880.722.355/201 4-52	On August 19th, 2014 the Federal Tax Service issued a notice of violation stating that compensation credits Program (PIS) and the Contribution for the Financing of Social Security COFINS by TAM are not directly related to the activity of air transport.	An administrative objection was filed on September 17th, 2014. A first-instance ruling was rendered on June 1, 2016 that was partially favorable. The separate fine was revoked. A voluntary appeal was filed on June 30, 2016, which is pending a decision by CARF. On September 9, 2016, the case was referred to the Second Division, Fourth Chamber, of the Third Section of the Administrative Council of Tax Appeals (CARF).	66,230
TAM Linhas Aéreas S.A.	Sao Paulo Labor Court, Sao Paulo	1001531- 73.2016.5.02.0710	The Ministry of Labor filed an action seeking that the company adapt the ergonomics and comfort of seats.	In August 2016, the Ministry of Labor filed a new lawsuit before the competent Labor Court in Sao Paulo, in the same terms as case 0000009-45.2016.5.02.090, as previously reported, the hearing date is set for October 22, 2018. We were served the decision completely dismissing the claim in March 2019, against which the plaintiff has filed an appeal. We are now awaiting the hearing by the Court of Appeals.	16,981

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*) ThUS\$</u>
LATAM Airlines Group S.A.	22° Civil Court of Santiago	C-29.945-2016	The Company received notice of a civil liability claim by Inversiones Rancho Tres S.A. on January 18, 2017. It is represented by Mr. Jorge Enrique Said Yarur. It was filed against LATAM Airlines Group S.A. for an alleged contractual default by the Company and against Ramon Eblen Kadiz, Jorge Awad Mehech, Juan Jose Cueto Plaza, Enrique Cueto Plaza and Ignacio Cueto Plaza, directors and officers, for alleged breaches of their duties. In the case of Juan Jose Cueto Plaza, Enrique Cueto Plaza and Ignacio Cueto Plaza, it alleges a breach, as controllers of the Company, of their duties under the incorporation agreement. LATAM has retained legal counsel specializing in this area to defend it.	The claim was answered on March 22, 2017 and the plaintiff filed its replication on April 4, 2017. LATAM filed its rejoinder on April 13, 2017, which concluded the argument stage of the lawsuit. A reconciliation hearing was held on May 2, 2017, but the parties did not reach an agreement. The Court issued the evidentiary decree on May 12, 2017. We filed a petition for reconsideration because we disagreed with certain points of evidence. That petition was partially sustained by the Court on June 27, 2017. The evidentiary stage commenced and then concluded on July 20, 2017. Observations to the evidence must now be presented. That period expires August 1, 2017. We filed our observations to the evidence on August 1, 2017. We were served the decision on December 13, 2017 that dismissed the claim since LATAM was in no way liable. The plaintiff filed an appeal on December 26, 2017. Arguments were pled before the Santiago Court of Appeals on April 23, 2019, and on April 30, 2019, this Court confirmed the ruling of the trial court absolving LATAM. The losing party was ordered to pay costs in both cases.	19,537
TAM Linhas Aéreas S.A.	10th Jurisdiction of Federal Tax Enforcement of Sao Paulo	0061196- 68.2016.4.03.618 2	Tax Enforcement Lien No. 0020869-47.2017.4.03.6182 on Profit-Based Social Contributions from 2004 to 2007.	This tax enforcement was referred to the 10th Federal Jurisdiction on February 16, 2017. A petition reporting our request to submit collateral was recorded on April 18, 2017. At this time, the period is pending for the plaintiff to respond to our petition. The bond was replaced.	39,514
TAM Linhas Aéreas S.A.	Federal Revenue Bureau	10880.900360/2 017-55	A claim regarding the negative Company Income Tax (IRPJ) balance. Appraisals of compensation that were not accepted .	The case was referred to the National Claims Management Center of the Federal Revenue Bureau for Sao Paulo on May 11, 2017. The administrative case was closed in favor of the company and its right to a credit was recognized on June 15, 2018.	-0-

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*) ThUS\$</u>
TAM Linhas Aéreas S.A.	Internal Revenue Service of Brazil	16643.000085/2 009-47	Notice of claim to recover income taxes and social contributions paid on the basis of net profits (SCL) according to the royalty expenses and use of the TAM trademark.	The company presented its administrative defenses on canceling all charges in the administrative proceedings, which were judged admissible by the District Court. The tax administration filed an appeal before the Administrative Council of Tax Appeals (CARF), and CARF vacated the lower court's decision and sustained the charges. The company then filed a new Special Appeal to the Superior Chamber of Tax Appeals (CSRF). In January 2018, CSRF partially admitted the company's appeal to remove the Social Tax on Net Profits (CSL) and keep the Corporate Income Tax (IRPJ). The company filed a new appeal in July 2018 (clarification of ruling). The company was notified of the decision on the latter appeal in February 2019, which ruled that IRPJ was payable but not the CSL, which closed the case administratively.	15,503
TAM Linhas Aéreas S.A.	Internal Revenue Service of Brazil	10831.012344/2 005-55	Notice of an infringement filed by the Company to request the import tax (II), the Social Integration Program (PIS) of the Social Security Funding Contribution (COFINS) as a result of an unidentified international cargo loss.	Before the Internal Revenue Service of Brazil. The administrative decision was against the company. The matter is pending a decision by the CARF	15,662
TAM Linhas Aéreas S.A.	DERAT SPO (Delegacia de Receita Federal	13808.005459/2 001-45	Collection of the Social Security Funding Contribution (COFINS) based on gross revenue of the company in the period 1999-2000.	The decision on collection was pending through June 2, 2010.	23,702
TAM Linhas Aéreas S.A.	Federal Revenue Bureau	10880.938.664/ 2016-12	An administrative lawsuit about compensation not being proportional to the negative corporate income tax balance.	A decision is pending by CARF on the appeal. The Company's right to its credit was recognized on November 21, 2018, which closed the administrative process in its favor.	-0-

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*)</u> ThUS\$
TAM Linhas Aéreas S.A.	Delegacia de Receita Federal	10611.720630/2017-16	This is an administrative claim about a fine for the incorrectness of an import declaration (new lawsuit).	The administrative defensive arguments were presented September 28, 2017. A ruling on the defense is currently pending in this lawsuit.	20,323
TAM Linhas Aéreas S.A.	Delegacia de Receita Federal	10611.720852/2016-58	An improper charge of the Contribution for the Financing of Social Security (COFINS) on an import (new lawsuit).	We are currently awaiting a decision. There is no predictable decision date because it depends on the court of the government agency.	14,607
TAM Linhas Aéreas S.A.	Delegacia de Receita Federal	16692.721.933/2017-80	The Internal Revenue Service of Brazil issued a notice of violation because TAM applied for credits offsetting the contributions for the Social Integration Program (PIS) and the Social Security Funding Contribution (COFINS) that do not bear a direct relationship to air transport.	We are awaiting the presentation of an administrative defense. An administrative defense was presented on May 29, 2018.	31,220
SNEA (Sindicato Nacional das empresas aeroviárias)	União Federal	0012177-54.2016.4.01.3400	A claim against the 72% increase in airport control fees (TAT-ADR) and approach control fees (TAT-APP) charged by the Airspace Control Department (“DECEA”).	A decision is now pending on the appeal presented by SNEA.	48,055
TAM Linhas Aéreas S/A	União Federal	2001.51.01.020420-0	TAM and other airlines filed a recourse claim seeking a finding that there is no legal or tax basis to be released from collecting the Additional Airport Fee (“ATAERO”).	A decision by the superior court is pending. The amount is indeterminate because even though TAM is the plaintiff, if the ruling is against it, it could be ordered by the trial judge to pay certain fees.	-0-
TAM Linhas Aéreas S/A	Delegacia da Receita Federal	10880-900.424/2018-07	This is a claim for a negative Legal Entity Income Tax (IRPJ) balance for the 2014 calendar year (2015 fiscal year) because set-offs were not allowed.	The administrative defensive arguments were presented March 19, 2018. An administrative decision is now pending.	17,108

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*) ThUS\$</u>
TAM linhas Aérea S/A	International Centre for dispute resolution (“ICDR”)	01-18-0000- 6332	Arbitration filed by Airbus S.A.S., Airbus North America Customer Services, Inc. and Allianz Corporate & Specialty SE (France) against AIG Europe Limited (“AIG”), TAM S.A. (“TSA”) and TAM Linhas Aéreas S.A. (“TLA”). In 2008, the parties exchanged draft agreements on sharing the costs of any indemnity for certain claims related to the Flight JJ3054 accident, but they did not reach an agreement, so the draft was never finalized or executed. Despite this, Airbus and its insured filed a formal arbitration claim and served AIG, TSA and TLA as defendants, seeking a decision on the validity of the agreement as well as a damage indemnity to Airbus because it could not share its defense with TAM. TAM has retained legal counsel in Switzerland, Brazil and the United States to handle this claim.	On January 31, 2018, Airbus S.A.S., Airbus North America Customer Services, Inc. and Allianz Corporate & Specialty SE (France) filed an arbitration claim with the International Centre for Dispute Resolution against AIG Europe Limited (“AIG”), TAM S.A. (“TSA”) and TAM Linhas Aéreas S.A. (“TLA”) seeking a decision on the validity of a shared-defense agreement that had been discussed but never finalized or executed by the parties. The plaintiffs allege that the parties exchanged enough correspondence and drafts to reflect the terms of a contract. Based on this alleged contract, they are demanding that TAM reimburse Airbus a sum of approximately KUS\$9.2 for settlement costs and kUS\$3 for legal fees, in addition to interest and any other amount decided by the Arbitrator On October 8, 2018, the plaintiffs filed a formal complaint that contained declarations by their supporting experts. On November 7, 2018, the Arbitrator issued a procedural ruling dividing the jurisdiction phase from the grounds-for-arbitration phase, thus expressing his agreement with the arguments by TSA and TLA as well as AIG. After a petition agreed by all parties, the Arbitrator postponed the deadline of December 14, 2018 while the parties held reconciliation negotiations. Finally, in December 2018, the parties agreed to hold a meeting to discuss a potential settlement that resulted in an agreement whereby Allianz Corporate & Speciality SE will pay AIG US\$95 million toward the loss already settled by AIG for the accident. In exchange, all lawsuits and arbitration claims will be withdrawn at no additional cost to LATAM. The insurance companies received the necessary approvals from the agreement’s signatories, which took place on March 25, 2019. This agreement also ended the arbitration.	12,200

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*)</u> ThUS\$
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	19515-720.823/2018-11	An administrative claim to collect alleged differences in SAT payments for the periods 11/2013 to 12/2017.	A defense was presented on November 28, 2018. We are now awaiting the administrative ruling.	119,675
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	5002912.29.2019.4.03.6100	A court action against the charge in administrative proceeding 16643.000085/2009-47.	This claim was heard on February 28 and March 1, 2019. The preliminary decision was to not require a bond. The final decision is pending.	11,052
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	10880.938832/2013-19	The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the second quarter of 2011, which were determined to be in the non-cumulative system.	An administrative defense was argued on March 19, 2019. The decision is pending.	15,981
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	10880.938834/2013-16	The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the third quarter of 2011, which were determined to be in the non-cumulative system.	An administrative defense was argued on March 19, 2019. The decision is pending.	11,684
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	10880.938837/2013-41	The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the fourth quarter of 2011, which were determined to be in the non-cumulative system.	An administrative defense was argued on March 19, 2019. The decision is pending.	15,658
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	10880.938838/2013-96	The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the first quarter of 2012, which were determined to be in the non-cumulative system.	We will argue our administrative defense.	10,805

<u>Company</u>	<u>Court</u>	<u>Case Number</u>	<u>Origin</u>	<u>Stage of trial</u>	<u>Amounts Committed (*)</u> ThUS\$
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	0012541-56.2016.5.03.0144	A class action in which the Union is petitioning that TAM be ordered to make payment of the correct calculation of Sundays and holidays.	A hearing was set for December 17, 2019	13,932
LATAM Airlines Group Argentina	Commercial Trial Court No. 15 of Buenos Aires.	11479/2012	Proconsumer and Rafaella Cabrera filed a claim citing discriminating fees charged to foreign users as compared to domestic users for services retained in Argentina.	The trial court judge dismissed Mrs. Cabrera's claim on March 7, 2019 and sustained the motion of lack of standing entered by Proconsumer. The ruling was appealed by the plaintiff on April 8, 2019 and will be decided by Room D.	-0-
LATAM Airlines Group Argentina, Brasil, Perú, Ecuador y TAM Mercosur	Commercial and Civil Trial Court No. 11 of Buenos Aires.	1408/2017	Consumidores Libres Coop. Ltda. filed this claim on March 14, 2017 regarding a provision of services. It petitioned for the reimbursement of certain fees or the difference in fees charged for passengers who purchased a ticket in the last 10 years but did not use it.	Federal Commercial and Civil Trial Court No. 11 in the city of Buenos Aires. After two years of arguments on jurisdiction and competence, the claim was assigned to this court and an answer was filed on March 19, 2019.	-0-

- In order to deal with any financial obligations arising from legal proceedings in effect at March 31, 2019, whether civil, tax, or labor, LATAM Airlines Group S.A. and Subsidiaries, has made provisions, which are included in Other non-current provisions that are disclosed in Note 21.
- The Company has not disclosed the individual probability of success for each contingency in order to not negatively affect its outcome.

(*) The Company has reported the amounts involved only for the lawsuits for which a reliable estimation can be made of the financial impacts and of the possibility of any recovery, pursuant to Paragraph 86 of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

II. Governmental Investigations.

1) On July 25, 2016, LATAM reached agreements with the *U.S. Department of Justice* (“DOJ”) and the *U.S. Securities and Exchange Commission* (“SEC”) regarding the investigation of payments for US\$1,150,000 by Lan Airlines S.A. in 2006-2007 to a consultant advising it in the resolution of labor matters in Argentina.

The purpose of the investigation was to determine whether these payments violated the U.S. Foreign Corrupt Practices Act (“FCPA”) that: (i) forbids bribery of foreign government authorities in order to obtain a commercial advantage; and (ii) requires the companies that must abide by the FCPA to keep appropriate accounting records and implant an adequate internal control system. The FCPA is applicable to LATAM because of its ADR program in effect on the U.S. securities market.

After an exhaustive investigation, the DOJ and SEC concluded that there was no violation of the bribery provisions of the FCPA, which is consistent with the results of LATAM’s internal investigation. However, the DOJ and SEC consider that LAN accounted for these payments incorrectly and, consequently, infringed the part of the FCPA requiring companies to keep accurate accounting records. These authorities also consider that LAN’s internal controls in 2006-2007 were weak, so LAN would have also violated the provisions in the FCPA requiring it to maintain an adequate internal control system.

The agreements signed, included the following:

(a) The agreement with the DOJ involves: (i) entering into a Deferred Prosecution Agreement (“DPA”), which is a public contract under which the DOJ files public charges alleging an infringement of the FCPA accounting regulations. LATAM is not obligated to answer these charges, the DOJ will not pursue them for a period of 3 years, and the DOJ will dismiss the charges after expiration of that 3-year period provided LATAM complies with all terms of the DPA. In exchange, LATAM must admit to the negotiated events described in the DPA and agree to pay the negotiated fine explained below and abide by other terms stipulated in the agreement; (ii) clauses in which LATAM admits that the payments to the consultant in Argentina were incorrectly accounted for and that at the time those payments were made (2006-2007), it did not have adequate internal controls in place; (iii) LATAM’s agreement to have an outside consultant monitor, evaluate and report to the DOJ on the effectiveness of LATAM’s compliance program for a period of 27 months; and LATAM’s agreement to continue evaluating and reporting directly to the DOJ on the

effectiveness of its compliance program for a period of 9 months after the consultant's work concludes; and (iv) LATAM paid a fine of ThUS\$12,750.

(b) The agreement with the SEC involves: (i) accepting a Cease and Desist Order, which is an administrative resolution of the SEC closing the investigation, in which LATAM will accept certain obligations and statements of fact that are described in the document; (ii) accepting the same obligations regarding the consultant mentioned above; and (iii) LATAM paid a fine of ThUS\$6,744 and interest of ThUS\$2,694.

NOTE 32 – COMMITMENTS

(a) Loan covenants

With respect to various loans signed by the Company for the financing of Boeing 767, 767F, 777F and 787 aircraft, which carry the guarantee of the United States Export-Import Bank, limits have been set on some of the Company's financial indicators on a consolidated basis, for which, in any case non-compliance does not generate acceleration of the loans.

Moreover, and related to these same contracts, restrictions are also in place on the Company's management in terms of its ownership, in relation to the ownership structure and the controlling group, and disposal of the assets which mainly refers to important transfers of assets.

The Company and its subsidiaries do not maintain financial credit contracts with banks in Chile that indicate some limits on financial indicators of the Company or its subsidiaries.

The revolving credit facility ("Revolving Credit Facility") with aircraft, engines, parts and supplies guaranteed for a total available amount of US\$ 575 million, contemplates minimum liquidity restrictions, measured at the level of the Consolidated Company and measured at the for companies LATAM Airlines Group SA and TAM Linhas Aéreas S.A., which remain standby while the credit line is not used. As of March 31, 2019 this line of credit established with a consortium of eleven banks led by Citibank, is not used.

As of March 31, 2019, the Company is in compliance with all the indicators detailed above.

(c) Other commitments

At March 31, 2019 the Company has existing letters of credit, certificates of deposits and warranty insurance policies as follows:

<u>Creditor Guarantee</u>	<u>Debtor</u>	<u>Type</u>	<u>Value ThUS\$</u>	<u>Release date</u>
Servicio Nacional de Aduana del Ecuador	Líneas Aéreas Nacionales del Ecuador S.A.	Three letter of credit	1,705	Aug-05-19
Corporación Peruana de Aeropuertos y Aviación Comercial	Lan Perú S.A.	Twenty nine letter of credit	3,506	May-30-19
Lima Airport Partners S.R.L.	Lan Perú S.A.	Two letter of credit	1,758	May-21-19
Superintendencia Nacional de Aduanas y de Administración Tributaria	Lan Perú S.A.	Nineteen letter of credit	152,000	Apr-21-19
Aena Aeropuertos S.A.	LATAM Airlines Group S.A.	Four letter of credit	3,102	Nov-15-19
American Alternative Insurance Corporation	LATAM Airlines Group S.A.	Six letter of credit	3,690	Abr-05-19
Citibank N.A.	LATAM Airlines Group S.A.	One letter of credit	27,226	Dec-20-19
Comisión Europea	LATAM Airlines Group S.A.	One letter of credit	9,409	Dec-31-19
Deutsche Bank A.G.	LATAM Airlines Group S.A.	One letter of credit	2,500	March-31-20
Dirección General de Aeronáutica Civil	LATAM Airlines Group S.A.	Forty seven letter of credit	19,390	Apr-30-19
Empresa Pública de Hidrocarburos del Ecuador EP Petroecuador	LATAM Airlines Group S.A.	One letter of credit	5,500	Jun-18-19
Metropolitan Dade County	LATAM Airlines Group S.A.	Seven letter of credit	2,191	Apr-09-19
Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual	LATAM Airlines Group S.A.	Forty letter of credit	1,310	May-16-19
Conselho Administrativo de Conselhos Federais	Tam Linhas Aéreas S.A.	Two letter of credit	1,626	Nov-24-20
Procon	Tam Linhas Aéreas S.A.	One letter of credit	1,309	Apr-01-21
União Federal	Tam Linhas Aéreas S.A.	Two letter of credit	3,217	Sep-28-21
Vara da Fazenda Pública da Comarca do Rio de Janeiro - RJ	Tam Linhas Aéreas S.A.	One letter of credit	1,047	Sep-27-23
Vara das Execuções Fiscais Estaduais	Tam Linhas Aéreas S.A.	Four letter of credit	8,541	May-23-19
Procon	ABSA linhas Aereas Brasileira S/A	One letter of credit	10,495	May-19-20
Vara Federal da Subseção de Campinas SP	ABSA linhas Aereas Brasileira S/A	One letter of credit	5,457	Oct-20-21
Conselho Administrativo de Conselhos Federais	ABSA linhas Aereas Brasileira S/A	One letter of credit	15,919	Feb-22-21
			<u>280,898</u>	

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES

(a) Details of transactions with related parties as follows:

Tax No.	Related party	Nature of relationship with related parties	Country of origin	Nature of related parties transactions	Currency	Transaction amount with related parties As of March 31,	
						2019	2018
						Unaudited	
						ThUS\$	ThUS\$
96.810.370-9	Inversiones Costa Verde Ltda. y CPA.	Related director	Chile	Tickets sales	CLP	9	4
78.591.370-1	Bethia S.A and subsidiaries	Related director	Chile	Services received of cargo transport	CLP	556	212
				Services received from National and International Courier	CLP	(3)	(17)
				Services provided of cargo transport	CLP	-	-
				Sales commissions	CLP	(54)	(353)
				Services received of transfer of passengers	CLP	(230)	-
				Services received advertising	CLP	4	-
87.752.000-5	Granja Marina Tornagaleones S.A.	Common shareholder	Chile	Services provided	CLP	13	14
Foreign	Consultoría Administrativa Profesional S.A. de C.V.	Associate	Mexico	Professional counseling services received	MXN	-	(668)
Foreign	Inversora Aeronáutica Argentina	Related director	Argentina	Property leases received	ARS\$	-	(66)
Foreign	TAM Aviação Executiva e Taxi Aéreo S/A	Common shareholder	Brazil	Services provided	BRL	2	17
				Services received of cargo transport	BRL	-	1
				Services received at airports	BRL	(10)	-
Foreign	Qatar Airways	Indirect shareholder	Qatar	Services provided by aircraft lease	US\$	6,260	5,325
				Interlineal received service	US\$	(340)	(306)
				Interlineal provided service	US\$	2,804	1,330
				Services provided of handling	US\$	393	441
				Services provided / received others	US\$	81	159

The balances of Accounts receivable and accounts payable to related parties are disclosed in Note 9.

Transactions between related parties have been carried out under market conditions between interested and duly informed parties.

(b) Compensation of key management

The Company has defined for these purposes that key management personnel are the executives who define the Company's policies and major guidelines and who directly affect the results of the business, considering the levels of Vice-Presidents, Chief Executives and Directors (Senior).

	For the period ended	
	March 31,	
	2019	2018
	ThUS\$	ThUS\$
	<u>Unaudited</u>	
Remuneration	3,594	3,427
Management fees	79	34
Non-monetary benefits	460	186
Short-term benefits	17,807	22,284
Long-term benefits	8,343	-
Share-based payments	2,644	7,735
Termination benefits	-	59
Total	<u>32,927</u>	<u>33,725</u>

NOTE 34 - SHARE-BASED PAYMENTS

(a) Compensation plan for increase of capital

Compensation plans implemented by providing options for the subscription and payment of shares that have been granted by LATAM Airlines Group S.A. to employees of the Company and its subsidiaries, are recognized in the financial statements in accordance with the provisions of IFRS 2 "Share-based Payment", showing the effect of the fair value of the options granted under compensation in linear between the date of grant of such options and the date on which these irrevocable.

(a.1) Compensation plan 2013 not current as of this date

At the Extraordinary Shareholders' Meeting held on June 11, 2013, the shareholders of the Company approved, among other matters, the increase in the share capital, of which 1,500,000 shares were allocated to compensation plans for the employees of the Company. Company and its subsidiaries, in accordance with the provisions of Article 24 of the Law on Public Limited Companies.

On June 11, 2018, expired the term to subscribe said actions, which were neither subscribed nor paid, reducing the capital of full rights.

(b) Compensation plan 2016-2018

The company implemented a retention plan long-term for executives, which lasts until December 2018, with a vesting period between October 2018 and March 2019, which consists of an extraordinary bonus whose calculation formula is based on the variation the value to experience the action of LATAM Airlines Group S.A. for a period of time.

This benefit is recorded in accordance with the provisions of IFRS 2 "Payments based on shares" and has been considered as a cash settled award and, therefore, recorded at fair value as a liability, which is updated at the closing date. of each financial statement with effect on the result of the period.

Periods	Base Units				Closing Balance
	Opening balance	Granted	Annulled	Exercised	
From January 1 to December 31, 2018	2,932,896	-	(171,419)	(1,168,700)	1,592,777
From January 1 to March 31, 2019 (Unaudited)	1,592,777	93,481	-	(1,635,562)	50,696

The fair value has been determined on the basis of the best estimate of the future value of the Company share multiplied by the number of units granted bases.

As of March 31, 2019 and as of December 31, 2018, the amount recorded is ThUS \$ 2,664 and 7,335, respectively, classified under the line "Administrative expenses" of the Consolidated Income Statement by function.

(c) Subsidiaries compensation plans

(c.1) Stock Options

Multiplus S.A., subsidiaries of TAM S.A., have outstanding stock options at December 31, 2018, which amounted to 247,500 shares (at December 31, 2017, the distribution of outstanding stock options amounted to 316,025 for Multiplus S.A.).

Multiplus S.A.

Description	3rd Grant	4th Grant	4th Extraordinary Grant	Total
	03-21-2012	04-03-2013	11-20-2013	
Outstanding option number as December 31, 2018	84,249	163,251	-	247,500
Outstanding option number as March 31, 2019 (Unaudited)	84,249	163,251	-	247,500

For Multiplus S.A., the plan's terms provide that the options granted to the usual prizes are divided into three equal parts and employees may exercise one-third of their two, three and four, options respectively, as long as they keep being employees of the company. The agreed term of the options is seven years after the grant of the option. The first extraordinary granting was divided into two equal parts, and only half of the options may be exercised after three years and half after four years. The second extraordinary granting was also divided into two equal parts, which may be exercised after one and two years respectively.

The acquisition of the share's rights, in both companies is as follows:

Company	Number of shares Accrued options		Number of shares Non accrued options	
	As of March 31, 2019	As of December 31, 2018	As of March 31, 2019	As of December 31, 2018
	Unaudited		Unaudited	
Multiplus S.A.	247,500	247,500	247,500	247,500

In accordance with IFRS 2 - Payments based on shares, the fair value of the option must be recalculated and recorded in the liability of the Company, once cash payment is made (cash-settled). The fair value of these options was calculated using the "Black-Scholes-Merton" method, where the assumptions were updated with information from LATAM Airlines Group S.A. As of December 31, 2018 and 2017 there is no value recorded in liabilities and results.

(c.2) Payments based on restricted stock

In May of 2014 the Management Council of Multiplus S.A. approved a plan to grant restricted stock, a total of 91,103 ordinary, registered book entry securities with no face value, issued by the Company to beneficiaries.

The quantity of restricted stock units was calculated based on employees' expected remunerations divided by the average price of shares in Multiplus S.A. traded on the BM&F Bovespa exchange in the month prior to issue, April of 2014. This benefits plan will only grant beneficiaries the right to the restricted stock when the following conditions have been met:

- a. Compliance with the performance goal defined by this Council as return on Capital Invested.
- b. The Beneficiary must remain as an administrator or employee of the Company for the period running from the date of issue to the following dates described, in order to obtain rights over the following fractions: (i) 1/3 (one third) after the 2nd year from the issue date; (ii) 1/3 (one third) after the 3rd year from the issue date; (iii) 1/3 (one third) after the 4th year from the issue date.

Number shares in circulation

	Opening balance	Granted	Exercised	Not acquired due to breach of employment retention conditions	Closing balance
From January 1 to December 31, 2018	309,710	-	(83,958)	(8,916)	216,836
From January 1 to March 31, 2019 (Unaudited)	216,836	-	(91,595)	(25,294)	99,947

NOTE 35 - STATEMENT OF CASH FLOWS

(a) The Company has done significant non-cash transactions mainly with financial leases, which are detailed in Note 17 letter (d), additional information in numeral (iv) Financial leases.

(b) Other inflows (outflows) of cash:

	For the period ended	
	March 31,	
	2019	2018
	ThUS\$	ThUS\$
	Unaudited	
Fuel hedge	(1,561)	14,654
Hedging margin guarantees	(1,607)	(5,844)
Guarantees	(8,943)	1,799
Tax paid on bank transaction	(960)	(3,308)
Currency hedge	-	(1,064)
Bank commissions, taxes paid and other	(2,082)	(3,319)
Fuel derivatives premiums	-	1,566
Court deposits	(12,835)	(10,806)
Total Other inflows (outflows) Operation flow	(27,988)	(6,322)
Tax paid on bank transaction	(597)	(621)
Others	-	12,352
Total Other inflows (outflows) Investment flow	(597)	11,731
Aircraft Financing advances	27,864	-
Settlement of derivative contracts	(618)	(2,449)
Total Other inflows (outflows) Financing flow	27,246	(2,449)

(c) Dividends:

	For the period ended	
	March 31,	
	2019	2018
	ThUS\$	ThUS\$
	Unaudited	
Multiplus S.A. (*)	-	(9,716)
Total dividends paid	-	(9,716)

(*) Dividends paid to minority shareholders

(d) Reconciliation of liabilities arising from financing activities:

Obligations with financial institutions	As of	Cash flows			Non-Flow Movements		As of
	December 31,	Obtainment	Payment		Interest accrued	Reclassifications	March 31,
	2018	Capital	Capital	Interest	and others	ThUS\$	2019
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Restated						Unaudited
	Unaudited						
Loans to exporters	400,721	-	(23,000)	(2,413)	4,535	-	379,843
Bank loans	222,741	-	(56,871)	(2,270)	4,924	-	168,524
Guaranteed obligations	2,534,021	-	(53,849)	(22,886)	(403,534)	-	2,053,752
Other guaranteed obligations	673,452	-	(23,044)	(7,770)	7,866	-	650,504
Obligation with the public	1,553,079	594,354	-	-	40,903	-	2,188,336
Financial leases	1,624,854	-	(126,150)	(18,742)	445,658	-	1,925,620
Other loans	252,858	27,864	(23,167)	(2,878)	3,705	725	259,107
Lease liability	2,855,874		(94,136)	(43,960)	219,594		2,937,372
Total Obligations with financial institutions	10,117,600	622,218	(400,217)	(100,919)	323,651	725	10,563,058

Obligations with financial institutions	As of	Cash flows			Non-Flow Movements		As of
	December 31,	Obtainment	Payment		Interest accrued	Reclassifications	March 31,
	2017	Capital	Capital	Interest	and others	ThUS\$	2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Restated						Unaudited
	Unaudited						
Loans to exporters	314,619	80,001	(70,000)	(2,246)	3,287	-	325,661
Bank loans	321,633	5,003	(22,095)	(3,294)	5,804	-	307,051
Guaranteed obligations	4,036,843	-	(87,713)	(30,300)	30,550	(854,854)	3,094,526
Other guaranteed obligations	242,175	-	213	(2,274)	2,333	-	242,447
Obligation with the public	1,584,066	-	-	-	36,906	-	1,620,972
Financial leases	1,109,504	-	(183,839)	(17,903)	25,627	854,854	1,788,243
Other loans	282,800	-	(21,551)	(4,560)	4,499	-	261,188
Lease liability	3,155,035		(91,416)	(46,428)	110,320	-	3,127,511
Total Obligations with financial institutions	11,046,675	85,004	(476,401)	(107,005)	219,326	-	10,767,599

(e) Advances of aircraft

Below are the cash flows associated with aircraft purchases, which are included in the statement of consolidated cash flow, in the item Purchases of properties, plants and equipment:

	For the period ended	
	March 31,	
	2019	2018
	ThUS\$	ThUS\$
	Unaudited	
Increases (payments)	(27,864)	(33,772)
Recoveries	51,239	(30,050)
Total cash flows	23,375	(63,822)

f) The net effect by the hyperinflation application in the consolidated statement of cash flow for the exercise ended December 31, 2018 corresponds to:

	<u>ThUS\$</u>
Net cash flows from (used in) operating activities	6,088
Net cash flows from (used in) investment activities	(17,611)
Net cash flows from (used in) financing activities	3,914
Effects of variation in the exchange rate on cash and cash equivalents	<u>7,609</u>
Net increase (decrease) in cash and cash equivalents	<u><u>-</u></u>

NOTE 36 - THE ENVIRONMENT

LATAM Airlines Group S.A has a commitment to sustainable development seeking to generate value taking into account the governance, environmental and social aspects. The company manages environmental issues at a corporate level, centralized in the Sustainability Management. For the company to monitor and minimize its impact on the environment is a commitment of the highest level; where the continuous improvement and contribute to the solution of the global climate change problem, generating added value to the company and the region, are the pillars of its management.

One of the functions of the Sustainability Management in environmental issues, together with the various areas of the Company, is to ensure environmental compliance, implement a management system and environmental programs that comply with the requirements every day more demanding worldwide; in addition to continuous improvement programs in their internal processes, which generate environmental, social and economic benefits and which are added to those currently carried out.

Within the sustainability strategy, the Environment dimension of LATAM Airlines Group S.A., is called Climate Change and is based on the goal of achieving world leadership in this area, and for which we work on the following aspects:

- i. Carbon footprint
- ii. Eco Efficiency
- iii. Sustainable Alternative Energy
- iv. Standards and Certifications

This is how, during 2019, the following initiatives have been carried out:

- Implementation of an Environmental Management System for the main operations of the company. It is highlighted that the company during 2018 has recertified its environmental management system in Miami facilities following the guidelines of the international standard ISO 14.001.
- Maintenance of the Stage 2 Certification of IATA Environmental Assessment (IEnvA) whose scope is the international flights operated from Chile, the most advanced level of this certification; being the first in the continent and one of the four airlines in the world that have this certification.

- During 2018, the Colombian operation achieved its certification in Stage 1 of IEnvA.
- Preparation of the environmental chapter for the sustainability report of the company 2019, which allows to measure progress in environmental issues.
- Answer to the questionnaire of the DJSI.
- Measurement and external verification of the Corporate Carbon Footprint.
- Neutralization of land operations in the operations of Colombia and Peru with emblematic reforestation projects in the respective countries.
- Incorporation of 100% electric power from renewable sources in the maintenance base facilities and the corporate building of operations in Chile.

It is highlighted that in 2018, LATAM Airlines Group maintained its inclusion for the fifty consecutive year in the world category of the Dow Jones Sustainability Index, with only 3 airlines in the world belonging to this select group.

NOTE 37 - EVENTS SUBSEQUENT TO THE DATE OF THE FINANCIAL STATEMENTS

On April 3, 2019, Tam Linhas Aereas S.A. a subsidiary of Latam Airliens Group S.A., announced that it has been approached by Elliott Associates L.P., Elliott International L.P., and Manchester Securities Corporation (jointly "Elliott"), the largest debt holders of Oceanair Linhas Aéreas S.A. and AVB Holding S.A. (jointly "Avianca Brazil"), and has agreed to bid for at least one independent productive unit ("IPU") of its respective assets (including but not limited to certain contracts, operating certificates, permits, and slots), of Elliot's restructuring proposal in upcoming auctions for a minimum amount of US\$70 million. As part of the proposed restructuring, subject to compliance with certain conditions, Tam Linhas Aereas S.A. has committed to extend to Avianca Brazil, directly and indirectly, up to US\$13 million of debtor-in-possession loans to finance, in part, working capital in support of the ongoing operations, amount that will be reimbursed to TAM Linhas Aereas S.A. if the restructuring proposal is successful. At this date, the process is suspended.

On April 16, 2019, LATAM Airlines Group S.A. received the notification of the resolution issued by the National Economic Prosecutor's Office (FNE) that initiates an investigation into the LATAM Pass frequent passenger program. The Company is cooperating with this process.

At the Ordinary Shareholders' Meeting held on April 25, 2019, the shareholders approved the distribution of the final dividend proposed by the Board in the last meeting held on April 9 which proposed consists in distributing as dividend 30% of the Profit for the year 2018, equivalent to an amount of US \$ 54,580,443.06, which will be paid on May 16, 2019.

On May 8, 2019, the Brazilian securities regulator, CVM (Comissão de Valores Mobiliários), approved the delisting of Multiplus S.A. converting it into a private equity company that are no longer trading on the B3 Novo Mercado or any other market, as of May 6, 2019, TAM S.A. a subsidiary of LATAM Airlines Group SA, informed that the de-listing continues at the end of the successful public offering to acquire the shares of Multiplus SA (approximately 27.3% of the circulating stock), operation that was successfully completed on April 1, 2019.

On March 31, 2019 and until the date of issuance of these financial statements, there is no knowledge of other financial or other events that significantly affect the balances or their interpretation.

The interim consolidated financial statements of LATAM Airlines Group S.A. and Subsidiaries as of March 31, 2019, have been approved in an Extraordinary Board Meeting on May 16, 2019.