

**Individual and Consolidated Quarterly
Information - ITR for the quarter ended
June 30, 2016**

Smiles S.A.

June 30, 2016
with Independent Auditors' Review

Smiles S.A.

Individual and consolidated quarterly information - ITR June 30, 2016

Contents

Comments on performance	01
Comments on business projection trends	02
Audit Committee's Report	03
Declaration of the officers on the quarterly information form - ITR	04
Declaration of the officers on the independent auditors' review report	05
Independent Auditors' report on the review of the quarterly information form - ITR	09
Individual interim financial information for the quarter ended June 30, 2016	
Statements of financial position	10
Statements of operations	12
Statements of comprehensive loss	13
Statements of cash flows	14
Statements of changes in equity	15
Statements of value added	16
Consolidated interim financial information for the quarter ended June 30, 2016	
Statements of financial position	17
Statements of operations	19
Statements of comprehensive loss	20
Statements of cash flows	21
Statements of changes in equity	22
Statements of value added	23
Notes to the interim financial information	24

Message from Management

Once again, Smiles has posted significant growth in its quarterly results for net revenues, operating profit and net income. Additionally, the Company has launched important products and partnerships aiming to sustain its innovative and traveler focused strategy. In July we announced the partnership with Rocketmiles, which positions Smiles one step ahead in terms of being the most complete loyalty program for travelers. The second new product is the new 'issuance without miles', which allows high tier customers to reserve their international tickets for a long period so that they can accrue and transfer enough miles, which engages customers to spend more on their credit cards and accrue more miles.

Rocketmiles partnership. Smiles announced a new partnership with Rocketmiles, an online hotel platform which is part of the Priceline Group, the biggest hotel stay distributor in the world. With the partnership, Smiles is now available globally in the hotel segment, by offering its customers more than 400 thousand hotel options, including Booking.com's full portfolio – part of Priceline's group. Smiles customers will be able to earn between 500 and 10,000 miles for each night booked. With the full integration of the partnership, Smiles' customers will also be able to redeem hotel stays with either miles or Smiles&Money. After the consolidation of Smiles as a loyalty program focused on the travelers, the Company pursues a new strategy: to be a complete enterprise for tourists.

'Issuance without miles'. Smiles' customers are now able to redeem international tickets without miles – via 'Issuance without miles'. The new product will allow the issuance of tickets with all international partners even if the customers do not have all miles immediately available. Members will have until 60 days prior to the departure to accrue enough miles and pay for their issuance, otherwise the tickets will be cancelled. The new product can also be used with Smiles&Money. Throughout the reservation process, the price in miles is maintained.

Maiores & Melhores (traditional Brazilian ranking magazine). Smiles was elected the 2nd best company within the services industry in Brazil, according to 'Maiores & Melhores 2016' ranking by Exame magazine, published in June. In the same ranking, Smiles was considered the best company for all industries in terms of value generated per employee.

Aeromexico. Since May 2016, Smiles' customers are able to accrue miles and redeem tickets on Aeromexico. This is the 13th airline company to enter into operation, aiming to enhance the attractiveness of the Program for travelers. This quarter, the total of international partner redemptions reached 3.0 bn miles, equivalent to 29.2% of the total miles redeemed, highest level for this segment in Company's history.

The net income in the quarter reached R\$123.6 mn, 38.2% up over 2Q15, chiefly due to the 37.7% growth of the operating profit and evolution of the net financial results. By the end of the 2Q16 Smiles had 94 employees. We remain enthusiastic regarding the opportunities in the loyalty industry and focused on positioning Smiles as an innovative business platform and a complete company in terms of tourism services.

Operating Performance

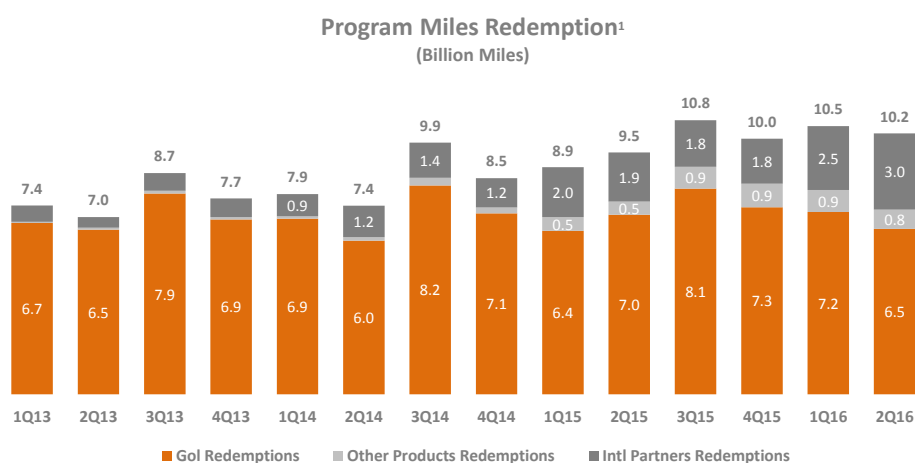
Operating Data ¹	Unit	2Q16	1Q16	2Q15	2Q16 vs. 1Q16 (%)	2Q16 vs. 2Q15 (%)
Members	mn	11.5	11.4	10.7	1.7%	7.6%
Miles Accrual	mn	13,188	11,900	13,064	10.8%	0.9%
Gol	mn	1,600	1,495	1,876	7.0%	(14.7%)
Ex-GOL (Banks and Other)	mn	11,588	10,405	11,187	11.4%	3.6%
Smiles' Redemption Program²	mn	10,243	10,524	9,493	(2.7%)	7.9%
Airline Redemptions	mn	9,485	9,660	8,976	(1.8%)	5.7%
Non-airline Redemptions	mn	758	864	518	(12.2%)	46.4%
Program's Burn/Earn	mn	77.7%	88.4%	72.7%	(10.7 p.p.)	5.0 p.p.
Breakage Rate	%	15.8%	15.7%	17.0%	0.1 p.p.	(1.3 p.p.)
% New Miles	%	98.7%	97.5%	90.5%	1.2 p.p.	8.2 p.p.

¹ All relevant miles amounts are net of reimbursement. The data in this table do not reflect financial information.

² The miles redemption corresponds to Miles redeemed under the Smiles Program, including new miles and miles of legacy.

Participants and Partners: The program reached 11.5 mn customers in 2Q16, a growth of 7.6% compared to 2Q15. In 2Q16, Smiles announced a partnership with Rocketmiles, online platform of hotel reserves, focused on generating value for the customers, hotels and loyalty programs through miles 'superaccrual'. The partnership will allow the customers to accrue miles through hotel bookings and soon it will also be able to redeem hotel rooms on Smiles' platform with either miles or Smiles&Money.

Miles Accrual: The Program's miles accrual increased 0.9% in the 2Q16 compared to 2Q15, chiefly explained by the 3.6% YoY increase in ex-Gol partners' accruals.



¹Chart's figures consider redeemed miles net of reimbursement

Miles Redemption: The redemption of miles from the Program, in 2Q16, was 7.9% higher than 2Q15, reflecting the continuous engagement of our participants. The burn/earn ratio of the program increased 5 p.p. YoY and reached 77.7% in 2Q16, mainly explained by the significant growth of program's miles redeemed with international airline partners.

¹ All values corresponding to miles are net of reimbursement. Segregation among redemption types were not reviewed by auditors

² Redemption miles values represent redemptions of new and legacy miles.

Operating Data ¹	Unit	2Q16	1Q16	2Q15	2Q16 vs. 1Q16 (%)	2Q16 vs. 2Q15 (%)
Smiles' Redemption Program ²	mn	10,243	10,524	9,493	(2.7%)	7.9%
Gol Tickets	mn	6,494	7,159	7,048	(9.3%)	(7.9%)
International Partners Tickets	mn	2,990	2,501	1,927	19.6%	55.1%
Non-airline Redemptions	mn	758	864	518	(12.2%)	46.4%
% of miles redeemed						
Gol Tickets	%	63.4%	68.0%	74.2%	(4.6 p.p.)	(10.8 p.p.)
International Partners Tickets	%	29.2%	23.8%	20.3%	5.4 p.p.	8.9 p.p.
Non-airline Redemptions	%	7.4%	8.2%	5.5%	(0.8 p.p.)	1.9 p.p.

Miles redeemed with international airline partners reached 3.0 bln miles in 2Q16, 55.1% up over 2Q15 and represented 29.2% of the total miles redeemed – 8.9 p.p. up over 2Q15. This growth rate is in contrast to figures released by Brazilian Central Bank data regarding Brazilian consumers spending abroad, which dropped 24.4% in the same period.

Breakage: The breakage rate posted a decrease of 1.3 p.p. when compared to 2Q15, which resulted in a 15.8% rate.

Business Model

Smiles started as a single loyalty program, but has evolved into its current, coalition model, which features several unique characteristics that allow for the accrual and redemption of Miles from GOL flights and its international partner airlines, as well as Brazil's main commercial banks, including co-branded cards issued by Bradesco and Banco do Brasil, and a wide network of retail partners. The current model works through (i) the accrual of Miles by Participants when they purchase airline tickets with GOL or other partner airlines, or products and services from Business and Financial Partners; Smiles Miles being acquired through the loyalty of these customers to those businesses, and (ii) Awards redemptions by Participants when they exchange their Miles for flights on GOL and other partner airlines, or for products and services offered by Commercial and Financial Partners.

The main sources of our revenues come from (i) redeemed miles revenues, represented by tickets and awards in its network of airline, commercial and financial partners, (ii) Smiles&Money revenues, and (iii) Breakage revenues if issued miles expire without being redeemed.

Glossary

Awards: Products or services delivered to Participants from business partners, as result of mileage customers exercising their rights as members of customer loyalty programs.

Breakage Estimate: Estimate of miles to expire without being redeemed, it may be expressed as a number of miles, in Brazilian Reals or as a percentage of miles issued, as appropriate to a given context.

Burn/Earn Ratio: The ratio between the number of miles redeemed and the number of miles accrued in a given period.

Free Float: Shares belonging to non-controlling shareholders.

Legacy Miles: Miles earned before the launch of the spin-off program.

Miles: The right of redemption of Smiles Program participants traded with Business Partners.

New Miles: Miles earned after the launch of the spin-off program.

Product Awards: Products or services, other than airline tickets, delivered to Participants from business partners, as result of mileage customers exercising their rights as members of customer loyalty programs.

Smiles & Money: A manner by which airline tickets can be issued through the use of a combination of cash and miles.

Smiles Program: A multi-brand loyalty program that features several companies, including GOL Linhas Aéreas Inteligentes S.A.

This release may contain forward-looking statements concerning business prospects, estimates of operating and financial results, and growth prospects for Smiles. These are merely projections and, as such, are based exclusively on management's expectations for Smiles. Such forward-looking statements depend, substantially, on external factors and risks presented in the disclosure documents filed by Smiles, and are, therefore, subject to change without notice. Independent auditors did not review the Company's non-financial information.

Comments on business projection trends

Until the date of this quarterly information form - ITR, the Company had not disclosed to the market projections or estimates of any kind, whether operating, technical, administrative or financial.

Audit Committee's Report

The SMILES S.A.'s Audit Committee, in compliance with its legal and statutory obligations, has reviewed the quarterly information for the quarter ended June 30, 2016. On the basis of the procedures we have undertaken, and taking into account the independent auditors' review report issued by Ernst & Young Auditores Independentes S.S. on August 5, 2016, and the information and explanations we have received during the period, we consider that these documents are fit to be submitted to the consideration of the Board of Directors.

Barueri, August 5, 2016.

Constantino de Oliveira Junior
Member of the Audit Committee

Marcos Grodetzky
Member of the Audit Committee

Natan Szuster
Member of the Audit Committee

Declaration of the officers on the quarterly information form - ITR

In compliance with the provisions of CVM Instruction No. 480/09, the Executive Board declares that it has discussed, reviewed and approved the quarterly information – ITR for the quarter ended June 30, 2016.

Barueri, August 5, 2016.

Leonel Dias de Andrade Neto
President Chief Financial Officer and Investor Relations

Declaration of the officers on the review report issued by the independent auditors

In compliance with the provisions of CVM Instruction No. 480/09, the Executive Board declares that it has discussed, reviewed and approved the conclusion expressed in the independent auditors' report on their review of the quarterly information for the quarter ended June 30, 2016.

Barueri, August 5, 2016.

Leonel Dias de Andrade Neto
President Chief Financial Officer and Investor Relations

Report on the review of quarterly information – ITR

To
The Shareholders, Board of Directors and Officers
Smiles S.A.
Barueri - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Smiles S.A. (“Company”), identified as Company and Consolidated, respectively, contained in the Quarterly Information (ITR) for the quarter ended June 30, 2016, which comprises the balance sheet as at June 30, 2016 and the related income statement and statement of comprehensive income for the three and six-month period then ended, the statement of changes in equity and cash flow statement for the six-month period then ended, including explanatory notes.

Company management is responsible for the preparation of interim individual financial information in accordance with the Technical Pronouncement of the Accounting Pronouncements Committee (CPC) 21 (R1) – Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of these information in compliance with the rules issued by the Brazilian Securities Commission (“CVM”), applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly narrower than an audit conducted in accordance with Brazilian and International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might have been identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing came to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Quarterly Financial Information, consistently with the standards issued by the Brazilian Securities Commission (CVM).



Statements of financial position - Individual

As of June 30, 2016 and December 31, 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current Quarter 06/30/2016	Prior Year 12/31/2015
1	Total assets	1,805,394	1,665,268
1.01	Current assets	1,134,375	1,447,318
1.01.01	Cash and cash equivalents	97,573	334,989
1.01.02	Short-term Investments	311,605	264,092
1.01.03	Accounts receivable	161,052	192,422
1.01.08	Other current assets	564,145	655,815
1.01.08.03	Other	564,145	655,815
1.01.08.03.01	Advances to suppliers	533,537	601,359
1.01.08.03.02	Other credits	3,337	3,911
1.01.08.03.03	Related-party transactions	27,271	50,545
1.02	Noncurrent assets	671,019	217,950
1.02.01	Long-term assets	626,245	186,770
1.02.01.06	Deferred taxes	71,721	73,718
1.02.01.09	Other noncurrent assets	554,524	113,052
1.02.01.09.03	Advances to suppliers	547,559	113,052
1.02.01.09.04	Other credits	6,965	-
1.02.02	Investments	12,102	15,643
1.02.03	Property, plant and equipment	1,817	1,625
1.02.04	Intangible	30,855	13,912



Statements of financial position - Individual

As of June 30, 2016 and December 31, 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current Quarter 06/30/2016	Prior Year 12/31/2015
2	Total liabilities and equity	1,805,394	1,665,268
2.01	Current liabilities	1,105,279	954,746
2.01.01	Salaries, wages and benefits	7,747	12,964
2.01.01.02	Salaries, wages and benefits	7,747	12,964
2.01.02	Suppliers	107,245	84,032
2.01.02.01	Suppliers	107,245	84,032
2.01.03	Taxes payable	26,206	12,257
2.01.05	Other liabilities	964,081	845,493
2.01.05.02	Other	964,081	845,493
2.01.05.02.02	Compulsory dividend payable	-	65,769
2.01.05.02.04	Advances from customers	148,458	13,459
2.01.05.02.05	Deferred revenue	815,623	766,265
2.02	Noncurrent liabilities	233,003	222,582
2.02.02	Other liabilities	231,554	221,242
2.02.02.02	Others	231,554	221,242
2.02.02.02.03	Deferred revenue	225,259	221,242
2.02.02.02.05	Suppliers	6,295	-
2.02.04	Provisions	1,449	1,340
2.02.04.01	Provisions tax social security labor and civil	1,449	1,340
2.02.04.01.04	Civil provisions	1,449	1,340
2.03	Shareholder's equity	467,112	487,940
2.03.01	Issued capital	145,102	109,762
2.03.01.01	Capital	178,515	146,164
2.03.01.02	Cost of issued shares	(36,402)	(36,402)
2.03.01.03	Capital to be issued	2,950	-
2.03.02	Capital reserves	50,839	79,371
2.03.02.02	Special reserve	43,765	72,942
2.03.02.07	Share-based payments	7,074	6,429
2.03.04	Revenue reserves	29,233	298,807
2.03.04.01	Statutory reserve	29,233	29,233
2.03.04.08	Additional dividends	-	269,574
2.03.05	Retained earnings	241,938	-

The accompanying notes are an integral part of the quarterly information.



Statements of income - Individual

Periods ended June 30, 2016 and 2015

(In thousands of Brazilian reais - R\$, except basic and diluted earnings (loss) per share)

Line code	Line item	Current quarter		Same quarter	
		04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016	04/01/2015 to 06/30/2015	Prior year 01/01/2015 to 06/30/2015
3.01	Sales and services revenue	349,842	700,431	275,504	521,494
3.01.01	Net revenue	349,842	700,431	275,504	521,494
3.02	Cost of sales and services	(183,079)	(373,158)	(153,313)	(285,080)
3.02.01	Cost of services rendered	(183,079)	(373,158)	(153,313)	(285,080)
3.03	Gross profit	166,763	327,273	122,191	236,414
3.04	Operating expenses/income	(38,664)	(74,841)	(29,172)	(58,442)
3.04.01	Selling expenses	(26,233)	(44,345)	(18,218)	(37,925)
3.04.01.01	Marketing expenses	(26,233)	(44,345)	(18,218)	(37,925)
3.04.02	General and administrative expenses	(12,866)	(26,955)	(9,124)	(17,316)
3.04.06	Equity in subsidiary	435	(3,541)	(1,830)	(3,201)
3.05	Result before income taxes and financial result	128,099	252,432	93,019	177,972
3.06	Financial income/expenses	57,599	115,017	39,496	61,260
3.06.01	Financial income	57,659	115,127	43,428	76,769
3.06.01.01	Financial income	53,040	103,188	39,443	76,769
3.06.01.02	Exchange variation, net	4,619	11,939	3,985	-
3.06.02	Financial expenses	(60)	(110)	(3,932)	(15,509)
3.06.02.01	Financial expenses	(60)	(110)	(3,932)	(14,832)
3.06.02.02	Exchange variation, net	-	-	-	(677)
3.07	Income before income taxes	185,698	367,449	132,515	239,232
3.08	Income tax (expenses)	(62,112)	(125,511)	(43,068)	(80,191)
3.08.01	Current	(60,930)	(123,514)	(41,244)	(82,816)
3.08.02	Deferred	(1,182)	(1,997)	(1,824)	2,625
3.09	Income from continuing operations, net	123,586	241,938	89,447	159,041
3.11	Profit for the period	123,586	241,938	89,447	159,041

The accompanying notes are an integral part of the quarterly information.



Statements of comprehensive income - Individual

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current quarter 04/01/2016 to 06/30/2016	Current year 01/01/2016 to 06/30/2016	Same quarter prior year 04/01/2015 to 06/30/2015	Prior year 01/01/2015 to 06/30/2015
4.01	Profit for the period	123,586	241,938	89,447	159,041
4.03	Comprehensive income for the period	123,586	241,938	89,447	159,041

The accompanying notes are an integral part of the quarterly information.



Statements of changes in equity – Individual

Periods ended June 30, 2016 and 2015

(In thousands of Brazilian reais - R\$)

Individual Interim Financial Information / Statements of Changes in Equity – From 01/01/2015 to 06/30/2015 (In Thousands of Brazilian Reais)

Line code	Line item	Capital Stock	Capital reserves, options granted and treasury shares	Income reserves	Accumulated profits	Total equity
5.01	Opening balance	101,594	77,547	226,896	-	406,037
5.03	Adjusted balance	101,594	77,547	226,896	-	406,037
5.04	Shareholders capital transactions	8,166	1,007	(202,307)	(7,066)	(200,200)
5.04.08	Capital increase - Share-based payments	8,166	-	-	-	8,166
5.04.10	Additional proposed dividend	-	-	(202,307)	-	(202,307)
5.04.11	Interests on capital anticipated	-	-	-	(7,066)	(7,066)
5.04.12	Share-based payments	-	1,007	-	-	1,007
5.05	Total comprehensive income/loss	-	-	-	159,041	159,041
5.05.01	Net profit for the period	-	-	-	159,041	159,041
5.07	Closing balance	109,760	78,554	24,589	151,975	364,878

Individual Interim Financial Information / Statements of Changes in Equity – From 01/01/2016 to 06/30/2016 (In Thousands of Brazilian Reais)

Line code	Line item	Capital Stock	Capital reserves, options granted and treasury shares	Income reserves	Accumulated profits	Total equity
5.01	Opening balance	109,762	79,371	298,807	-	487,940
5.03	Adjusted balance	109,762	79,371	298,807	-	487,940
5.04	Shareholders capital transactions	35,340	(28,532)	(269,574)	-	(262,766)
5.04.01	Capital increase	3,213	-	-	-	3,213
5.04.09	Advance for future capital increase	2,950	-	-	-	2,950
5.04.10	Distributed dividends	-	-	(269,574)	-	(269,574)
5.04.12	Share-based payments	-	645	-	-	645
5.04.13	Capital increase – special reserve	29,177	(29,177)	-	-	-
5.05	Total comprehensive income/loss	-	-	-	241,938	241,938
5.05.01	Net profit for the period	-	-	-	241,938	241,938
5.07	Closing balance	145,102	50,839	29,233	241,938	467,112

The accompanying notes are an integral part of the quarterly information.



Statements of cash flows - Individual

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current Year 01/01/2016 to 06/30/2016	Current Year 01/01/2015 to 06/30/2015
6.01	Net cash generated in operating activities	140,767	523,373
6.01.01	Cash flows from operating activities	(50,100)	(40,669)
6.01.01.01	Deferred taxes	1,997	(2,625)
6.01.01.02	Share-based payments	583	926
6.01.01.03	Provisions for judicial deposits	1,002	749
6.01.01.04	Depreciation and amortization	2,712	817
6.01.01.05	Obtained discounts	(59,089)	(60,435)
6.01.01.06	Exchange and monetary variations, net	(5,674)	2,489
6.01.01.07	Allowance for doubtful accounts	693	340
6.01.01.08	Provision for profit sharing and results	4,135	2,606
6.01.01.09	Equity in subsidiaries	3,541	3,201
6.01.01.10	Interest on loans	-	11,263
6.01.02	Changes assets and liabilities	(51,071)	405,002
6.01.02.01	Accounts receivable	30,677	(74,341)
6.01.02.02	Advances to suppliers	(307,596)	225,088
6.01.02.03	Prepaid expenses	-	(1,625)
6.01.02.05	Other credits	-	(3,849)
6.01.02.07	Salaries, wages and benefits	(9,352)	(6,104)
6.01.02.08	Advances from customers	134,999	71,572
6.01.02.09	Deferred revenue	53,376	185,682
6.01.02.10	Taxes payable	108,315	65,715
6.01.02.11	Income tax and social contribution paid	(94,366)	(62,807)
6.01.02.12	Related-party transactions	23,335	(14,529)
6.01.02.13	Suppliers	16,825	20,557
6.01.02.14	Provisions for judicial deposits	(893)	(357)
6.01.02.15	Others credits	(6,391)	-
6.01.03	Others	241,938	159,041
6.01.03.01	Profit for the period	241,938	159,041
6.02	Net cash used in investing activities	182,713	(227,779)
6.02.01	Acquisition of fixed assets	(1,490)	(893)
6.02.02	Financial investment	184,203	(226,886)
6.03	Net cash used by financing activities	(329,180)	(329,533)
6.03.01	Capital increase	3,213	8,166
6.03.03	Distributed dividends	(335,343)	(27,900)
6.03.04	Interest on capital and dividends paid	-	(295,284)
6.03.05	Interest paid	-	(14,515)
6.03.06	Advances for future capital increase	2,950	-
6.05	Net decrease in cash and cash equivalents	(5,700)	(33,938)
6.05.01	Cash and cash equivalents at beginning of the period	103,273	80,099
6.05.02	Cash and cash equivalents at end of the period	97,573	46,161

The accompanying notes are an integral part of the quarterly information.



Statements of Value Added – Individual

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current Year 01/01/2016 to 06/30/2016	Prior year 01/01/2015 to 06/30/2015
7.01	Revenue	774,630	574,939
7.01.01	Sales of goods, products and services	768,265	569,845
7.01.02	Other revenue	6,612	5,006
7.01.02.01	Other operating income	6,612	5,006
7.01.04	Allowance/reversal for doubtful accounts	(247)	88
7.02	Acquired from third parties	(453,258)	(344,516)
7.02.01	Cost products, goods and services sold	(388,137)	(291,366)
7.02.02	Material, power, third-party services and other	(35,230)	(32,142)
7.02.04	Others	(29,891)	(21,008)
7.02.04.01	Sales and advertising	(29,891)	(21,008)
7.03	Gross value added	321,372	230,423
7.04	Retentions	(2,712)	(817)
7.04.01	Depreciation, amortization and exhaustion	(2,712)	(817)
7.05	Added value produced	318,660	229,606
7.06	Value added received in transfer	122,712	73,567
7.06.01	Equity income	(3,541)	(3,201)
7.06.02	Financial income	126,253	76,768
7.07	Total wealth for distribution	441,372	303,173
7.08	Wealth for distribution	441,372	303,173
7.08.01	Employees	15,898	13,293
7.08.01.01	Salaries	14,076	11,803
7.08.01.02	Benefits	1,118	860
7.08.01.03	F.G.T.S.	704	630
7.08.02	Taxes	176,903	114,749
7.08.02.01	Federal Taxes	176,690	114,562
7.08.02.03	Municipal Taxes	213	187
7.08.03	Third-party capital remuneration	6,633	16,090
7.08.03.01	Interest	6,079	12,002
7.08.03.02	Rent	553	598
7.08.03.03	Other	1	3,490
7.08.04	Return on own capital	241,938	159,041
7.08.04.03	Profit for the period	241,938	159,041

The accompanying notes are an integral part of the quarterly information.



Statements of financial position – Consolidated

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current Quarter 06/30/2016	Prior Year 12/31/2015
1	Total assets	1,805,394	1,665,268
1.01	Current assets	1,134,375	1,447,318
1.01.01	Cash and cash equivalents	227,893	334,989
1.01.02	Short-term investments	181,285	264,092
1.01.03	Accounts receivable	161,052	192,422
1.01.08	Other current assets	564,145	655,815
1.01.08.03	Others	564,145	655,815
1.01.08.03.01	Advances to suppliers	533,537	601,359
1.01.08.03.02	Other credits	3,337	3,911
1.01.08.03.03	Related-party transactions	27,271	50,545
1.02	Noncurrent assets	671,019	217,950
1.02.01	Long-term assets	626,245	186,770
1.02.01.06	Deferred taxes	71,721	73,718
1.02.01.09	Other noncurrent assets	554,524	113,052
1.02.01.09.03	Advances to suppliers	547,559	113,052
1.02.01.09.05	Other credits	6,965	-
1.02.02	Investments	12,102	15,643
1.02.03	Property, plant and equipment	1,817	1,625
1.02.04	Intangible	30,855	13,912



Statements of financial position – Consolidated

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current Quarter 06/30/2016	Prior year 12/31/2015
2	Total liabilities and equity	1,805,394	1,665,268
2.01	Current liabilities	1,105,279	954,746
2.01.01	Salaries, wages and benefits	7,747	12,964
2.01.01.02	Salaries, wages and benefits	7,747	12,964
2.01.02	Suppliers	107,245	84,032
2.01.02.01	Suppliers	107,245	84,032
2.01.03	Taxes payable	26,206	12,257
2.01.05	Other liabilities	964,081	845,493
2.01.05.02	Others	964,081	845,493
2.01.05.02.02	Compulsory dividend payable	-	65,769
2.01.05.02.04	Advances from customers	148,458	13,459
2.01.05.02.05	Deferred revenue	815,623	766,265
2.02	Noncurrent liabilities	233,003	222,582
2.02.02	Other liabilities	231,554	221,242
2.02.02.02	Others	231,554	221,242
2.02.02.02.03	Deferred revenue	225,259	221,242
2.02.02.02.05	Suppliers	6,295	-
2.02.04	Provisions	1,449	1,340
2.02.04.01	Provisions tax social security labor and civil	1,449	1,340
2.02.04.01.04	Civil provisions	1,449	1,340
2.03	Shareholder's equity	467,112	487,940
2.03.01	Capital	145,102	109,762
2.03.01.01	Issued capital	178,554	146,164
2.03.01.02	Cost of issued shares	(36,402)	(36,402)
2.03.01.03	Capital to be issued	2,950	-
2.03.02	Capital reserves	50,839	79,371
2.03.02.02	Special reserve	43,765	72,942
2.03.02.07	Share-based Payments	7,074	6,429
2.03.04	Revenue reserves	29,233	298,807
2.03.04.01	Statutory reserve	29,233	29,233
2.03.04.08	Additional proposed dividend	-	269,574
2.03.05	Retained earnings	241,938	-

The accompanying notes are an integral part of the quarterly information.



Statements of income – Consolidated

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current	Current	Same	Prior year
		quarter	year	quarter	Prior year
		04/01/2016 to	01/01/2016 to	04/01/2015	01/01/2015
		06/30/2016	06/30/2016	to	to
				06/30/2015	06/30/2015
3.01	Sales and services revenue	349,842	700,431	275,504	521,494
3.01.01	Net revenue	349,842	700,431	275,504	521,494
3.02	Cost of sales and services	(183,079)	(373,158)	(153,313)	(285,080)
3.02.01	Cost of services rendered	(183,079)	(373,158)	(153,313)	(285,080)
3.03	Gross profit	166,763	327,273	122,191	236,414
3.04	Operating expenses/income	(38,664)	(74,841)	(29,172)	(58,442)
3.04.01	Selling expenses	(26,233)	(44,345)	(18,218)	(37,925)
3.04.01.01	Marketing expenses	(26,233)	(44,345)	(18,218)	(37,925)
3.04.02	General and administrative expenses	(12,866)	(26,955)	(9,124)	(17,316)
3.04.06	Equity in subsidiary	435	(3,541)	(1,830)	(3,201)
3.05	Result before income taxes and financial result	128,099	252,432	93,019	177,972
3.06	Financial income/expenses	57,599	115,017	39,496	61,260
3.06.01	Financial income	57,659	115,127	43,428	76,769
3.06.01.01	Financial income	53,040	103,188	39,443	76,769
3.06.01.02	Exchange variation, net	4,619	11,939	3,985	-
3.06.02	Financial expenses	(60)	(110)	(3,932)	(15,509)
3.06.02.01	Financial expenses	(60)	(110)	(3,932)	(14,832)
3.06.02.02	Exchange variation, net	-	-	-	(677)
3.07	Income before income taxes	185,698	367,449	132,515	239,232
3.08	Income tax (expenses)	(62,112)	(125,511)	(43,068)	(80,191)
3.08.01	Current	(60,930)	(123,514)	(41,244)	(82,816)
3.08.02	Deferred	(1,182)	(1,997)	(1,824)	2,625
3.09	Income from continuing operations, net	123,586	241,938	89,447	159,041
3.11	Profit for the period	123,586	241,938	89,447	159,041
3.11.01	Profit for the period	123,586	241,938	89,447	159,041

The accompanying notes are an integral part of the quarterly information.



Statements of comprehensive income – Consolidated

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current quarter 04/01/2016 to 06/30/2016	Current year 01/01/2016 to 06/30/2016	Same quarter prior year 04/01/2015 to 06/30/2015	Prior year 01/01/2015 to 06/30/2015
4.01	Profit for the period	123,586	241,938	89,447	159,041
4.03	Comprehensive income for the period	123,586	241,938	89,447	159,041
4.03.01	Comprehensive income for the period	123,586	241,938	89,447	159,041

The accompanying notes are an integral part of the quarterly information.



Statements of changes in equity – Consolidated

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Consolidated Interim Financial Information / Statements of Changes in Equity – From 01/01/2015 to 06/30/2015 (In Thousands of Brazilian Reais)

Line code	Line item	Capital Stock	Capital reserves, options granted and treasury shares	Income reserves	Accumulated profits	Total equity
5.01	Opening balance	101,594	77,547	226,896	-	406,037
5.03	Adjusted balance	101,594	77,547	226,896	-	406,037
5.04	Shareholders capital transactions	8,166	1,007	(202,307)	(7,066)	(200,200)
5.04.08	Capital increase - Share-based payments	8,166	-	-	-	8,166
5.04.10	Additional proposed dividend	-	-	(202,307)	-	(202,307)
5.04.11	Interests on capital anticipated	-	-	-	(7,066)	(7,066)
5.04.12	Share-based payments	-	1,007	-	-	1,007
5.05	Total comprehensive income/loss	-	-	-	159,041	159,041
5.05.01	Net profit for the period	-	-	-	159,041	159,041
5.07	Closing balance	109,760	78,554	24,589	151,975	364,878

Consolidated Interim Financial Information / Statements of Changes in Equity – From 01/01/2016 to 06/30/2016 (In Thousands of Brazilian Reais)

Line code	Line item	Capital Stock	Capital reserves, options granted and treasury shares	Income reserves	Accumulated profits	Total equity
5.01	Opening balance	109,762	79,371	298,807	-	487,940
5.03	Adjusted balance	109,762	79,371	298,807	-	487,940
5.04	Shareholders capital transactions	35,340	(28,532)	(269,574)	-	(262,766)
5.04.01	Capital increase	3,213	-	-	-	3,213
5.04.09	Advance for future capital increase	2,950	-	-	-	2,950
5.04.10	Distributed dividends	-	-	(269,574)	-	(269,574)
5.04.12	Share-based payments	-	645	-	-	645
5.04.13	Capital increase – special reserve	29,177	(29,177)	-	-	-
5.05	Total comprehensive income/loss	-	-	-	241,938	241,938
5.05.01	Net profit for the period	-	-	-	241,938	241,938
5.07	Closing balance	145,102	50,839	29,233	241,938	467,112

The accompanying notes are an integral part of the quarterly information.



Statements of cash flows – Consolidated

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current Year 01/01/2016 to 06/30/2016	Current Year 01/01/2015 to 06/30/2015
6.01	Net cash generated in operating activities	140,767	523,374
6.01.01	Cash flows from operating activities	(50,100)	(40,669)
6.01.01.01	Deferred taxes	1,997	(2,625)
6.01.01.02	Share-based payments	583	926
6.01.01.03	Provisions for judicial deposits	1,002	749
6.01.01.04	Depreciation and amortization	2,712	817
6.01.01.05	Obtained discounts	(59,089)	(60,435)
6.01.01.06	Exchange and monetary variations, net	(5,674)	2,489
6.01.01.07	Allowance for doubtful accounts	693	340
6.01.01.08	Provision for profit sharing and results	4,135	2,606
6.01.01.09	Equity in subsidiaries	3,541	3,201
6.01.01.10	Interest on loans	-	11,263
6.01.02	Changes assets and liabilities	(51,071)	405,002
6.01.02.01	Accounts receivable	30,677	(74,341)
6.01.02.02	Advances to suppliers	(307,596)	225,088
6.01.02.03	Prepaid expenses	-	(1,625)
6.01.02.04	Other credits	-	(3,849)
6.01.02.05	Salaries, wages and benefits	(9,352)	(6,104)
6.01.02.06	Advances from customers	134,999	71,572
6.01.02.07	Deferred revenue	53,376	185,682
6.01.02.08	Taxes payable	108,315	65,715
6.01.02.09	Income tax and social contribution paid	(94,366)	(62,807)
6.01.02.10	Related-party transactions	23,335	(14,529)
6.01.02.11	Suppliers	16,825	20,557
6.01.02.12	Provisions for judicial deposits	(893)	(357)
6.01.02.13	Other credits	(6,391)	-
6.01.03	Others	241,938	159,041
6.01.03.01	Profit for the period	241,938	159,041
6.02	Net cash used in investing activities	81,317	(81,205)
6.02.01	Acquisition of fixed assets	(1,490)	(893)
6.02.02	Financial investment	82,807	(80,312)
6.03	Net cash used by financing activities	(329,180)	(329,533)
6.03.01	Capital increase	3,213	8,166
6.03.02	Interest on capital and dividends paid	(335,343)	(27,900)
6.03.03	Loan and lease payment	-	(295,284)
6.03.04	Interest paid	-	(14,515)
6.03.05	Advances for future capital increase	2,950	-
6.05	Net increase (decrease) in cash and cash equivalents	(107,096)	112,636
6.05.01	Cash and cash equivalents at beginning of the period	334,989	102,168
6.05.02	Cash and cash equivalents at end of the period	227,893	214,804

The accompanying notes are an integral part of the quarterly information.



Value added statements – Consolidated

Periods ended June 30, 2016 and 2015
(In thousands of Brazilian reais - R\$)

Line code	Line item	Current Year 01/01/2016 to 06/30/2016	Prior year 01/01/2015 to 06/30/2015
7.01	Revenue	774,630	574,939
7.01.01	Sales of goods, products and services	768,265	569,845
7.01.02	Other revenue	6,612	5,006
7.01.02.01	Other operating income	-	5,006
7.01.04	Allowance/reversal for doubtful accounts	(247)	88
7.02	Acquired from third parties	(453,258)	(344,516)
7.02.01	Cost products, goods and services sold	(388,137)	(291,366)
7.02.02	Material, power, third-party services and other	(35,230)	(32,142)
7.02.04	Others	(29,891)	(21,008)
7.02.04.01	Sales and advertising	(29,891)	(21,008)
7.03	Gross value added	321,372	230,423
7.04	Retentions	(2,712)	(817)
7.04.01	Depreciation, amortization and exhaustion	(2,712)	(817)
7.05	Added value produced	318,660	229,606
7.06	Value added received in transfer	122,712	73,567
7.06.01	Equity income	(3,541)	(3,201)
7.06.02	Financial income	126,253	76,768
7.07	Total wealth for distribution	441,372	303,173
7.08	Wealth for distribution	441,372	303,173
7.08.01	Employees	15,898	13,293
7.08.01.01	Salaries	14,076	11,803
7.08.01.02	Benefits	1,118	860
7.08.01.03	F.G.T.S.	704	630
7.08.02	Taxes	176,903	114,749
7.08.02.01	Federal Taxes	176,690	114,562
7.08.02.03	Municipal Taxes	213	187
7.08.03	Third-party capital remuneration	6,633	16,090
7.08.03.01	Interest	6,079	12,002
7.08.03.02	Rent	553	598
7.08.03.03	Other	1	3,490
7.08.04	Return on own capital	241,938	159,041
7.08.04.03	Profit for the period	241,938	159,041

The accompanying notes are an integral part of the quarterly information.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

1. Operations

Smiles S.A. ("Company") is a publicly-listed company established in accordance with Brazilian corporate legislation and is a direct subsidiary of Gol Linhas Aéreas Inteligentes ("GLAI").

The Company's main purpose, within the scope of the Smiles customer loyalty program, is to carry out: (a) the development and management of the program; (b) the sale of redemption rights of awards; and (c) the creation and management of an individual and corporate database.

The miles issued by the Smiles Program are mainly sold to: (a) VRG Linhas Aéreas S.A. ("VRG"), which delivers them to passengers participating in the Smiles customer loyalty program; (b) financial institutions that deliver them to their customers based on their credit card expenses; (c) retail and entertainment customers; (d) airline partners; and (e) individuals.

The Company is headquartered at Alameda Rio Negro, 585, Edifício Padauri, Bloco B, 2º Andar, Alphaville, Industrial, in the city of Barueri, state of São Paulo, Brazil.

The Company's shares are traded on the Securities, Commodities and Futures Exchange - BM&FBOVESPA. The Company adopts corporate governance practices in compliance with the Novo Mercado listing regulations, which, among other provisions, expand shareholders' rights and improve the quality of the information provided.

2. Approval and summary of significant accounting policies applied in preparing the quarterly information form - ITR

This quarterly information form was approved by the Company's Board of Directors and had its publication authorized at a meeting held on August 5, 2016.

2.1. Statement of compliance

The Company's individual and consolidated quarterly information for the three- and six-month periods ended June 30, 2016, has been prepared in accordance with International Accounting Standards ("IAS") No. 34, and Accounting Pronouncement No. 21 (R1) (CPC 21), which deals with interim statements.

2.2. Basis of preparation

This quarterly information was prepared based on historical cost, except for certain financial assets and liabilities that are measured at fair value, when applicable, and investments measured using the equity method.

This quarterly information does not include all the information or disclosures required in the annual financial statements, and it should therefore be read in conjunction with the financial statements for the year ended December 31, 2015, dated February 26, 2016, which were prepared in accordance with the accounting practices generally accepted in Brazil and the International Financial Reporting Standards ("IFRS"). There were no changes between December 31, 2015, and June 30, 2016, in the accounting practices adopted, with the exception of the new standards, amendments and interpretations described in Note 2.3, without material impacts. The Company has not adopted in advance any standard, amendment or interpretation issued but not yet in force.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

The Company's consolidated quarterly information also includes the following entities:

Entity	Date of constitution	Location	Operational activity	Type	% equity interest	
					6/30/2016	12/31/2015
Subsidiary:						
Fundo Sorriso (a)	7/14/2014	Brazil	Investment fund	Direct control	100.0	100.0
Associate:						
Netpoints (b)	11/08/2013	Brazil	Frequent flyer program	Non-controlling interest	21.2	21.2

(a) "Sorriso" is an exclusive investment fund and, pursuant to CVM Instructions 247/1996 and 408/2004, the Company consolidates this fund's assets in its quarterly information.

(b) Investment not consolidated by the Company.

This quarterly information form - ITR was prepared using the Brazilian Real as the functional and presentation currency. Figures are rounded to thousands of Reais (R\$).

2.3. New standards, amendments and interpretations of standards

The following new standards, amendments and interpretations have been issued by the IASB and are in force as from January 1, 2016, but have had no material effect on the quarterly information since they were adopted:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests – Applicable to annual periods beginning on or after January 1, 2016, with early adoption not permitted in Brazil;

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization: The amendments are applicable prospectively to annual periods beginning on or after January 1, 2016;

Amendments to IAS 27 – Equity Method in Separate Financial Statements: The amendments are applicable prospectively to annual periods beginning on or after January 1, 2016;

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments are applicable prospectively to annual periods beginning on January 1, 2016, with early adoption permitted;

Annual improvements – 2012-2014 Cycle – Applicable to annual periods beginning on or after July 1, 2016:

IFRS 7 Financial instruments – disclosure: (i) clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset; and (ii) the applicability of the amendments to IFRS 7 to condensed interim financial statements. This amendment must be applied retrospectively;

IAS 34 Preparation and disclosure of interim financial reporting: This amendment must be applied retrospectively;

Amendments to IAS 1 – Disclosure Initiative: The amendments are applicable prospectively to annual periods beginning on January 1, 2016, with early adoption permitted;



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception: The amendments are applicable prospectively to annual periods beginning on January 1, 2016, with early adoption permitted.

3. Cash and cash equivalents

	Parent Company		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Cash and bank deposits	4,417	4,853	4,417	4,853
Cash equivalents				
Private bonds	93,156	98,420	93,156	98,420
Investment funds	-	-	130,320	231,716
	97,573	103,273	227,893	334,989

As of June 30, 2016, the private securities were comprised by private bonds (Bank Deposit Certificates - CDBs) and repos remunerated at post fixed rates between 97.4% and 103.0% of the CDI rate (75.0% and 103.0% as of December 31, 2015). The investment funds are represented by private funds with immediate liquidity operated at 101.5% of the CDI weighted average rate (98.8% as of December 31, 2015).

4. Short-term investments

	Parent Company		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Investment funds	310,194	494,453	179,874	262,737
Fundo Funcine	1,411	1,355	1,411	1,355
	311,605	495,808	181,285	264,092

Short-term investments are instruments with a maturity of more than 90 days and risk of a change in value, which are measured at fair value through profit or loss and remunerated at post-fixed rates ranging between 96.2% and 105.0% of the CDI rate (75.0% and 103.0% as of December 31, 2015). The investment funds are represented by private funds with immediate liquidity, operated at a weighted average of 101.6% of the CDI rate (98.8% as of December 31, 2015).

5. Trade receivables

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
Non-airline partners	48,899	71,742
Airline partner companies (a)	15,247	36,489
Credit card administrators (b)	97,322	84,360
	161,468	192,591
Estimated losses from doubtful accounts	(416)	(169)
	161,052	192,422

(a) Of the total, R\$14,782 (R\$35,791 on December 31, 2015) refers to miles sold to VRG and R\$465 (R\$698 as of December 31, 2015) to the collection of Smiles program management fees from VRG, pursuant to the operating agreement described in Note 8.

(b) Balance receivable from the sale of miles through credit card operators, mainly represented by Visa, Mastercard and Amex. Of this amount, R\$75,473 (R\$71,160 as of December 31, 2015) refers to amounts received from the operators by VRG, which will, in turn, transfer them to the Company, as detailed in the operating agreement described in Note 8.1.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

All accounts receivable are denominated in Reais, and the aging list of trade receivables is as follows:

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
To be due:		
Up to 30 days	158,782	191,056
Overdue:		
Until 30 days	1,743	265
31 to 60 days	369	640
61 to 90 days	246	108
91 to 180 days	113	319
181 to 360 days	56	32
Above 360 days	159	171
Total	161,468	192,591

The maximum exposure to credit risk is represented by the book value of each type of receivable mentioned above.

The changes in allowance for doubtful accounts are as follows:

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
Balance at the beginning of the period	(169)	(380)
Additions	(693)	(697)
Recoveries	446	908
Balance at the end of the period	(416)	(169)

6. Advances to suppliers

As of May 10, 2013, the Company entered into the second advance ticket purchase agreement with VRG for the monthly acquisition of airline tickets. The contract envisages a conditional discount based on the CDI rate applied to four years, as of the date of signature of the agreement. As of February 26, 2016, the Company approved the execution of the Advance Airline Ticket Purchase Agreement and the Agreement of Fiduciary Assignment of Credit Rights and Rights on Accounts and Other Covenants, which provide for the acquisition, by the Company, of credits to be used in future acquisitions of airline tickets issued by VRG, in the amount of up to one billion Reais, subject to certain terms and conditions established between the counterparts. The amounts were paid in installments of R\$200,000 in May 12, 2016 and R\$200,00 in June 30, 2016. In consideration for the acquisition of credits to purchase airline tickets, the Company paid R\$376,000 to VRG on the closing date of the transaction, R\$200,000 in May 12, 2016, and R\$200,000 in June 30, 2016, with a weighted average of 15.89%.

On June 30, 2016, the balance of advances for ticket purchase was R\$533,537 (R\$601,359 as of December 31, 2015) classified under current assets and R\$547,559 (R\$113,052 as of December 31, 2015) classified under non-current asset.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

7. Deferred taxes

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
Temporary differences:		
Provision for accounts payable and other provisions	33,966	29,440
Other temporary differences	1,284	513
Tax incentive for the incorporation of goodwill (*)	36,471	43,765
Total deferred income taxes	71,721	73,718

(*) Refers to the tax incentive generated by the merger of G.A. Smiles Participações on December 31, 2013, which will be realized proportionally to its use in five years.

The book value of deferred tax assets is reviewed periodically and projections of future results are reviewed annually, unless the Company identifies indicators that may affect these projections.

The Company's Management considers that deferred income and social contribution taxes on temporary differences recognized as of June 30, 2016 will be realized in proportion to the realization of the respective provisions and the tax incentive resulting from incorporation of goodwill.

The amounts of income taxes recorded in the statement of income are reconciled at a combined rate, as follows:

	Parent Company and Consolidated			
	Three-month period ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Income before income and social contribution taxes	185,698	132,515	367,449	239,232
Combined tax rate	34%	34%	34%	34%
Income and social contribution tax credits at the combined tax rate	(63,137)	(45,055)	(124,933)	(81,339)
Adjustments to calculate the effective tax rate:				
Equity results	148	(622)	(1,204)	(1,088)
Nondeductible expenses and others	(732)	(508)	(1,209)	(1,222)
Interest on equity	-	2,403	-	2,403
Tax incentives	1,739	703	1,964	1,044
Other	(130)	11	(129)	11
Income and social contribution tax expenses	(62,112)	(43,068)	(125,511)	(80,191)
Current income and social contribution taxes	(60,930)	(41,244)	(123,514)	(82,816)
Deferred income and social contribution taxes	(1,182)	(1,824)	(1,997)	2,625
Effective rate	33.4%	32.5%	34.2%	33.5%

8. Transactions with related parties

The Company has a high volume of transactions with VRG related to the recognition of revenue, costs with the redemption of products and the financial result. All these transactions were carried out based on the fair value of each transaction and are supported by the following agreements:

8.1. Operating segment

The operating agreement governs commercial and operational relations between the Company, VRG and GLAI, as well as exclusiveness characteristics related to the Smiles



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

Program. It was signed on December 28, 2012 and has a 20-year term as of the execution date, with the possibility of renewal upon agreement between the parties. The transactions covered by this agreement are recorded in the items as follows:

Transactions recorded under "Accounts receivable":

- a) Miles sales: VRG buys miles from the Company to give them to its customers. The balance recorded as of June 30, 2016 was R\$14,782 (R\$35,791 as of December 31, 2015).
- b) Certain Smiles products are received directly from customers using VRG payment structure. The values are received and transferred to the Company. On June 30, 2016, the balance of this transaction was R\$75,473 (R\$71,160 at December 31, 2015).
- c) Smiles program management fees: calculated on the previous year's gross revenue from the sale of Smiles miles to VRG at the fraction of 6%, as established in the operating agreement, restated by the General Market Price Index (IGP-M). The balance as of June 30, 2016 was R\$465 (R\$698 as of December 31, 2015).

The amounts recognized in profit or loss under "Other operating revenue" related to the Smiles program management fee charged from VRG in the three- and six-month periods ended June 30, 2016 were R\$1,450 and R\$2,588, respectively (R\$1,596 and R\$2,906, respectively, on June 30,) as per Note 19.

Transactions recorded under "Credits with related parties":

- i. Assets: Certain products related to airline tickets are received directly from Smiles customers using VRG payment structure. The balance recorded receivable at June 30, 2016 was R\$52,440 (R\$60,989 at December 31, 2015).
- ii. Liabilities: Correspond to obligations generated along with VRG as a result of the miles redemption in products exchange. The balance obligations registered as of June 30, 2016 was R\$21,784 (R\$8,721 as of December 31, 2015).
- iii. *Service agreement*: Entered into as of December 28, 2012 with fixed remuneration for each group of services and effective for 36 months, automatically renewed until December 28, 2016, this agreement envisages the provision of administrative services at fixed prices based on the service category. As of June 30, 2016 the balance of obligations with administrative services was R\$4,262 (R\$2,538 as of December 31, 2015).

As of June 30, 2016, the Company's total expenses related to these services amounted to R\$12,558 (R\$11,684 as of June 30, 2015), of which R\$9,991 (R\$9,014 as of June 30, 2015) was recorded under "Selling expenses" and R\$2,567 (R\$2,670 as of June 30, 2015) under "Administrative expenses".

- iv. *Share-based compensation plans*: As per Note 9, the Company offers share-based compensation to VRG employees. As of June 30, 2016, the Company's balance totaled R\$877 (R\$815 as of December 31, 2015), recorded under "Credits with related parties".



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

8.2. Advance ticket purchase agreement

As of May 10, 2013, the Company entered into an advance ticket purchase agreement with VRG for the monthly acquisition of airline tickets, as mentioned in Note 6.

As of February 26, 2016, the Company approved the signature of the Advance Airline Ticket Purchase and Sale Agreement and the Agreement of Fiduciary Assignment of Credit Rights and Rights on Accounts and Other Covenants, as per Note 6.

In the six-month periods ended June 30, 2016 and 2015, reward redemption transactions involving the issue of airline tickets with VRG accounted for 77.1% and 76.7%, respectively, of the total airline ticket purchase cost incurred by the Company.

8.3. Remuneration of key management personnel

	Parent Company and Consolidated			
	Three-month period ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Salaries and benefits	2,549	1,841	5,083	3,780
Related tax and charges	389	429	782	790
Share-based payments	81	287	251	574
	3,019	2,557	6,116	5,144

As of June 30, 2016 and 2015, the Company did not offer post-employment benefits, and there were no severance benefits or other long-term benefits for Management or other employees.

9. Share-based payments

Stock options plan

The Company has a stock option plan that consists of additional compensation to its Management. The stock options' fair value is determined based on the Black-Scholes pricing model. The other assumptions used in the Black-Scholes stock option pricing model are listed below:

Stock Option Plan									
Option year	Board Meeting	Total options granted	Total options outstanding	Exercise price of the option (in Reais)	Average fair value at grant date (in Reais)	Estimated volatility of share	Expected dividend	Risk-free return rate	Length of the option (in years)
2013	8/8/2013	1,058,043	82,337	21.70	4.25 (a)	36.35%	6.96%	7.40%	10
2014	2/4/2014	1,150,000	429,050	31.28	4.90 (b)	33.25%	10.67%	9.90%	10
		2,208,043	511,387						

(a) Average fair value in Brazilian Reais calculated for the stock options was R\$4.84 and R\$4.20 for the vesting periods in 2013 and 2014, and R\$3.73 for the vesting periods in 2015 and 2016.

(b) Average fair value In Brazilian Reais calculated for the stock options was R\$4.35, R\$4.63, R\$4.90, R\$5.15 and R\$5.37 for the respective periods of vesting from 2014 to 2018.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

Changes in stock options are as follows:

	Total stock options	Weighted average exercise price
Options outstanding as of December 31, 2015	786,918	29.59
Options exercised	(275,531)	13.86
Options outstanding as of June 30, 2016	511,387	29.74

In the six-month period ended June 30, 2016, the Company recorded R\$645 in equity related to share-based payments, against R\$583 in the statement of income under "Personnel Expenses" (R\$559 as of March 31, 2015) and R\$62 in current assets under "Credits with related parties".

10. Investments

<u>Material information - Netpoints:</u>	Parent Company and Consolidated	
	6/30/2016	12/31/2015
Total number of shares	60,492,408	60,492,408
Capital stock, net	63,451	63,451
Share-based payment	-	1,657
Accumulated losses	(77,956)	(62,949)
Equity	(14,505)	2,159
Loss for the period	(16,664)	(28,278)
Interest percentage	21.25%	21.25%

The disclosure of the investment is below:

	Investment	Goodwill (*)	Total
Balances as of December 31, 2015	459	15,184	15,643
Equity results	(3,541)	-	(3,541)
Balances as of June 30, 2016	(3,082)	15,184	12,102

(*) Goodwill based on expected future profitability of R\$15,184 is tested for impairment on an annual basis.

11. Intangible assets

	Parent Company and Consolidated				
	6/30/2016			12/31/2015	
	Rate	Cost	Accumulated amortization	Net value	Net value
Software	20% p.a.	38,782	(7,927)	30,855	13,912
Total		38,782	(7,927)	30,855	13,912

Changes in intangible assets are as follows:

	Parent Company and Consolidated	
Balances at the beginning of the period	13,912	14,628
Additions, net (*)	19,471	1,814
Amortization	(2,528)	(2,530)
Balances at the end of the period	30,855	13,912

(*) In the six-month period ended June 30, 2016, the Company acquired the right of use and additional licenses of software used in the operation, totaling R\$21,834 and adjustment to present value of R\$3,447. The amount will be amortized on a straight line basis according to the effectiveness of the licenses acquired.

12. Earnings per share

Basic earnings per share are calculated by dividing the period's net income attributable to shareholders by the weighted average number of common shares outstanding during the period.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

Diluted earnings per share are calculated by adjusting the weighted average of shares outstanding by instruments potentially convertible into shares. The Company has only one category of potentially dilutive shares, namely stock options.

For these stock options, the Company calculates the number of shares that could have been acquired at the annual average market price of the Company's shares, based on the exercise price on the date when the outstanding stock options were granted. The number of shares calculated is compared with the number of shares issued, assuming that the stock options have been exercised.

	Parent Company and Consolidated			
	Three-month period ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Numerator				
Net income for the period	123,586	89,447	241,938	159,041
Denominator				
Weighted average number of outstanding shares (in thousands)	123,427	122,743	123,316	122,674
Effect of dilutive securities				
Stock option plan	128	273	81	273
Adjusted weighted average number of outstanding shares and diluted presumed conversions (in thousands)	123,555	123,017	123,397	122,946
Basic earnings per share	1.001	0.729	1.962	1.296
Diluted earnings per share	1.000	0.727	1.961	1.294

13. Salaries

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
Profit-sharing plan	4,136	9,992
INSS and FGTS payable	1,383	1,244
Provision for vacation and salaries	2,228	1,728
	7.747	12.964

14. Taxes payable

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
IRPJ and CSLL payable	17,572	4,882
PIS and COFINS	8,382	6,516
Withholding income tax on salaries	250	475
Other	2	384
	26,206	12,257



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

15. Advances from customers

As of June 30, 2016, the outstanding balance of advance sales of miles was broken down as follows:

	Parent Company and Consolidated	
	6/030/2016	12/31/2015
Financial institutions	148,116	7,993
Other	342	5,466
	148,458	13,459

Advances from customers are recognized under "Deferred revenue" as miles are credited to the accounts of Smiles Program members.

16. Deferred revenue

Miles issued are initially recorded as deferred revenue and subsequently recognized as revenue in the income statement as they are redeemed by customers. As of June 30, 2016, the number of outstanding miles amounted to 41,807,380,323 (41,713,829,355 as of December 31, 2015).

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
Mileage program	1,334,479	1,237,862
Other (a)	1,155	7,162
Breakage (b)	(294,752)	(257,517)
	1,040,882	987,507
Current	815,623	766,265
Noncurrent	225,259	221,242

(a) Refers mainly to the bonus from the operating agreement for advance ticket purchases between the Company and VRG, which is amortized on a monthly basis (for more details, see note 6).

(b) Breakage corresponds to an estimate of miles issued that are not expected to be redeemed, i.e. miles that are expected to expire without being used, which are recorded in advance in the period result.

17. Provisions

Lawsuits

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
Opening balance	1,340	464
Additions	1,002	1,900
Write-offs	(893)	(1,024)
Closing balance	1,449	1,340

Provisions for legal claims are recorded for all lawsuits classified as a probable loss by the Company's legal counsel, including civil claims. As of June 30, 2016, the Company was a party to 1,111 lawsuits and administrative proceedings (1,035 as of December 31, 2015).

The civil lawsuits are primarily related to general actions for damages related to the redemption of miles to be exchanged for rewards. As of June 30, 2016, the provision for risks related to civil claims classified as a probable loss totaled R\$1,449 (R\$1,340 as of December 31, 2015).



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

There are other civil lawsuits assessed by Management and its legal counsel as a possible loss, in the estimated exposure amount of R\$815 as of June 30, 2016 (R\$751 as of December 31, 2015), for which no provisions are recognized.

The Company does not have any lawsuits related to labor or tax claims.

18. Equity

18.1. Capital stock

As of June 30, 2016, the subscribed and paid-up capital stock totaled R\$178,554 (R\$146,164 as of December 31, 2015), corresponding to 123,236,277 (123,070,277 as of December 31, 2015) book-entry, registered common shares with no par value. The authorized capital stock as of June 30, 2016 and December 31, 2015 amounted to 139,999,999 common shares. The Company's shareholding structure as of June 30, 2016 and December 31, 2015 was as follows:

	6/30/2016	12/31/2015
Gol Linhas Aéreas Inteligentes S.A.	54.0154%	54.0882%
Other	45.9846%	45.9118%
	100.000%	100.000%

In the six-month period ended June 30, 2016, the Board of Directors approved a capital increase of R\$32,390, R\$3,213 of which due to the subscription of 166,000 common shares as a result of the exercise of stock options, and R\$29,177 through the capitalization of a portion of the special goodwill reserve without issuing new shares.

18.2. Share issuance costs

They refer to the costs incurred in the issuance of shares. As of June 30, 2016 and December 31, 2015, these costs net of tax effects amounted to R\$36,402.

18.3. Capital reserve

The special goodwill reserve was established through the reverse merger of the shareholder G.A. Smiles Participações S.A. on December 31, 2013 and may be used to increase the Company's capital at the end of each fiscal year through the amortization of related tax benefits. As of March 29, 2016, the Board of Directors approved the capital increase in the amount of R\$29,177, without the issue of new shares. The balance of this item as of June 30, 2016 was R\$43,765 (R\$72,942 as of December 31, 2015).

18.4. Share-based payments

In the quarter ended June 30, 2016, the Company recognized R\$645, R\$583 of which in the statement of income as personnel expenses related to the options granted to the Company's employees and R\$62 in current assets as "Credits with related parties" related to options issued in favor of VRG's employees. As of June 30, 2016, share-based payments under equity totaled R\$7,074 (R\$6,429 as of December 31, 2015).



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

18.5. Legal reserve

The legal reserve is formed through the allocation of 5% of the fiscal year's net income, in accordance with article 193 of Law 11,638/07, limited to 20% of the capital stock, pursuant to Brazilian Corporation Law and the Company's By-laws. As of June 30, 2016 and December 31, 2015, the total amount in the legal reserve was R\$29,233.

18.6. Dividends and interest attributable to shareholders' equity

The Company's by-laws provide for a mandatory minimum dividend to be paid to common and preferred shareholders, at least 25% of annual adjusted net income in accordance with article 202 of Brazilian Corporation Law (11,638/07). The distribution of additional dividends in amounts determined by the Company is optional and, if applicable, must be submitted to the Shareholders' Meeting for approval.

19. Revenue

	Parent Company and Consolidated			
	Three-month period ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Revenue from the redemption of miles	251,515	194,123	503,500	364,377
Revenue from Smiles & Money	78,760	76,885	158,358	151,620
Revenue from breakage and expired miles	53,364	29,345	106,407	53,848
Other operating revenue (*)	2,024	3,281	4,054	5,006
Gross revenue	385,663	303,634	772,319	574,851
Related tax	(35,821)	(28,130)	(71,888)	(53,357)
Net revenue	349,842	275,504	700,431	521,494

(*) Of the total amounts, R\$1,450 and R\$2,588 for the three- and six-month periods, respectively (R\$1,595 and R\$2,906 for the three- and six-month periods, ended June 30, 2015, respectively), refer to Smiles program management fees charged from VRG, as described in Note 8.1.

20. Reward redemption costs and selling and administrative expenses

	Parent Company and Consolidated				
	Three-month period ended June 30, 2016				
	Reward redemption costs	Selling expenses	Administrative expenses	Total	%
Personnel	-	(1,895)	(7,478)	(9,373)	4.2
Costs with airline ticket purchase (*)	(160,120)	-	-	(160,120)	72.1
Costs with other product purchases	(16,040)	-	-	(16,040)	7.2
IT services	(4,402)	-	(1,259)	(5,661)	2.5
Call center	-	(4,817)	-	(4,817)	2.2
Services provided	-	-	(3,340)	(3,340)	1.5
Sales and marketing	-	(19,521)	-	(19,521)	8.8
Depreciation and amortization	(1,620)	-	-	(1,620)	0.7
Other	(897)	-	(789)	(1,686)	0.8
	(183,079)	(26,233)	(12,866)	(222,178)	100.0



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

Three-month period ended June 30, 2015					
	Reward redemption costs	Selling expenses	Administrative expenses	Total	%
Personnel	-	(4,187)	(3,556)	(7,743)	4.3
Costs with airline ticket purchase (*)	(137,764)	-	-	(137,764)	76.3
Costs with other product purchases	(5,668)	-	-	(5,668)	3.1
IT services	(8,279)	-	(443)	(8,722)	4.8
Call center	-	(4,201)	-	(4,201)	2.3
Services provided	-	-	(2,919)	(2,919)	1.6
Selling and marketing	-	(9,830)	-	(9,830)	5.4
Depreciation and amortization	(976)	-	-	(976)	0.5
Other	(626)	-	(2,206)	(2,832)	1.7
	(153,313)	(18,218)	(9,124)	(180,655)	100.0

Parent Company and Consolidated					
Six-month period ended June 30, 2016					
	Reward redemption costs	Selling expenses	Administrative expenses	Total	%
Personnel	-	(3,642)	(14,561)	(18,203)	4.1
Costs with airline ticket purchase (*)	(329,720)	-	-	(329,720)	74.2
Costs with other product purchases	(30,215)	-	-	(30,215)	6.8
IT services	(10,466)	-	(2,355)	(12,821)	2.9
Call center	-	(9,991)	-	(9,991)	2.2
Services provided	-	-	(6,898)	(6,898)	1.6
Selling and marketing	-	(30,712)	-	(30,712)	6.9
Depreciation and amortization	(2,712)	-	-	(2,712)	0.6
Other	(45)	-	(3,141)	(3,186)	0.7
	(373,158)	(44,345)	(26,955)	(444,458)	100.0

Six-month period ended June 30, 2015					
	Reward redemption costs	Selling expenses	Administrative expenses	Total	%
Personnel	-	(7,991)	(7,048)	(15,039)	4.4
Costs with airline ticket purchase (*)	(261,014)	-	-	(261,014)	76.7
Costs with other product purchases	(9,159)	-	-	(9,159)	2.7
IT services	(13,050)	-	(772)	(13,822)	4.1
Call center	-	(9,014)	-	(9,014)	2.6
Services provided	-	-	(4,759)	(4,759)	1.4
Selling and marketing	-	(20,920)	-	(20,920)	6.1
Depreciation and amortization	(817)	-	-	(817)	0.2
Other	(1,040)	-	(4,737)	(5,777)	1.8
	(285,080)	(37,925)	(17,316)	(340,321)	100.0

(*) For the three- and six-month periods ended June 30, 2016, R\$122,647 and R\$254,144 (R\$103,816 and R\$200,183 as of June 30, 2015) of the total amount recorded in this line refer to costs with the purchase of airline tickets from VRG, pursuant to the agreement described in Note 6.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

21. Financial income (expenses)

	Parent Company and Consolidated			
	Three-month period ended		Six-month period ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Financial income				
Discounts obtained (a)	33,407	29,252	59,089	60,662
Income from short-term investments	21,469	9,820	47,808	15,502
(-) Taxes on financial income (b)	(2,639)	-	(5,090)	-
Other financial income	803	371	1,381	605
	53,040	39,443	103,188	76,769
Financial expenses				
Tax on financial operations (IOF) – Tax on credit operations (IOC)	(33)	(4)	(66)	(16)
Interest on debentures	-	(2,092)	-	(11,263)
Debenture issuance cost	-	(1,791)	-	(3,489)
Other	(27)	(45)	(44)	(64)
	(60)	(3,932)	(110)	(14,832)
Exchange rate variation, net	4,619	3,985	11,939	(677)
Total	57,599	39,496	115,017	61,260

(a) The amounts of R\$33,407 and R\$59,089 for the three- and six-month periods ended June 30, 2016, respectively (R\$29,060 and R\$60,435 for the three- and six-month periods ended June 30, 2015, respectively) refer to advance ticket purchased pursuant to the agreement entered into with VRG, as described in Note 6.

(b) Relative to taxes on financial income (PIS and COFINS), according to Decree 8,426 of April 1, 2015.

22. Financial instruments

Financial assets and liabilities are measured at amortized cost, and their book value approximates their fair value due to their nature and short-term maturity. The Company's financial instruments recorded in the statement of financial position as of June 30, 2016 and December 31, 2015 are shown below:

	Parent Company		Consolidated	
	6/30/2016	12/31/2015	6/30/2016	12/31/2015
Assets				
Cash and cash equivalents	97,573	103,273	227,893	334,989
Short-term investments	311,605	495,808	181,285	264,092
Trade receivables	161,052	192,422	161,052	192,422
Credits with related parties	27,271	50,545	27,271	50,545
Other credits and values	3,337	3,911	3,337	3,911
Liabilities				
Suppliers	107,245	84,032	107,245	84,032

The Company manages its financial instruments in accordance with a formal guideline and in line with GLAI's Risk Management Policy, periodically established by the Financial and Risk Policy Committees and submitted to GLAI's Board of Directors. The Committees set the guidelines and limits and monitor controls, including mathematical models used to continuously monitor exposures and potential financial impacts, and also prevent the use of financial instruments for speculative trading.

Risks

Operational activities expose the Company to the following financial risks: market risk (including foreign currency exchange rate and interest rate risks), credit risk and liquidity risk.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

The Company's risk management program aims to mitigate potential adverse impacts of operations that may affect its financial performance.

The Company's decisions on the portion of the exposure to be hedged against financial risks, in terms of both the foreign currency exposure and the interest exposure, depend on risks and hedging costs.

Until June 30, 2016, the Company had not carried out any operation with derivative financial instruments.

a) *Market risks*

i) *Interest rate risk*

The Company's results are exposed to interest rate variations on interest income from cash and cash equivalents and short-term investments.

ii) *Sensitivity analysis*

The sensitivity analysis of financial instruments has been prepared in accordance with CVM Instruction 475/08 in order to estimate the impact on fair value of financial instruments traded by the Company in three scenarios for each risk variable: the most likely scenario in the Company's assessment; a 25% deterioration (possible adverse scenario) in the risk variable; a 50% deterioration (remote adverse scenario).

As the estimates are based on statistical simplifications, they do not necessarily reflect amounts to be stated in the next financial statements. The use of different methodologies may have a material effect on estimates.

In addition, the Company must include in its sensitivity analysis of financial instruments risks that may direct or indirectly generate material losses, considering the following elements, pursuant to CVM Instruction 475/08:

- The probable scenario is the scenario expected by the Company's Management and corroborated by an external independent source;
- The possible adverse scenario assumes a 25% deterioration in the main risk variable that determines the fair value of financial instruments; and
- The remote adverse scenario assumes a 50% deterioration in the main risk variable that determines the fair value of financial instruments.

The probable scenario adopted by the Company is represented by market levels remaining unchanged.

The only financial instruments exposed to risk of variation held by the Company are short-term investments in CDBs and investment funds, classified as cash equivalents and short-term investments. The Company assessed its non-derivative financial instruments, considering the impact of fluctuations in interest rates on interest on the exposed amounts as of June 30, 2016, as the scenarios below show:



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

	Parent Company		Consolidated	
	Cash equivalents	Short-term investments	Cash equivalents	Short-term investments
Amounts exposed to risk of variation in the CDI rate	93,156	311,605	223,476	181,285
Possible adverse scenario (25%)	(3,278)	(10,977)	(7,964)	(6,386)
Remote adverse scenario (50%)	(6,557)	(21,955)	(15,928)	(12,773)
Possible favorable scenario (25%)	3,278	10,977	7,964	6,386
Remote favorable scenario (50%)	6,557	21,955	15,928	12,773

b) *Credit risks*

Credit risk is the risk that a business counterparty may fail to comply with an obligation set forth in a financial instrument or customer agreement, resulting in a financial loss. This type of risk is inherent in the Company's operating and financing activities. The main asset lines exposed to credit risk are trade receivables, cash and cash equivalents, short-term investments and advances to suppliers.

The risk of trade receivables mainly consists of amounts not yet due from the main credit card operators, whose credit risk is similar to or lower than that of the Company, as well as trade receivables from airline and non-airline partners.

New advances to suppliers carried out with related parties are subject to additional governance provisions set forth by the Company's By-laws, including the Independent Committee's analysis and opinion. Until the end of the reported period, advances to related parties included in the balance as of June 30, 2016 received a unanimous favorable opinion from said Committee. The balance of advances to suppliers is monitored on a quarterly basis and presented to the Finance and Audit Committee.

The Company assesses, for its most significant customers, the counterparty risk involved in financial instruments and diversifies its exposure when it deems necessary. Financial assets are realized with counterparties whose rating is similar to or more favorable than that of the Company.

c) *Liquidity risk*

The Company is exposed to two different types of liquidity risk: market liquidity risk and cash flow liquidity risk. The former is related to current market prices and varies based on the type of assets and the markets in which they are traded. Cash flow liquidity risk, on the other hand, is related to difficulties in meeting our contracted operating obligations at the maturity dates.

In order to manage liquidity risk, the Company invests its surplus funds in liquid assets, mainly CDBs and repo operations.

The Company significantly depends on VRG and financial institutions, which, jointly, represent almost all of its revenue and turnover sources. A possible reduction in sales of miles to any of its main partners or the termination of business relations may have a significant adverse impact on the Company's results.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

The schedule of the Company's financial liabilities is as follows:

	Current	Less than 6 months	6 - 12 months	1 - 5 years	More than 5 years	Total
Suppliers	107,245	-	-	-	-	107,245
Salaries	566	4,135	3,046	-	-	7,747
Tax payable	-	26,206	-	-	-	26,206
Provisions	-	-	-	1,449	-	1,449
As of June 30, 2016	107,811	30,341	3,046	1,449	-	142,647

	Current	Less than 6 months	6 - 12 months	1 - 5 years	More than 5 years	Total
Suppliers	84,032	-	-	-	-	84,032
Salaries	648	9,992	2,324	-	-	12,964
Dividends payable	-	65,769	-	-	-	65,769
Tax payable	-	12,257	-	-	-	12,257
Provisions	-	-	-	1,340	-	1,340
As of December 31, 2015	84,680	88,018	2,324	1,340	-	176,362

d) *Foreign currency risk*

Foreign currency risk is represented by the risk of fluctuations in the fair value of a financial instrument's future cash flows due to variations in the exchange rate.

The Company has a small number of operations denominated in foreign currency, mainly represented by ticket purchases from counterparts.

The Company's foreign exchange exposure as of June 30, 2016 and December 31, 2015 is as follows:

	Parent Company and Consolidated	
	6/30/2016	12/31/2015
Assets		
Cash and cash equivalents	4,242	4,625
Trade receivables	891	1,031
	5,133	5,656
Liabilities		
Advances from customers	1,454	4,304
Foreign suppliers	66,368	62,400
	67,822	66,704
Total foreign currency exposure R\$	62,689	61,048
Total foreign currency exposure US\$	19,531	15,634
Exchange rate (R\$/US\$)	3.2098	3.9048

e) *Capital management*

The Company has a commitment to maintaining its liquidity at high levels, as well as ensuring its ability to continue as a going concern, providing its shareholders with a strong capital base and other related parties with the return of benefits. Available funds are sufficient to meet the current requirements.



Notes to the quarterly information - ITR

June 30, 2016

(In thousands of Brazilian reais - R\$, except when otherwise indicated)

As of June 30, 2016, the Company did not have financial leverage as it did not have debt instruments or financial instruments measured at fair value.

23. Insurance

As of June 30, 2016, the main insurance coverage, by nature, in relation to maximum indemnifiable amounts denominated in Brazilian Reais, is as follows:

Type	6/30/2016
Rent insurance (Rio Negro – Alphaville complex)	1,115
D&O liability insurance	50,000
Fire insurance (Property insurance Rio Negro – Alphaville complex)	7,628

The scope of our auditors' work does not include the review of the adequacy of its insurance coverage, which was considered by the Company's Management as sufficient to cover possible losses.

24. Non-cash transactions

As of March 29, 2016, the Company increased its capital stock by capitalizing part of its special goodwill reserve, within the authorized capital limit, in the amount of R\$29,177, without issuing new shares.

In the six-month period ended June 30, 2016, the Company acquired the right of use and additional licenses of software used in the operation, totaling R\$21,834. The amount is fully accounted under "suppliers".

25. Subsequent events

- a) On July 22, 2016, the Company's Board of Directors approved the granting of loan to its associate Netpoints, in the total net amount of R\$4,200, with an interest rate equivalent to the CDI, and maturing on September 10, 2016.
- b) On August 05, 2016, the Company's Board of Directors approved the capital increase through stock options exercise in the amount of R\$2,970, due to the subscription of 362,341 new common shares, nominative, without nominal value, of which 309,341 shares were issued at price of R\$6.75 and 53,000 shares at R\$16.63.