Gol Intelligent Airlines Inc.
Form 6-K/A
September 15, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K/A

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For the month of September, 2011
(Commission File No. 001-32221) ,

GOL LINHAS AÉREAS INTELIGENTES S.A.
(Exact name of registrant as specified in its charter)

GOL INTELLIGENT AIRLINES INC.
(Translation of Registrant's name into English)

R. Tamoios, 246
Jd. Aeroporto
04630-000 São Paulo, São Paulo
Federative Republic of Brazil
(Address of Regristrant's principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ___X___ Form 40-F ______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No ___X___

If "Yes" is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b):

Gol Linhas Aéreas
Inteligentes S.A.

Consolidated Interim Financial Information

for the Quarter Report Ended June 30, 2011

and Review of Interim Financial Statements

Index

Company Profile / Subscribed Capital

Number of Shares (Thousands)	Current Quarter 06/30/2011
Paid- in Capital	
Common	137,032,734
Preferred	133,354,132
Total	270,386,866
Treasury	
Common	0
Preferred	454,425
Total	454,425

Interim Consolidated Financial Statements / Balance Sheet - Assets

(In Thousands of Reais)

Account Code	Account Description	Current Quarter 06/30/2011	Previous Year 12/31/2010
1	Total Assets	9,195,926	9,063,847
1.01	Current Assets	2,659,531	2,704,852
1.01.01	Cash and Cash Equivalents	1,643,472	1,955,858
1.01.02	Short Term Investments	313,431	22,606
1.01.03	Trade and Other Receivables	281,087	303,054
1.01.03.01	Clients	281,087	303,054
1.01.04	Inventories, Net	141,746	170,990
1.01.06	Recoverable Taxes, Net	117,644	88,143
1.01.06.01	Current Recoverable Taxes, Net	117,644	88,143
1.01.07	Prepaid Expenses	88,727	116,182
1.01.08	Other Current Assets	73,424	48,019
1.01.08.03	Other Credits	73,424	48,019
1.02	Non-current Assets	6,536,395	6,358,995
1.02.01	Long-Term Assets	1,617,897	1,630,850
1.02.01.06	Deferred Taxes	831,022	817,545
1.02.01.06.01	Deferred Income Taxes	831,022	817,545
1.02.01.07	Prepaid Expenses	49,515	54,201
1.02.01.09	Other Non-current Assets	737,360	759,104
1.02.01.09.01	Other Non-current Assets	7,053	9,227
1.02.01.09.03	Restricted Cash	8,608	34,500
1.02.01.09.04	Deposits	611,435	715,377
1.02.01.09.05	Long term Investments	110,264	0
1.02.03	Property, Plant and Equipment	3,659,079	3,460,968
1.02.03.01	Operation Property, Plant and Equipment	1,061,811	926,874
1.02.03.01.01	Other Flight Equipment	876,911	751,816
1.02.03.01.04	Other	184,900	175,058
1.02.03.02	Property, Plant and Equipment on Leasing	2,233,994	2,210,433
1.02.03.02.01	Property, Plant and Equipment on Finance Leasing	2,233,994	2,210,433
1.02.03.03	Property, Plant and Equipment in Progress	363,274	323,661
1.02.03.03.01	Advance of Property, Plant and Equipment Acquisition	363,274	323,661
1.02.04	Intangible	1,259,419	1,267,177
1.02.04.01	Intangible	717,117	724,875
1.02.04.02	Goodwill	542,302	542,302

Interim Consolidated Financial Statements / Balance Sheet - Liabilities

(In Thousands of Reais)

Account Code	**Account Description**	**Current Quarter 06/30/2011**	**Previous Year 12/31/2010**
2	Total Liabilities	9,195,926	9,063,847
2.01	Current Liabilities	1,725,982	1,688,993
2.01.01	Salaries, Wages and Benefits	252,682	205,993
2.01.01.02	Salaries, Wages and Benefits	252,682	205,993
2.01.02	Accounts Payable	235,215	215,792
2.01.03	Tax Obligations	50,403	58,197
2.01.04	Short Term Debt	342,102	346,008
2.01.04.01	Short Term Debt	342,102	346,008
2.01.05	Other Current Liabilities	829,872	807,036
2.01.05.02	Other	829,872	807,036
2.01.05.02.01	Dividends Payable	593	51,450
2.01.05.02.04	Sales Taxes and Landing Fees	140,344	85,140
2.01.05.02.05	Advance Ticket Sales	492,763	517,006
2.01.05.02.06	Customer Loyalty Programmes	55,744	55,329
2.01.05.02.07	Advance From Customers	29,023	24,581
2.01.05.02.08	Other Liabilities	111,405	73,530
2.01.06	Provisions	15,708	55,967
2.02	Non-Current Liabilities	4,865,295	4,445,685
2.02.01	Long Term Debt	3,700,052	3,395,080
2.02.01.01	Long Term Debt	3,700,052	3,395,080
2.02.02	Other Liabilities	313,672	319,509
2.02.02.02	Other	313,672	319,509
2.02.02.02.03	Customer Loyalty Programmes	162,586	152,327
2.02.02.02.04	Advance Ticket Sales	0	33,262
2.02.02.02.05	Tax Obligations	121,833	99,715
2.02.02.02.06	Other	29,253	34,205
2.02.03	Deferred Tax	670,276	642,185
2.02.03.01	Deferred Income Tax	670,276	642,185
2.02.04	Provisions	181,295	88,911
2.02.04.01	Tax, Labor, and Civil Provision	181,295	88,911
2.03	Consolidated Shareholders’ Equity	2,604,649	2,929,169
2.03.01	Capital	2,183,940	2,183,133
2.03.01.01	Issued Capital	2,316,462	2,315,655
2.03.01.02	Cost on Issued Shares	(132,522)	(132,522)
2.03.02	Capital Reserves	107,060	92,103
2.03.02.05	Treasury Shares	(11,887)	(11,887)
2.03.02.07	Share-based Payments	58,684	43,727

2.03.02.08	Capital Reserve	60,263	60,263
2.03.04	Retained Earnings	642,860	642,860
2.03.05	Accumulated Earnings	(326,769)	0
2.03.06	Equity's Evaluation Adjustment	(2,442)	11,073

Interim Consolidated Financial Statements /Income Statement

(In thousands of Reais)

Account Code	Account Description	Current Quarter 04/01/2011 up to 06/30/2011	Current Quarter Accumulated 01/01/2011 up to 06/30/2011	Quarter Previous Year 04/01/2010 up to 06/30/2010	Quarter Previous Year Accumulated 01/01/2010 up to 06/30/2010
3.01	Operating Revenues	1,566,341	3,405,303	1,590,853	3,320,670
3.01.01	Passenger	1,378,585	3,025,673	1,410,679	2,978,561
3.01.02	Cargo and Other	187,756	379,630	180,174	342,109
3.02	Cost of Goods and Services Sold	(1,567,901)	(3,040,504)	(1,297,212)	(2,622,423)
3.03	Gross Revenue	(1,560)	364,799	293,641	698,247
3.04	Operating Expenses/Income	(269,254)	(557,103)	(236,372)	(449,558)
3.04.01	Sales	(152,955)	(302,389)	(143,763)	(272,300)
3.04.01.01	Sales and Marketing	(152,955)	(302,389)	(143,763)	(272,300)
3.04.02	General and Administrative	(116,299)	(254,714)	(92,609)	(177,258)
3.05	Profit Before Income Taxes and Finance Result	(270,814)	(192,304)	57,269	248,689
3.06	Finance Result	(87,026)	(112,832)	(113,203)	(246,943)
3.06.01	Financial Income	62,497	164,361	22,391	41,789
3.06.01.01	Investments Income	33,376	67,565	22,391	41,789
3.06.01.02	Exchange Variation, net	27,013	96,796	0	0
3.06.01.03	Other Finance Income	2,108	0	0	0
3.06.02	Financial Expenses	(149,523)	(277,193)	(135,594)	(288,732)
3.06.02.01	Interest on Loans	(86,670)	(176,193)	(71,723)	(138,877)
3.06.02.02	Derivatives Net Result	(62,853)	(93,468)	(25,733)	(43,504)
3.06.02.03	Other Operating Expenses	0	(7,532)	(8,590)	(19,054)
3.06.02.04	Exchenge Variation, Net	0	0	(29,548)	(87,297)
3.07	Profit Before Income Taxes	(357,840)	(305,136)	(55,934)	1,746
3.08	Income (Expenses) Tax	(863)	(21,633)	4,027	(29,731)
3.08.01	Current	3,794	(308)	11,882	(20,558)
3.08.02	Deferred	(4,657)	(21,325)	(7,855)	(9,173)
3.09	Net Profit of Continued Operation	(358,703)	(326,769)	(51,907)	(27,985)
3.11	Consolidated Profit (Loss) for the Period	(358,703)	(326,769)	(51,907)	(27,985)
3.11.01	Attributed to Shareholders of Parent Company	(358,703)	(326,769)	(51,907)	(27,985)
3.99	Earnings Per Share (Reais / Share)				

Interim Consolidated Statement of Comprehensive Income

(In thousands of Reais)

Account Code	Account Description	Current Quarter 04/01/2011 up to 06/30/2011	Current Quarter Accumulated 01/01/2011 up to 06/30/2011	Quarter Previous Year 04/01/2010 up to 06/30/2010	Quarter Previous Year Accumulated 01/01/2010 up to 06/30/2010
4.01	Consolidated Net Profit for the Period	(358,703)	(326,769)	(51,907)	(27,985)
4.02	Other Comprehensive Income	(28,798)	(13,515)	(1,957)	(1,987)
4.02.01	Financial Assets Available for Sale	0	(487)	(590)	(913)
4.02.02	Cash Flow Hedge	(43,634)	(19,740)	(2,073)	(1,630)
4.02.03	Tax Effect	14,836	6,712	706	556
4.03	Consolidated Comprehensive Income for the Period	(387,501)	(340,284)	(53,864)	(29,972)
4.03.01	Attributed to Shareholders of Parent Company	(387,501)	(340,284)	(53,864)	(29,972)

Interim Consolidated Financial Statements / Statement of Cash Flows – Indirect Method

(In thousands of Reais)

Account Code	**Account Description**	**Current Quarter Accumulated 01/01/2011 up to 06/30/2011**	**Same Quarter Previous Year Accumulated 01/01/2010 up to 06/30/2010**
6.01	Net Cash Provided by (Used in) Operating Activities	(14,996)	438,449
6.01.01	Cash Flows from Operating Activities	370,734	401,740
6.01.01.01	Depreciation and Amortization	180,824	144,131
6.01.01.02	Allowance for Doubtful Accounts	4,480	4,588
6.01.01.03	Provisions for Contingencies and Others	2,836	6,971
6.01.01.04	Provisions for Onerous Contracts	12,330	358
6.01.01.05	Provision for Inventory Obsolescence	19	0
6.01.01.06	Deferred Taxes	21,325	9,173
6.01.01.07	Shared-based Payments	14,957	14,377
6.01.01.08	Exchange and Monetary Variations, Net	(111,237)	59,779
6.01.01.09	Interests on Loans, Net	176,193	138,877
6.01.01.10	Non Realized Hedge Result, Net	26,485	43,774
6.01.01.11	Provision for Return of Aircraft	(1,508)	13,151
6.01.01.14	Customer Loyalty Programmes	10,674	(33,439)
6.01.01.15	Write-off of Property, Plant, Equipment, and Intangible	5,073	0
6.01.01.16	Provision for profit sharing	28,283	0
6.01.02	Assets and Liabilities Variation	(58,961)	64,694
6.01.02.01	Trade and Other Receivables	17,487	264,261
6.01.02.02	Inventories	29,225	(28,713)
6.01.02.03	Deposits	26,329	31,693
6.01.02.04	Prepaid Expenses and Recovery Taxes	2,639	27,216
6.01.02.05	Other Assets	5,367	6,900
6.01.02.06	Accounts Payable	19,423	103,279
6.01.02.07	Advance Ticket Sales	22,046	(131,510)
6.01.02.08	Advance from Customers	(28,820)	(27,184)
6.01.02.09	Salaries, Wages and Benefits	46,536	42,303
6.01.02.10	Sales Tax and Landing Fees	8,915	(5,128)
6.01.02.11	Tax Obligation	7,918	(5,017)
6.01.02.12	Provisions	(48,345)	(29,629)
6.01.02.14	Interests Paid	(73,404)	(68,154)
6.01.02.15	Income Tax Paid	(308)	(20,558)
6.01.02.16	Provision for profit sharing	(56,727)	(70,000)
6.01.02.17	Insurance	(30,168)	(40,420)
6.01.02.18	Other Liabilities	(7,074)	15,355
6.01.03	Other	(326,769)	(27,985)
6.01.03.01	Net Income (loss) for the Period	(326,769)	(27,985)
6.02	Net Cash Generated by (used in) Investing Activies	(506,773)	(308,115)
6.02.01	Short term Investments	(401,089)	415

6.02.02	Restricted Cash	25,892	(46,464)
6.02.03	Purchase of Property, Plant and Equipment	(118,306)	(220,710)
6.02.04	Intangible Assets	(13,270)	(41,356)
6.03	Net Cash Generated by (used in) Financing Activities	207,917	14,540
6.03.02	Debts	548,458	301,516
6.03.03	Payments of Debts	(290,491)	(220,666)
6.03.04	Capital increase	807	119,529
6.03.05	Dividends Paid	(50,857)	(185,839)
6.04	Exchange Variation on Cash and Cash Equivalents	1,466	(9,292)
6.05	Net Increase (Decrease) in Cash and Cash Equivalents	(312,386)	135,582
6.05.01	Cash and Cash Equivalents at Beginning of the Period	1,955,858	1,382,408
6.05.02	Cash and Cash Equivalents at End of the Period	1,643,472	1,517,990

Interim Consolidated Financial Statements / Statement of Changes in Equity – From 01/01/2011 up to 06/30/2011

(In thousands of Reais)

ACCCOUNT CODE	ACCCOUNT DESCRIPTION	CAPITAL STOCK	CAPITAL RESERVES, OPTIONS GRANTED AND TREASURE SHARES	INCOME RESERVES	ACCUMULATED LOSSES	COMPR
5.01	Beginning Balance	2,183,133	92,103	642,860	0	
5.03	Adjusted Balance	2,183,133	92,103	642,860	0	
5.04	Shareholders Capital Transactions	807	14,957	0	0	
5.04.08	Capital Increase by Option Exercised	807	0	0	0	
5.04.09	Stock Option	0	14,957	0	0	
5.05	Total Other Comprehensive Income	0	0	0	(326,769)	
5.05.02	Other Comprehensive Income	0	0	0	(326,769)	
5.05.02.06	Net Profit for the Period	0	0	0	(326,769)	
5.07	Final Balance	2,183,940	107,060	642,860	(326,769)	

Interim Consolidated Financial Statements / Statement of Changes in Equity – From 01/01/2010 up to 06/30/2010

(In thousands of Reais)

ACCCOUNT CODE	ACCCOUNT DESCRIPTION	CAPITAL STOCK	CAPITAL RESERVES, OPTIONS GRANTED AND TREASURE SHARES	INCOME RESERVES	RETAINED LOSSES	C COMPREHE IN
5.01	Beginning Balance	2,062,272	67,360	596,627	(117,091)	
5.03	Adjusted Balance	2,062,272	67,360	596,627	(117,091)	
5.04	Capital Transactions with Stakeholders	119,529	14,377	0	0	
5.04.08	Stock Option’s Capital Increase	463	0	0	0	
5.04.09	Capital Increase on May 05,2010	119,066	0	0	0	
5.04.10	Stock Option	0	14,377	0	0	
5.05	Total Comprehensive Income	0	0	0	(27,985)	
5.05.02	Other Comprehensive Income	0	0	0	(27,985)	
5.05.02.06	Net Loss for the Period	0	0	0	(27,985)	
5.05.02.07	Other Comprehensive Income, Net	0	0	0	0	
5.07	Final Balance	2,181,801	81,737	596,627	(145,076)	

Interim Consolidated Financial Statements / Statement of Value Added

(In thousands of Reais)

Account Code	Account Description	Current Quarter Accumulated 01/01/2011 up to 06/30/2011	Quarter Previous Year Accumulated 01/01/2010 up to 06/30/2010
7.01	Revenues	3,561,189	3,469,509
7.01.02	Other Revenues	3,565,669	3,474,097
7.01.02.01	Transportation of Passenger, Cargo and Other	3,565,669	3,474,097
7.01.04	Provision/Reversion of Doubtful Accounts	(4,480)	(4,588)
7.02	Acquired from Third Parties	(2,295,864)	(1,937,737)
7.02.02	Materials, Energy, Services from Third Parties and Other	(690,400)	(612,012)
7.02.04	Other	(1,605,464)	(1,325,725)
7.02.04.01	Fuel and Lubricant Suppliers	(1,411,862)	(1,135,490)
7.02.04.02	Aircraft Insurance	(16,769)	(24,562)
7.02.04.03	Commercial and Marketing	(176,833)	(165,673)
7.03	Gross Value Added	1,265,325	1,531,772
7.04	Retentions	(180,824)	(144,131)
7.04.01	Depreciation and Amortization	(180,824)	(144,131)
7.05	Net Value Added Generated	1,084,501	1,387,641
7.06	Value Added Received in Transference	487,465	448,715
7.06.02	Finance Income	487,465	448,715
7.07	Total Value Added to Distribute	1,571,966	1,836,356
7.08	Distribution of Value Added	1,571,966	1,836,356
7.08.01	Employees	744,741	596,008
7.08.02	Taxes	312,941	286,322
7.08.03	Third Parties' Capital Remuneration	841,053	982,011
7.08.03.03	Other	841,053	982,011
7.08.03.03.01	Funders	600,297	695,659
7.08.03.03.02	Lessors	240,756	286,352
7.08.04	Own Capital Remuneration	(326,769)	(27,985)
7.08.04.03	Period Losses	(326,769)	(27,985)

Notes to the Interim Consolidated Financial Statements

1. Corporate information

Gol Linhas Aéreas Inteligentes S.A. (“Company” or “GLAI”) is a public-listed company incorporated in accordance with Brazilian Corporate Laws, organized on March 12, 2004. The objective of the Company is through its operating wholly-owned subsidiary VRG Linhas Aéreas S.A. (“VRG”) to exploit (i) regular and non-regular air transportation services of passengers, cargo and mail bags, domestically or internationally, according to the concessions granted by the competent authorities; (ii) complementary activities of chartering air transportation of passengers.

GLAI is the direct parent company of the wholly-owned subsidiaries GAC Inc (“GAC”), Gol Finance (“Finance”) and indirect parent company of SKY Finance II (“SKY II”).

GAC was established on March 23, 2006, according to the laws of Cayman Islands, and its activities are related to the aircraft acquisition for its single shareholder GLAI, which provides a finance support for its operational activities and settlement of obligations. GAC is the parent company of SKY Finance and SKY II, established on August 28, 2007 and November 30, 2009, respectively, both located in Cayman Islands, which activities are related to obtaining funds to finance aircraft acquisition. Sky Finance and Sky II was closed in 2010, after the payment of all funds raised by the company, considering that both was created with the specific objective of obtaining such funds.

Finance was established on March 16, 2006, according to the laws the Cayman Islands, and its activities are related to obtaining funds for aircraft acquisition.

On April 9, 2007, the Company acquired VRG, a low-cost and low-fare airline company, which operates domestic and international flights with GOL and VARIG brands, providing regular and non-regular air transportation services among the main destinations in Brazil, South America and the Caribbean.

The Company’s shares are traded in the New York Stock Exchange (NYSE) and on the São Paulo Stock Exchange (BM&FBOVESPA). The Company has entered into an Agreement for Adoption of Level 2 Differentiated Corporate Governance Practices with BM&FBOVESPA, and integrates the indices of Shares with Differentiated Corporate Governance – IGC and Shares with Differentiated Tag Along – ITAG, created to identify companies committed to the adoption of differentiated corporate governance practices.

2. Basis of preparation and summary of significant accounting policies

The authorization for issue of this interim consolidated financial statements occurred in the Board of Directors' meeting on August 11, 2011. The registered office is located at Rua Tamoios, 246, Jd. Aeroporto, São Paulo, Brazil.

2.1 Basis of preparation

The quarterly interim consolidated financial statements were prepared for the period ended on June 30,2011 in accordance with International Accounting Standards (IAS) no. 34, related to consolidated interim financial statements, as issued by the International Accounting Standards Board (IASB).

IAS 34 requires the use of certain accounting estimates by the Company Management. The interim consolidated financial statements were prepared based on historical cost, except for certain financial assets and liabilities, which are measured at fair value.

Notes to the Interim Consolidated Financial Statements

These interim consolidated financial statements do not include all the information and disclosure items required in the consolidated annual financial statements. Therefore, they must be read together with the consolidated financial statements referring the year ended December 31, 2010, and filed on February 22, 2011, which were prepared according to International Financial Reporting Standards – IFRS. There was no changes in accounting policies adopted on December 31,2010.

Some items of the Balance Sheet for the year ended December 31, 2010, presented for comparative purposes, were reclassified for adequacy and consistency with the period ended June 30, 2011.

3. Seasonality

The Company expects that the revenues and profits from its flights reach the highest levels during the summer and winter vacation periods, in January and July, respectively, and during the last two weeks of December, during the season holidays. By considering of the high portion of fixed costs, this seasonality tends to cause variations in our operational income from quarter to quarter.

4. Cash and cash equivalents

	06/30/11	**12/31/10**
Cash and bank deposits	**146,650**	194,493
Cash equivalents	**1,496,822**	1,761,365
	1,643,472	1,955,858

On June 30, 2011, cash equivalents refers substantially to investment funds, government securities and bank deposit certificates, bearing interest rates of 98.5% to 103.5% of *Certificado de Depósito Interbancário* (Inter-bank Deposit Certificate - CDI).

The breakdown of cash equivalents balance is presented below:

	06/30/11	12/31/10
Bank deposit certificates	**206,227**	678,253
Government securities	**264,091**	245,186
Investment funds	**1,026,504**	837,926
	1,496,822	1,761,365

These financial investments provide high liquidity and are promptly converted into known cash amount, and are subject to insignificant risk of value change.

5. Restricted cash

On June 30,2011, restricted cash is represented by a guarantee deposits linked to loans from the *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES) which were applied in DI funds and paid the average rate of 98.5% of CDI.

On April 2011, the Company redeemed CDB (Bank deposit certificates) with Santander Bank in amount of R$25.000, which were the guarantee of *Banco de Desenvolvimento de Minas Gerais* (BDMG), replaced by chattel mortgage of aircraft’s equipment.

On June 30, 2011, the restricted cash recorded in non-current assets corresponded to R$8,608 (R$34,500 on December 31, 2010).

Notes to the Interim Consolidated Financial Statements

6. Short term investments

	06/30/11	12/31/10
Private Bonds (CDB)	**284,415**	-
Government securities	**118,560**	-
Foreign bank deposits	**20,720**	19,790
Investment Funds (FIDC)	**-**	2,816
	423,695	22,606
Short term	**313,431**	22,606
Long term	**110,264**	-
	423,695	22,606

On June 30, 2011, the balance of short term investments is mainly form by government securities and private bonds (*CDB – Certificado de depósitos bancários* – Certificate of bank deposits) with maturity date until January 2015, bearing interest at 100.0% of CDI.

7. Trade and other receivables

	06/30/11	12/31/10
Local currency:		
Credit card administrators	**48,075**	90,612
Travel agencies	**188,329**	149,393
Installments sales	**45,085**	48,564
Cargo agencies	**23,346**	20,582
Airline partners companies	**15,528**	16,608
Other	**15,716**	27,491
	336,079	353,250
Foreign currency:		
Credit card administrators	**5,919**	5,855
Travel agencies	**3,544**	3,935
Cargo agencies	**152**	141
	9,615	9,931
	345,694	363,181

Allowance for doubtful accounts	**(64,607)**	(60,127)
	281,087	303,054

Changes in the allowance for doubtful accounts for six months period ended June 30,2011 are as follows:

	06/30/11	**06/30/10**
Balance at the beginning of the year	**(60,127)**	(52,399)
Additions	**(14,252)**	(14,542)
Irrecoverable amounts	**1,181**	3,750
Recoveries	**8,591**	6,204
Balance at the end of the year	**(64,607)**	(56,987)

The aging analysis of accounts receivable is as follows:

Notes to the Interim Consolidated Financial Statements

	06/30/11	12/31/10
Falling due	**235,183**	270,286
Overdue until 30 days	**15,492**	19,091
Overdue 31 to 60 days	**3,254**	4,128
Overdue 61 to 90 days	**3,123**	5,533
Overdue 91 to 180 days	**21,791**	8,041
Overdue 181 to 360 days	**13,488**	7,052
Overdue above 360 days	**53,363**	49,050
	345,694	363,181

The average receivable period of installment sales is seven months and monthly interests based on 5.99% is charged over the receivable balance, which is recognized as finance income when received. The average term for receipt of other accounts receivable is 45 days.

On June 30, 2011, accounts receivable from travel agencies amounting to R$16,000 (R$24,300 on December 31, 2010) are related to loan agreements guarantees**.**

8. Inventories

	06/30/11	12/31/10
Consumables	**18,584**	16,702
Parts and maintenance materials	**114,349**	117,740
Advances to suppliers	**12,010**	43,725
Imports in progress	**1,907**	1,885
Others	**11,919**	7,942
Provision for obsolescence	**(17,023)**	(17,004)
	141,746	170,990

Changes in the allowance for inventory obsolescence is as follows:

	06/30/11	**12/31/10**
Balance at the beginning of the year	**(17,004)**	(8,602)
Additions	**(33,804)**	(44,426)
Disposals	**33,785**	36,024
Balance at the end of the year	**(17,023)**	(17,004)

9. Deferred and recoverable taxes

	06/30/11	**12/31/10**
Recoverable taxes:		
Current assets		
ICMS (1)	**9,846**	7,039
Prepaid IRPJ and CSSL (2)	**69,300**	35,186
IRRF (3)	**5,830**	8,548
Withholding tax of public institutions	**20,534**	17,334
Value-added taxes – IVA (4)	**4,063**	3,512
Import tax	**-**	15,805
Other	**8,071**	719
Total recoverable taxes - current	**117,644**	88,143

Notes to the Interim Consolidated Financial Statements

Deferred taxes:		
Non-current assets		
Credits on accumulated income tax losses carryforward	**334,162**	340,055
Negative basis of social contribution	**120,299**	122,420
Temporary differences:		
Mileage program	**83,816**	70,603
Provision for doubtful accounts	**192,263**	190,664
Provision for tax, labor, and civil provision	**56,854**	44,556
Return of aircraft	**1,417**	11,318
Others	**42,211**	37,929
Total deferred tax - non-current assets	**831,022**	817,545
Non-current liabilities		
Brands	**21,457**	21,457
Rights of flight	**190,686**	190,686
Maintenance deposits	**124,774**	155,266
Engine and rotable depreciation	**128,213**	115,098
Goodwill amortization reversal	**63,830**	51,064
Aircraft leasing operations	**126,806**	94,950
Others	**14,509**	13,664
Total deferred tax - non-current liabilities	**670,275**	642,185

(1) ICMS: State tax on sales of goods and services.

(2) IRPJ: Brazilian federal income tax on taxable net profits.

CSLL: social contribution on taxable net profits, created to finance social programs and funds.

(3) IRRF: withholding of income tax applicable on certain domestic operations, such as payment of fees for some service providers, payment of salaries and financial income resulting from bank investments.

(4) IVA: Value-added tax for sales of goods and services abroad.

The Company and its subsidiary have tax losses carry forward and negative bases of social contribution in the determination of the taxable profits, to be compensated with 30% of the annual taxable profits, without an expiration date, in the amounts described below:

	Parent Company (GLAI)		Subsidiary (VRG)	
	06/30/11	**12/31/10**	**06/30/11**	**12/31/10**
Accumulated income tax losses carryforward	**262,225**	264,920	**1,580,868**	1,299,555
Negative basis of social contribution	**262,225**	264,920	**1,580,868**	1,299,555

The credits resulting from tax losses carry forward and negative basis of social contribution were recorded based on the firm expectation for generation of future taxable profits of the Company and its subsidiaries, in accordance with the legal limitations.

The projections of future taxable profits for utilization to compensate tax losses carry forward and negative basis of social contribution, are technically prepared and supported based on their business plans which are approved by the Board of Directors, indicate the existence of sufficient taxable profit for the realization of the deferred tax assets recognized.

Through its parent company and its subsidiary VRG, the Company total tax credit is R$626,652. However, the Company and subsidiary recognized an impairment of R$172,191 for the credits that would be recognized on December 31, 2011, when the company's business plan will be revised.

The Management considers that the deferred tax assets resulting from temporary differences will be realized proportionally to the realization of provisions and final resolution of future events.

The reconciliation between income tax and social contribution, calculated by the application of the statutory tax rate combined with values reflected in the net income, is demonstrated below:

Notes to the Interim Consolidated Financial Statements

		Three pe
	30/06/11	**06/30/1**
loss before Income Taxes		**(357,84**
Combined tax rate		**34**
Income tax at combined tax rate		**121,66**
Adjustments for calculating the effective tax rate:		
Non-deductible income from subsidiaries		**(6,76**
Nondeductible expenses (nontaxable income) of subsidiaries		**(11,59**
Nondeductible expenses (nontaxable income)		**32**
Income tax on permanent differences		**(2,19**
Exchange variation on investments abroad		**10,09**
Use of tax credits in the repayment of Law 11,941		**(8,01**
Benefit not recognized under tax losses carry forward and negative bases of social contribution		**(104,38**
Income tax and social contribution expenses		**(86**
Current income tax and social contribution		**3,79**
Deferred income tax and social contribution		**(4,65**
		(86

10. Prepaid expenses

	06/30/11	**12/31/10**
Deferred losses from sale-leaseback transactions (a)	58,888	63,574
Prepayments of hedge awards	31,536	23,334
Prepayments of leasing	23,573	33,322
Prepayments of insurance	10,009	27,860
Prepayments of commissions	8,804	16,628
Others	5,432	5,665
	138,242	170,383
Current	88,727	116,182
Non-current	49,515	54,201

(a) During the accounting years of 2007, 2008 and 2009, the Company registered losses with sale-leaseback transactions performed by its subsidiary GAC Inc. for 9 aircrafts in the amount of R$89,337. These losses are being deferred and amortized proportionally to the payments of the respective leasing contracts during the contractual term of 120 months. Further information related to the sale-leaseback transactions are described in Note 25b.

11. Deposits

Maintenance deposits

Under certain existing lease agreements, maintenance deposits are paid to aircraft and engine lessors that are to be applied to future aircraft maintenance. The maintenance deposits paid under lease agreements exempt neither the obligation to maintain the aircraft nor the cost risk associated with the maintenance activities of the aircraft lessor. The Company maintains the right to select any third-part maintenance provider or to perform such services in-house.

Notes to the Interim Consolidated Financial Statements

These deposits are calculated based on a performance measure, such as flight hours or cycles, and are available for reimbursement to the Company upon the completion of the maintenance of the lease aircraft. Therefore, these amounts are recorded as a deposit on the balance sheet and maintenance cost is recognized when the underlying maintenance is performed, in accordance with an accounting maintenance policy. Certain lease agreements provide that the excess deposits are not refundable to the Company. Such excess could occur if the amounts ultimately expended for the maintenance events were less than the amounts deposited. Any excess amounts held by lessor or retained by the lessor upon the expiration of the lease, which are not expected to be significant, would be recognized as additional aircraft rental expense.

On June 30, 2011, the Company changed the classification of maintenance deposits from non-monetary to monetary asset, as the transactions of these assets, since 2011 occurred substantially through receipts of financial funds, according to the renegotiations conducted with the lessors, recognized in the period of six month ended June 30, 2011 the amount of R$ 76,548 as exchange variation expense.

Based on regular analysis of deposit recoveries, Management believes that the values disclosed in the consolidated balance are recoverable, and there are no indicators of impairment of maintenance deposits, which balances on June 30, 2011 are classified in non-current assets and amount to R$366,981 (R$456,666 on December 31, 2010).

Additionally, the Company holds contracts with some lessors to replace deposits by letters of credit, to enable the utilization of deposits to cover other disbursements related to leasing contracts. Many of the aircraft leasing contracts do not require maintenance deposits.

Deposits in guarantee for leasing contracts

As required by the leasing contracts, the Company makes guarantee deposits on behalf of the leasing companies, the refund of which occurs upon the contract expiration date. On June 30, 2011, the balance of guarantee deposits for leasing contracts, classified in non-current assets, is R$87,447 (R$127,963 on December 31, 2010).

Judicial deposits

Judicial deposits substantially represent guarantees of related to tax claims, labor, or civil under judgment until such deposits will continue the resolution of conflicts related to them. The balances of judicial deposits on June 30, 2011, recorded in non-current assets totaled R$157,007 (R$130,748 on December 31, 2010).

12. Transactions with related parties

Graphic, consulting and transportation services

The subsidiary VRG holds contract with the related part *Breda Transportes e Serviços S.A.* for passenger and luggage transportation services between airports, and transportation of employees, which expired annually on November, 16 and can be renewed at every 12 months by additional equal periods by signing an amendment instrument signed by the parties, with annual correction based on the General Market Price Index (IGP-M) variation.

The Subsidiary VRG also holds contracts with related parties *Expresso União Ltda*. and *Serviços Gráficos Ltda.* for, transportation of employees and graphic services, respectively, with 12-month maturity terms without financial charges.

Notes to the Interim Consolidated Financial Statements

The Subsidiary VRG also holds contracts to use *Gollog* franchising through related part *União Transporte de Encomendas e Comércio de Veículos Ltda.*, with 60-month maturity terms.

The Subsidiary VRG also hold a contract with related party *Vaud Participações S.A.* for providing administration services and executive management, with maturity terms of two years since October 2010.

During the period ended on June 30, 2011, VRG recognized total expense related to these services amounting to R$5,087 (R$5,418 for the six-month period ended on June 30, 2010). All the entities previously mentioned belong to the same business group.

Operational lease

VRG is the lessee of the property located at Rua Tamoios, 246, São Paulo – SP, owned by *Patrimony Administradora de Bens*, controlled by *Comporte Participações S.A.*, company owned by the same shareholder of the Company, which contract expires annually on April 4, can be renewed at every 12 months by additional equal periods and includes clause of annual readjustment based on General Market Price Index (IGP-M) variation. During the six months period ended on June 30, 2011, VRG recognized total expense related to this rental amounting to R$317 (R$215 for the six months period ended on June 30, 2010).

Commercial Agreement with Unidas Rent a Car

In May 2009, VRG signed a commercial agreement with *Unidas Rent a Car*, a Brazilian car rental company, which provides a 50% discount to *Unidas'* customers in the daily rental rates when they buy air travel tickets on flights operated by the subsidiary VRG in its website. The chairman of the Board of Directors of the Company, Álvaro de Souza, was member of the board of directors of *Unidas Rent a Car* until June 20, 2011.

Accounts payable – current liabilities

On June 30, 2011, balances payable to related companies amounting to R$808 (R$878 on June 30, 2010) are included in the suppliers' balances and substantially refers to the payment to *Breda Transportes e Serviços S.A.* for passenger transportation services.

Payments of key management personnel

	Three months period		**Six months period ended**	
	06/30/11	06/30/10	**06/30/11**	06/30/10
Salaries and benefits	**3,341**	3,355	**7,256**	6,135
Social charges	**1,250**	2,895	**2,687**	3,856
Share-based payments	**4,573**	10,950	**9,146**	14,377
Total	**9,164**	17,200	**19,089**	24,368

On June 30, 2011, the Company did not offer post-employment benefits, and there are no benefits for breach of employment agreements or other long-term benefits for Management or other employees.

Share-based payments

The Company's Board of Directors within the scope of its functions and in conformity with the Company's Stock Option Plan, approved the grant of a stock option for key senior executive officers and employees. For the grants until 2009, the options vest at a rate of 20% per year, and can be exercised up to 10 years after the grant date.

Notes to the Interim Consolidated Financial Statements

Due to changes in Stock Option Plan of the Company's shares, approved the Ordinary Shareholders Meeting held on April 30, 2010, for the 2010 grants, the options become exercisable in respect of 20% as from the first year, an additional 30% as from the second and remaining 50% as from the third year. The options under this Plan of 2010 also may be exercised within 10 years after the grant date.

The fair value of stock options was estimated at the grant date using option-pricing model of Black-Scholes.

The Board of Directors meetings date and the assumptions utilized to estimate the fair value of the stock purchase options using the Black-Scholes option pricing model are demonstrated below:

				Stock option plans
	2005	**2006**	**2007**	**2008**
Board of Directors meeting date	December 9, 2004	January 2, 2006	December 31, 2006	December 20, 2007
Total of options granted	87,418	99,816	113,379	190,296
Option exercisable price	33.06	47.30	65.85	45.46
Fair value of the option on the grant date	29.22	51.68	46.61	29.27
Estimated volatility of the share price	32.52%	39.87%	46.54%	40.95%
Expected dividend	0.84%	0.93%	0.98%	0.86%
Risk-free return rate	17.23%	18.00%	13.19%	11.18%
Option duration (years)	10	10	10	10

(a) In April 2010 additional options were granted, totaling 216,673 in addition to those approved by the 2009 plan.

(b) In April 2010 additional options were approved totaling 101,894, referring to the 2010 plan.

(c) The calculated fair value for 2011 plan was 16.92, 16.11 and 15.17 for respective *vesting* periods (2011, 2012 e 2013).

Changes in the stock options as of June 30,2011 are shown as follows:

	Stock options	Average weighted purchase price
Options in circulation as of December 31, 2010	**3,476,684**	**20.56**
Granted	2,722,444	16.07
Exercised	(46,698)	15.40
Adjust on lost rights estimative	(970,571)	21.25
Options in circulation as of June 30, 2011	**5,181,859**	**24.30**
Number of options exercisable as of December 31, 2010	**955,975**	**22.88**
Number of options exercisable as of June 30, 2011	**1,365,042**	**23.84**

The interval of the exercise prices and the average maturity of the outstanding options, as well as the intervals of the exercise prices for the exercisable options as of June 30, 2011, are summarized below:

Notes to the Interim Consolidated Financial Statements

	Options in circulation			Options exercisable	
Exercise price intervals	**Options in circulation as of Jun/2011**	**Remaining weighted average maturity (years)**	**Weighted average exercise price**	**Options exercisable as of Jun/2011**	**Weighted average exercise price**
33.06	31,222	4	33.06	31,222	33.06
47.30	37,960	5	47.30	37,960	47.30
65.85	39,299	6	65.85	35,369	65.85
45.46	90,926	7	45.46	63,648	45.46
10.52	386,480	8	10.52	193,240	10.52
20.65	2,176,023	9	20.65	761,608	20.65
27.83	2,419,949	10	27.83	241,995	27.83
10.52-65.85	**5,181,859**	**9.28**	**24.30**	**1,365,042**	**23.84**

For the six months period ended on June 30,2011, the Company registered on the equity an result with stock options in the amount of R$14,957 (R$14,377 for the six months period ended on June 30,2010), being the expense presented in the consolidated statements of operations as labor expenses.

13. Earnings or losses per share

Although, there are differences in voting rights and liquidation preferences, the Company's preferred shares are not entitled to receive any fixed dividends. Rather, the preferred shareholders have identical rights to earnings and are entitled to receive dividends per share in the same amount of the dividends per share paid to holders of the common shares. Therefore, the Company understands that, substantially, there is no difference between preferred shares and common shares and the basic earnings or losses per share calculation should be the same for both shares.

Consequently, basic earnings or losses per share are computed by dividing income or losses by the weighted average number of all classes of shares outstanding during the period. The diluted earnings or losses per share are computed including dilutive potential shares from the executive employee stock options using the treasury-stock method when the effect is dilutive. The effect anti-dilutive potential shares are disconsidered in calculating dilutive earnings or losses per share.

	Three months period ended		Six months period ended	
	06/30/11	**06/30/10**	**06/30/11**	**06/30/10**
Numerator				
Net loss for the period	**(358,703)**	(51,907)	**(326,769)**	(27,985)
Denominator				
Weighed mean of shares in circulation related to basic earnings per share (in thousands)	**270,349**	266,090	**270,349**	266,090
Adjusted weighed mean of shares in circulation and presumed conversions related to the diluted earnings per share (in thousands)	**270,349**	266,090	**270,349**	266,090
Basic losses per share	**(1.32)**	(0.19)	**(1.20)**	(0.11)
Diluted losses per share	**(1.32)**	(0.19)	**(1.20)**	(0.11)

On June 30, 2011, the diluted earnings or losses per share was calculated by considering the instruments that may have potential dilutive effect in the future. On June 30, 2011 the exercise price of vested stock options of the 2009 and 2010 plans are lower than the average market quotation of the period (in the money). The 2009 plan is in the money even when the vesting stock options expenses are included in the exercise price. However due to the loss reported for the six months period ended June 30, 2011 and 2010, these shares have anti-dilutive effect. However due to the loss reported for the six months ended June 30, 2011 and 2010, these shares have anti-dilutive effect and therefore are not considered in the total number of shares outstanding.

Notes to the Interim Consolidated Financial Statements

14. Property, plant and equipment

		06/30/11			12/31/10
	Annual weighted depreciation	**Cost**	**Accumulated depreciation**	**Net value**	**Net value**
Flight equipment					
Aircraft under financial leases	11%	**2,680,839**	**(446,845)**	**2,233,994**	2,210,433
Sets of replacement parts and spare engines	4%	**821,124**	**(144,230)**	**676,894**	649,758
Aircraft reconfigurations	11%	**282,408**	**(100,337)**	**182,071**	86,992
Aircraft and safety equipment	20%	**1,393**	**(742)**	**651**	601
Tools	10%	**23,616**	**(6,321)**	**17,295**	14,465
		3,809,380	**(698,475)**	**3,110,905**	2,962,249
Property and equipment in use					
Vehicles	20%	**8,773**	**(6,052)**	**2,721**	3,309
Machinery and equipment	10%	**35,366**	**(9,084)**	**26,282**	15,744
Furniture and fixtures	10%	**18,322**	**(8,083)**	**10,239**	10,696
Computers and peripherals	20%	**42,986**	**(26,341)**	**16,645**	14,354
Communication equipment	10%	**2,667**	**(1,277)**	**1,390**	1,517
Facilities	10%	**4,328**	**(2,347)**	**1,981**	2,192
Maintenance center – Confins	7%	**105,506**	**(12,584)**	**92,922**	93,160
Improvements in third-part properties	20%	**31,548**	**(15,826)**	**15,722**	18,540
Works in progress	-	**16,998**	**-**	**16,998**	15,546
		266,494	**(81,594)**	**184,900**	175,058
		4,075,874	**(780,069)**	**3,295,805**	3,137,307
Advances for acquisition of aircraft	**-**	**363,274**	**-**	**363,274**	323,661
		4,439,148	**(780,069)**	**3,659,079**	3,460,968

Changes in property, plant and equipment balances are shown below:

	Property, plant and equipment under financial leasing	Other flight equipment (A)	Advances for acquisition of property, plant and equipment	Other	Total
On December 31, 2010	2,210,433	751,816	323,661	175,058	3,460,968
Additions	**127,694**	**175,121**	**118,754**	**20,552**	**442,121**
Disposals	-	**(155)**	**(79,141)**	**(22)**	**(79,318)**
Depreciation	**(104,133)**	**(49,871)**	-	**(10,688)**	**(164,692)**
On June 30, 2011	**2,233,994**	**876,911**	**363,274**	**184,900**	**3,659,079**

(A) Additions during the period primarily represent the total estimated costs to be incurred for the reconfiguration of the aircraft with no purchase option when they return to lessor and the costs of improvements in engines under operating leases in accordance with the conditions of big maintenance established in contracts.

Notes to the Interim Consolidated Financial Statements

15. Intangible assets

	Goodwill	Trade names	Airport operating rights	Software	Total
Balance on December 31, 2010	542,302	63,109	560,842	100,924	1,267,177
Additions	-	-	-	**13,270**	**13,270**
Write offs	-	-	-	**(4,896)**	**(4,896)**
Amortizations	-	-	-	**(16,132)**	**(16,132)**
Balance on June 30, 2011	**542,302**	**63,109**	**560,842**	**93,166**	**1,259,419**

The Company has allocated goodwill and intangible assets with indefinite lives, acquired through business combinations, for the purposes of impairment testing to a single cash-generating unit which is the operating subsidiary VRG. The recoverable amount of these assets is tested annually by the Company at the end of year.

16. Short and Long Term Debt

	Maturity	Effective average interest rate (p,y,) 06/30/11	06/30/11	12/31/10
Short term debt				
Local currency:				
BNDES loan	Jul, 2012	**8.66%**	**13,605**	14,352
BNDES loan Safra	Mar, 2014	**11.46%**	**25,206**	27,550
BDMG loan	Jan, 2014	**8.05%**	**3,437**	3,376
Interest			**28,014**	19,721
			70,262	64,999
Foreign currency (in U.S. Dollars):				
Working Capital	Mar, 2012	**3.42%**	**79,240**	83,803
IFC loan	Jul, 2013	**4.15%**	**32,412**	13,885
FINIMP	Jun, 2011	**2.69%**	**-**	2,718
Interest			**33,029**	33,969
			144,681	134,375
			214,943	199,374

Financial Lease	Dec, 2021		**127,159**	146,634
Total short term debt			**342,102**	346,008
Long term debt				
Local currency:				
BNDES	Jul, 2012	**8.66%**	**1,196**	8,372
BNDES - intermediated by Banco Safra	Mar, 2014	**11.46%**	**57,287**	70,934
BDMG	Jan, 2014	**8.05%**	**27,022**	27,332
Debentures IV	Sep, 2015	**12.63%**	**594,515**	593,870
Debentures V	Jun, 2017	**12.26%**	**492,736**	-
			1,172,756	700,508
Foreign currency (in U.S. Dollars)				
IFC loan	Jul, 2013	**4.15%**	**-**	27,770
Senior bonus I	Apr, 2017	**7.50%**	**326,546**	347,501
Senior bonus II	Jul, 2020	**9.25%**	**457,525**	487,887
Perpetual bonus	-	**8.75%**	**279,435**	297,944
			1,063,506	1,161,102
			2,236,262	1,861,610
Financial Lease	Dec, 2021		**1,463,790**	1,533,470
Total long term debt			**3,700,052**	3,395,080
			4,042,154	3,741,088

Notes to the Interim Consolidated Financial Statements

The maturities of long-term debt for the next twelve months counted from June 30,2011, are as follows:

	2012	2013	2014	2015	After 2015	Without maturity date	Total
Local currency:							
BNDES loan	1,196	-	-	-	-	-	1,196
Loan – Safra	13,392	28,899	14,996	-	-	-	57,287
BDMG and BDMG II loan	4,370	6,354	4,339	4,339	7,620	-	27,022
Debêntures	-	-	-	594,515	492,736	-	1,087,251
	18,958	35,253	19,335	598,854	500,356	-	1,172,756
Foreign currency (Dollars):							
Senior bonus I	-	-	-	-	326,546	-	326,546
Senior bonus II	-	-	-	-	457,525	-	457,525
Perpetual bonus	-	-	-	-	-	279,435	279,435
	-	-	-	-	784,071	279,435	1,063,506
Total	**18,958**	**35,253**	**19,335**	**598,854**	**1,284,427**	**279,435**	**2,236,262**

Fair values of senior and perpetual bonus, on June 30, 2011, reflecting the frequent readjustment of market quotations of these instruments, based on the exchange rate in effect on the balance sheet closing date, are shown below:

	Consolidated	
	Book	Market
Senior notes (I and II)	784,071	842,219
Perpetual bonus	279,435	274,882

Working capital

On March 21, 2011, the Company collected a working capital loan amounting R$85,000 (USD51,121), tax of 3.42% p.a. and maturity date on March 15, 2012. The Company also contracted a swap operation, changing the effective cost of the loan to 118% of CDI-over, in local currency . On June 30, 2011, the balance registered in current liabilities was R$79,240.

The Company quit the amount of R$82,841 (USD50,000), related to working capital on March 31, 2011.

Finimp

On June 14, 2011 the Company quit the amount of R$2,659, related to the loan of funds proceeding from *Banco do Brasil*, collected in June, 2010.

Debentures

On June 10, 2011, the Company approved the fifth public issue of 500 debentures not convertible into shares in a single series issued by VRG without real guarantee at par value of R$1,000, totaling R$ 500,000. This issue is intended to provide the working capital from VRG. The issuance costs were R$7,264, which comprise the net amount of R$492,736. The maturity of the debentures is six years from the date of issuance and its repayment will be entirely recognized on June 10, 2017. The debentures are paid at an interest rate of 120% of CDI.

Notes to the Interim Consolidated Financial Statements

On June 30, 2011, the amount recorded in long term debt was R$492,736.

Finance leases

Future payments for considerations of finance leasing contracts are established in U.S. Dollars, and are as follows:

	06/30/11	**12/31/10**
2011	**103,088**	227,174
2012	**224,042**	227,174
2013	**223,014**	227,174
2014	**222,998**	227,174
2015	**215,880**	219,576
After 2015	**994,865**	935,450
Total of minimum lease payments	**1,983,887**	2,063,722
Less: total interest	**(392,938)**	(383,618)
Present value of minimum leasing payments	**1,590,949**	1,680,104
Less: short-term installment	**(127,159)**	(146,634)
Long-term installment	**1,463,790**	1,533,470

The discount rate used to calculate the present value of the minimum leasing payments is 6.24% on June 30, 2011 (6.23% on December 31, 2010). There are no significant differences between the present value of minimum leasing payments and the market value of these financial liabilities.

The Company extended the maturity date of financing for some of its aircrafts leased during 15 years, by using the SOAR structure (mechanism for extending the amortization and financing payment), which enables performing calculated withdrawals to be made for settlement by payment in full at the end of the leasing contract. On June 30, 2011 the value of withdrawals performed for the integral payment on the expiration date of the leasing contract is R$42,267 (R$37,407 on December 31, 2010).

Restrictive covenants

The Company has restrictive covenants in loan agreements with the following financial institutions: IFC, BNDES, and *Banco do Brasil*.

On June 30, 2011, the Company and its subsidiaries are not complied with the minimum parameters set with the financial institutions IFC and BNDES.

The Company has a letter of credit with BNDES in the amount of R$ 25 million, a higher value than the current debt, avoiding liquidity problems in case of debt repayment needs.

On June 30, 2011, the Company does not achieve the minimum level required by the IFC loan agreement. However, the Company's management believes to be in compliance with existing obligations under this agreement, as described in its clauses that a default can only occur effectively 30 days after the official notification of the financial institution, called "cure period".

Administration appropriated the balance of non-current loan to the current, in order to comply the rules described in IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

Notes to the Interim Consolidated Financial Statements

17. Advance ticket sales

On June 30, 2011, the balance of advance ticket sales in current liabilities of R$492,763 (R$517,006 on December 31, 2010) is represented by 2,751,596 tickets sold and not yet used with 85 days of average term of use (95 days on December 31, 2010).

18. Smiles deferred revenue

Since the VRG´s acquisition, the Company has a mileage program denominated Smiles ("Smiles Program"), This program consists in the reward of mileage credits, though accumulation of mileage credits by the passengers, to use for adittional travels. The obligations assumed under the frequent flyer program, ("Smiles Program") were valued at the VRG's acquisition date at estimated fair value that represents the estimated price that the Company could pay to a third part to assume the mileage obligation expected to be recovered on the mileage program.

On June 30, 2011, the balance of Smiles deferred revenue is R$55,744 and R$162,586 classified in the current and non-current liabilities, respectively (R$55,329 and R$152,327 on December 31, 2010).

19. Advances from customers

On September 30, 2009, the Company, by its subsidiary VRG, completed a partnership with *Banco Bradesco S.A.* and *Banco do Brasil S.A.* by an operational agreement for issuing and managing credit cards in the "co-branded" format. As part of agreement, the Company received initially the amount of R$252,686, related to the purchase of miles of the mileage program, access rights and utilization of the program customers database, and plus an additional based on variable remuneration conditioned by the right to access and use of customer credit cards by financial institutions and participation on the billing registered in the issued cards by the term of 5 years.

On June 30, 2011, the balance reported in the advances from customers caption in the current liabilities, related to this agreement, corresponds to R$29,023 (R$24,581 in current liabilities and R$ 33,262 in non-current liabilities on December 31, 2010).

20. Tax obligations

	06/30/11	12/31/10
PIS and COFINS	**110,914**	84,022
REFIS	**25,197**	38,247
IRRF on wages and benefits	**14,711**	20,895
ICMS	**11,548**	7,165
Import tax	**3,256**	3,712
CIDE	**862**	354
IOF	**141**	125
Others	**5,607**	3,392
	172,236	157,912
Current	**50,403**	58,197
Non-current	**121,833**	99,715

PIS and COFINS

Notes to the Interim Consolidated Financial Statements

With the start of the systematic of non-cumulative in the calculation of the PIS (Law no. 10637/02) and COFINS (Law no. 10833/03), the subsidiary VRG has implemented those rules as well as questioning the rate application for calculating these contributions. The provision recorded in the balance on June 30, 2011 in the amount of R$110,914 (R$84,022 on December 31, 2010) includes the portion not paid, monetarily restated by the SELIC rate. There are judicial deposits in the amount of R$75,858 (R$66,963 on December 31, 2010) to ensure the suspension of the tax credit.

Adherence to the Program of Subdivision of Federal Taxes (REFIS)

On November 30, 2009, the Company and its subsidiary VRG filed its adherence to the Program of Subdivision of Federal Taxes (REFIS), as provided in Law no. 11941 of May 27, 2009, including all of its debts with the Receita Federal do Brasil and Procuradoria-Geral da Fazenda Nacional (Brazilian IRS), maturing through November 30, 2008.

The management decided to pay the debts of R$11,610 related to GLAI and R$35,012 related to VRG in 180 installments. This payment method offers reductions of 60% of the relative values of craft and fine for late payment, 25% of interest and 20% off fines, reducing the value of debt to R$10,257 and R$27,989 for GLAI and VRG, respectively.

The debts consolidation occurred on June 29, 2011, according with the resolution PGFN/RFB no. 2/2011, and upon such consolidation the Company and its subsidiary VRG will use part of their tax credits relating to tax loss carry forwards and negative basis of social contribution to settle amounts related to interest and penalties amounting to R$1,670 and R$9,035 for GLAI and VRG, respectively.

21. Provisions

	Insurance provision	Aircraft return	Onerous contracts	Litigation	Total
Balance on December 31, 2010	31,070	33,287	9,885	70,636	144,878
Additional provisions recognized	7,819	115,473	12,330	2,836	138,458
Utilized provisions	(37,988)	(39,881)	(6,542)	(1,922)	(86,833)
Balance on June 30, 2011	**901**	**108,879**	**15,673**	**71,550**	**197,003**
Current	901	7,808	6,999	-	15,708

Non-current	-	101,071	8,674	71,550	181,295
	901	**108,879**	**15,673**	**71,550**	**197,003**

Insurance provision

The Management keeps insurance coverage in amounts considered necessary to cover any claims, in view of the nature the Company's assets and the risks inherent in its operating activities, with due heed being paid to the limits set in the lease agreements, in compliance with provisions of the Law nº 10744/03.

Aircraft returns

The aircraft return costs includes provisions for the maintenance to meet the contractual return conditions on engines held under operating leases, and the cost of returning the aircraft with no purchase option according to the conditions described in the leasing contracts, whose counterpart is capitalized in the fixed assets, Note 14.

Onerous contracts

Notes to the Interim Consolidated Financial Statements

The provision for onerous contracts refers to losses with onerous operating lease contracts related to two Boeing 767-300 aircrafts that are out of operation and are maintained under operating lease. The provision represents the present value of the future lease payments that the Company is presently obligated to make under non-cancelable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, when applicable. The used premises are judged estimates and the liquidation of this transactions may result in values significantly different from that reported by the Company. The term of the leases contracts ranges from 2 to 3 years.

Litigation

On June 30, 2011, the Company and its subsidiaries are involved in judicial lawsuits and administrative proceedings, totaling 21,224. The lawsuits and administrative suits are classified into Operation (those arising from the normal course of operations), and Succession (those arising from the application for recognition of succession by obligations of the former Varig S.A.). According to this classification, the quantity of processes on June 30, 2011 are as follows:

	Operation	**Sucession**	**Total**
Civil judicial	13,439	700	**14,139**
Civil administrative	1,607	24	**1,631**
Civil miscelaneous	45	-	**45**
Labor judicial	1,419	3,917	**5,336**
Labor administrative	71	2	**73**
Total	**16,581**	**4,643**	**21,224**

The civil lawsuits are primarily related to compensation claims generally related to flight delays, flight cancellations, baggage loss and damage. The labor claims primarily consist of discussions related to overtime, hazard pay and pay differentials.

The estimated provisions related to civil and labor suits with probable loss risk are shown below:

	06/30/11	**12/31/10**
Civil	**32,622**	29,786
Labor	**38,928**	40,850

	71,550	70,636

Provisions are reviewed based on the evolution of the processes and history of losses through the current best estimate for labor and civil cases.

There are other suits evaluated by Management and by lawyers as possible risk, in the estimated amount of R$12,423 for civil claims and R$7,223 for labor claims on June 30, 2011 (R$10,681 and R$7,530 on December 31, 2010 respectively), which have no provisions recorded.

The Company is involved in 4 labor claims in France, resulting from debts of former Varig S.A.. During the three months period ended on September 30, 2010, the Company had favorable decision (decision from trial court) in terms of non-succession. The value involved in the discussions (not provisioned) is approximately R$4,760 (corresponding to €2,1 million).

The Company is challenging in court the VAT (ICMS) levies on aircraft and engines imported under aircraft leases without purchase options in transactions carried out with lessors headquartered in foreign countries. The Company's management understands that these transactions represent simple leases in view of the contractual obligation to return the assets that are the subject of the contract.

Notes to the Interim Consolidated Financial Statements

The estimated aggregated value of the judicial disputes in progress related to non-chargeable of ICMS tax on the above mentioned imports is R$201,089 on June 30, 2011 (R$193,173 on December 31, 2010) monetarily adjusted, and not including arrears interests. Based on the evaluation of the subject by its legal counselors and supported on suits of the same nature judged favorably to the taxpayers by the High Court (STJ) and Supreme Federal Court (STF) in the second quarter of 2007. The Company understands that chances of loss are remote, and thus did not make provisions for the referred values. Although the result from these suits and proceedings cannot be forecasted, and based on consultations made with its external legal counselors, the Company understands that the final judgment of these suits will not have any relevant adverse effect on the financial position, operating results and cash flow of the Company.

22. Equity

a) Capital stock

On June 30, 2011, the capital of the Company is represented by 270,386,866 shares, with 137,032,734 common shares and 133,354,132 preferred shares. The *Fundo de Investimento em Participações Volluto* is the Company's controlling fund which is equally controlled by Constantino de Oliveira Júnior, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino.

Shareholding composition is shown below:

		06/30/11			**12/31/10**	
	Common	**Preferred**	**Total**	**Common**	**Preferred**	**Total**
Fundo Volluto	**100.00%**	**26.97%**	**63.98%**	100.00%	26.98%	63.99%
Others	**-**	**1.50%**	**0.74%**	-	1.42%	0.70%
Treasury shares	**-**	**0.34%**	**0.17%**	-	0.34%	0.17%
Free float	**-**	**71.19%**	**35.11%**	-	71.26%	35.14%
	100.00%	**100.00%**	**100.00%**	100.00%	100.00%	100.00%

The authorized capital stock on June 30, 2011 is R$4 billion. Within the authorized limit, the Company can, with approval by the Board of Directors, increase the capital stock independently of statutory reform, by issuing shares, without preserving the proportion among the different kinds of shares. The Board of Directors will define the issuance conditions, including price and paid-in term.

At the discretion of the Board of Directors, the right of preference can be excluded, or reduced the term for its exercise, in the issuance of preferred shares, when placement is made by trade in stock exchange or public subscription, or also by exchange of shares, in public bid for shareholding acquisition, under the terms provisioned in the legislation. It is prohibited the issuance from beneficiary parties under the terms of the Company social statute.

Preferred shares do not have voting rights, except in the case of specific facts provisioned in the law. These shares have the preference below: priority in capital reimbursement, without premium and right to be included in public bid as a result from control divestiture the same price paid by share of the control block, by assuring dividends at least equal to the common shares. In addition, the Differentiated Corporate Governance Practices – Level 2 of BM&FBOVESPA, provides the concession of voting rights to preferred shareholders in subjects related to corporate restructuring, merges and transactions with related parties.

Notes to the Interim Consolidated Financial Statements

On February 22, 2011 the Board of Directors approved the capital increase of R$669 by the private issue of 34,718 preferred shares all nominatives with no nominal value according to stock option plan.

On February 28, 2011, based on the exercises of the Company's Stock Option Plan, a capital increase of R$138 occurred, represented by 15,480 shares, not approved yet by the Board of Directors.

The quotation of Gol Linhas Aéreas Inteligentes S.A. shares'on June 30, 2011, in the São Paulo Stock Exchange – BOVESPA, corresponded to R$18.63, and US$12.15 in New York Stock Exchange – NYSE. The book value per share on June 30,2011 is R$9.63 (R$10.83 on December 31, 2010).

b) Retained earnings

i. Legal Reserve

Is constituted through the appropriation of 5% of net profit for the fiscal year after completion of accumulated losses in accordance with Article 193 of Law No. 11638/07, limited to 20% of the capital, according to the Brazilian Corporate Law and Statute Of the Company.

ii. Reinvestment Reserve

Reinvestment reserve is intended to meet the planned investments in the Company's capital budget.

c) Dividends

The Company's bylaws provide for a mandatory minimum dividend to common and preferred shareholders, in the aggregate of at least 25% of annual net distributable income determined in accordance with Brazilian corporation law which permits the payment of cash dividends only from current net income and certain reserves registered in the Company's statutory accounting records.

On December 31, 2010 the Administration proposed the payment of dividends amounting to R$ 50,873 (R$ 0.19 per share) based on net income earned in the fiscal year of 2010 and after the legal reserve, paid on June 22, 2011 in the amount of R$50,857. The remaining R$593 is available for the payment to shareholders not founded.

d) Treasury shares

On June 30, 2011, the Company has 454,425 treasury shares, totaling R$11,887, with market price of R$8,466 (R$11,887 in shares at market price of R$11,792 on December 31, 2010).

e) Share-based payments

On June 30, 2011 the balance of share-based payments reserves was R$58,684. The Company recorded expense with share-based payment amounting to R$14,957 during the six months period ended June 30,2011, with balancing entry in the statement of income as personnel cost (R$14,377 for the six months period ended June 30, 2010).

Notes to the Interim Consolidated Financial Statements

f) Other comprehensive income

The indication at fair value of financial investments classified as available for sale, and the financial instruments designated as cash flow hedge are recognized in the Equity Valuation Adjustments caption, net from tax effects, until the contracts' expirations. The balance on June 30, 2011 corresponds to loss of R$2,442 (gain of R$11,073 on December 31, 2010).

23. Costs of services, administrative and commercial expenses

	Three months periods ended on								
	06/30/11					06/30/10			
	Cost of services	**Commercial expenses**	**Administrative expenses**	**Total**	**%**	**Cost of services**	**Commercial expenses**	**Administrative expenses**	**T**
	321,519	**23,539**	**40,246**	**385,304**	**21.0**	249,463	20,935	41,741	31
	730,913	**-**	**-**	**730,913**	**39.8**	571,697	-	-	57
	112,512	**-**	**-**	**112,512**	**6.1**	136,538	-	-	13
e materials and repairs	**89,633**	**-**	**-**	**89,633**	**4.9**	97,371	-	-	9
traffic servicing	**56,153**	**17,528**	**43,010**	**116,691**	**6.4**	51,436	13,114	36,303	10
narketing	**-**	**89,444**	**-**	**89,444**	**4.9**	-	88,115	-	8
s	**96,762**	**-**	**-**	**96,762**	**5.3**	77,191	-	-	7
n and amortization	**75,769**	**-**	**14,899**	**90,668**	**4.9**	64,569	-	15,802	8
ting expenses	**84,640**	**22,444**	**18,144**	**125,228**	**6.8**	48,947	21,599	(1,237)	6
	1,567,901	**152,955**	**116,299**	**1,837,155**	**100.0**	1,297,212	143,763	92,609	1,53

	Six months periods ended on								
	06/30/11					06/30/10			
	Cost of services	**Commercial expenses**	**Administrative expenses**	**Total**	**%**	**Cost of services**	**Commercial expenses**	**Administrative expenses**	**T**
	623,423	**45,303**	**76,016**	**744,742**	**20.7**	484,060	40,513	72,006	59
	1,399,963	**-**	**-**	**1,399,963**	**38.9**	1,122,684	-	-	1,12
	240,756	**-**	**-**	**240,756**	**6.7**	286,352	-	-	28
e materials and repairs	**168,963**	**-**	**-**	**168,963**	**4.7**	234,368	-	-	23
traffic servicing	**111,890**	**32,473**	**80,958**	**225,321**	**6.3**	105,768	22,223	71,964	19

narketing	**-**	**181,313**	**-**	**181,313**	**5.0**	-	170,261	-	17
s	**181,894**	**-**	**-**	**181,894**	**5.1**	155,297	-	-	15
n and amortization	**152,101**	**-**	**28,723**	**180,824**	**5.0**	120,034	-	24,097	14
ting expenses	**161,514**	**43,300**	**69,017**	**273,830**	**7.6**	113,860	39,303	9,191	16
	3,040,504	**302,389**	**254,714**	**3,597,607**	**100.0**	2,622,423	272,300	177,258	3,07

24. Sales Revenue

a) The net revenue for the year is composed as follow:

	Three months periods ended on		**Six months periods ended on**	
	06/30/11	**06/30/10**	**06/30/11**	**06/30/11**
Passenger transportation	**1,427,323**	1,478,023	**3,130,742**	3,116,349
Cargo transportation and other revenues	**216,236**	188,537	**434,927**	357,748
Gross revenue	**1,643,559**	1,666,560	**3,565,669**	3,474,097
Related taxes	**(77,218)**	(75,707)	**(160,366)**	(153,427)
Net revenue	**1,566,341**	1,590,853	**3,405,303**	3,320,670

The revenues are net of federal, state and municipal taxes, which are collected and transferred to the appropriate government entities.

Notes to the Interim Consolidated Financial Statements

b) Revenue by geographical segment is shown below:

	Three months periods ended on			
	06/30/11	**%**	**06/30/10**	**%**
Domestic	**1,460,588**	**93.2**	1,513,413	95.1
International	**105,753**	**6.8**	77,440	4.9
Net revenue	**1,566,341**	**100.0**	1,590,853	100.0

	Six months periods ended on			
	06/30/11	**%**	**06/30/10**	**%**
Domestic	**3,121,219**	**91.7**	3,130,623	94.3
International	**284,084**	**8.3**	190,047	5.7
Net revenue	**3,405,303**	**100.0**	3,320,670	100.0

25. Commitments

On June 30, 2011 the Company had with Boeing Company 97 firm orders, 10 purchase rights and 40 purchase options granted in non-charging mode, for aircraft acquisition. The commitments for purchase of aircrafts include estimations for contractual price increases during the construction phase. The approximate value for firm orders, not considering the contractual discounts is R$13,825,959 (corresponding to US$8,856,549) and are aggregated according the following periods:

	06/30/11
2011	693,338
2012	745,752
2013	2,445,750
2014	3,613,449
2015	3,112,659
After 2015	3,215,011
	13,825,959

On June 30, 2011, from the commitments mentioned above, the Company had the amount of R$1,780,553, as advances for aircraft purchase, to be disbursed according to the following periods:

	30/06/11
2011	123,244
2012	369,436
2013	447,023
2014	417,760
2015	338,814
After 2015	84,277
	1,780,554

The installment financed by long-term debt, guaranteed by the aircrafts, by the U.S. Ex-Im Bank ("Exim") corresponds approximately to 85% of total cost of the aircrafts. Other agents finance the acquisitions with percentages equal or above this percentage, reaching up to 100%.

The Company is making payments related to the acquisitions of aircrafts by using its own funds, loans, cash generated in operations, short- and medium-term credit lines, and financing from the supplier.

Notes to the Interim Consolidated Financial Statements

The Company leases its entire fleet of aircrafts under a combination of operating and finance leases. On June 30,2011, the total fleet was comprised by 121 aircrafts, including 80 operational leasing and 41 registered as financial leasing. The Company has 35 aircrafts with financial leasing with purchase option. During the three months period ended on June 30,2011 the Company received 2 aircrafts classified as finance lease and returned 4 aircraft 737-300 to the lessors.

a) Operating leases

Future payments of non-cancelable operating leasing contracts are designated in U.S. Dollars, and are shown below:

	06/30/11	**12/31/10**
2011	**222,957**	504,784
2012	**428,858**	481,109
2013	**379,326**	414,202
2014	**251,851**	261,098
2015	**147,421**	149,637
After 2015	**387,267**	360,132
Total minimum leasing payments	**1,817,681**	2,170,963

b) Sale-leaseback transactions

On June 30, 2011 the Company had amounts of R$7,564 and R$19,713, respectively, reported on “other obligations” in current and non-current liabilities (R$7,564 and R$23,495 on December 31,2010), related to gains with sale-leaseback transactions made by its subsidiary GAC Inc. in 2006, related to eight 737-800 Next Generation aircrafts. This gain is being deferred proportionally to the monthly payments of the respective leasing contracts according to the contractual term of 124 months.

On this same date, the Company had amounts of R$9,373 and R$49,515 reported on “prepaid expenses” on current and non-current assets, respectively (R$9,373 and R$54,201 on December 31,2010), related to losses with sale-leaseback transactions made by its subsidiary GAC Inc. during the years of 2007, 2008 and 2009, related to nine aircrafts. These losses are being deferred and amortized proportionally to the monthly payments of the respective leasing contracts according to the contractual term of 120 months.

Additionally, on the six month period ended June 30, 2011, the Company recorded a gain of R$7,356 recognized directly in income, due to non-compensation of gain and losses on sale-leaseback transactions along the contract lease.

26. Financial instruments

The Company has financial assets and liabilities operations which are partially composed of derivative financial instruments.

The financial derivative instruments are used aiming the hedging against the inherent risks to the operation. The Company and its subsidiaries consider fuel price, exchange rate, interest rate as the most relevant risks, as well as the credit risk associated with its operations. These risks are mitigated by using exchange swap derivatives, U.S. dollar futures contracts and oil, U.S. dollar and interest options.

Notes to the Interim Consolidated Financial Statements

The Management conducts a formal guideline when administering its financial instruments, observing the Risk Management Policy which is periodically defined by the Financial Policies and Risk Committee, submitted to the Board of Directors. The Committee sets forth the guidelines and limits, monitors controls, including the mathematical models adopted for a continuous monitoring of exposures and eventual financial effects and also prevents the execution of financial instruments speculative operations. For the six month period ended June 30, 2011, the management, based on a future economic scenario, increased the protections for the Company's positions by contracting derivative instruments

The earnings from these operations and the application of risk management controls are included in the Committee’s monitoring and these have been satisfactory to the objectives proposed.

The fair values of financial assets and liabilities of the Company and its subsidiaries are established through information available on the market and according to valuation methodologies.

Most of the financial instruments with the purpose of protection against fuel and exchange rate risks provide scenarios with low probability of occurrence, and thus have lower costs when compared with other instruments with higher probability of occurrence. Consequently, in spite of the high correlation between the object protected and the derivative financial instruments contracted, a significant part of the operations provides ineffective results upon their liquidation, which are presented on the tables along this note.

The breakdown of the consolidated accounting balances and the categories of financial instruments included in the balance sheet as of June 30, 2011 and December 31, 2010 is identified below:

	Measured at fair value through profit and loss		**Measured at amortized cost (a)**		**Measured at amortized Cost but not through profit and loss (Assets available for sale)**	
	06/30/11	**12/31/10**	**06/30/11**	**12/31/10**	**06/30/11**	**12/31/10**
Assets						
Cash and cash equivalents	**1,643,472**	1,955,858	**-**	-	**-**	-
Financial investments	**423,695** **(b)**	-	**-**	-	**-**	22,606
Restricted cash	**8,608**	34,500	-	-	**-**	**-**
	1,719	3,600	**-**	-	**-**	-

Gain on derivatives operation						
Accounts receivable	**-**	-	**281,087**	303,054	**-**	-
Maintenance deposits	**-**	-	**366,981**	-	**-**	-
Other credits	**-**	-	**80,477**	57,246	**-**	-
Liabilities						
Loans and financing	**-**	-	**4,042,154**	3,741,088	**-**	-
Suppliers	**-**	-	**235,215**	215,792	**-**	-
Loss on derivatives operations	**61,989**	1,646	**-**	-	**-**	-

(a) Considering the short term between the issuance date and the maturity of the financial instruments measured at amortized cost, the Company understands that their fair values are similar to the book values.

(b) From the balance classified on financial investments, the amount of R$139,280 is considered as investments held to maturity.

Notes to the Interim Consolidated Financial Statements

Risks

The operating activities expose the Company to the following financial risks: market (including exchange risk, interest rate risk and fuel price risk), credit and liquidness risks. The Company's risk management program aims at mitigating potential adverse effects of operations on its financial performance.

The Company's decisions on the portion of its exposure to be hedged against financial risk, both for fuel consumption and for exchange and interest rate exposures, consider the risks and hedge costs. The Company does not usually contracts hedging instruments for the whole of its exposure, and thus is subject to the portion of risks resulting from market variations. The portion of exposure to be protected is determined and reviewed quarterly in compliance with the strategies determined in the Risk Policies Committees.

The relevant information relating to the main risks that affect the Company operations are detailed as follows:

a) Fuel price risk

On June 30, 2011 fuel expenses accounted for 39.2% of costs of service, administrative and commercial expenses. The aircraft fuel price fluctuates both in the short and in the long terms, in line with crude oil and by products price variations.

In order to mitigate the fuel price risk, the Company contracts crude oil derivatives and possibly its byproducts. On June 30,2011 the Company used option, collar and swap agreements.

Fuel hedge operations, classified as cash flow hedges are contracted with counterparties classified as "investment grade" or they are executed at NYMEX.

b) Exchange rate risk

The exchange rate risk derives from the possibility of unfavorable fluctuation of foreign currencies to which the liabilities or the Company's cash flows are exposed. The Company's exposure to the foreign currency risk mainly derives from foreign currency-denominated leasing and financing.

The Company’s revenues are mainly denominated in Reais, except for a small amount in U.S. dollars, Argentinean pesos, Bolivian bolivianos, Chilean peso, Colombian peso, Paraguay guarani, Uruguayan peso, Venezuela bolívar among others.

In order to mitigate the exchange rate risk, the Company contracts the following currency derivatives: U.S. dollar futures and options at BM&F-BOVESPA. These operations may be executed by means of exclusive investment funds, as described in the Company’s Risk Management Policy.

Below, the Company’s foreign exchange exposure on June 30,2011 and December 31, 2010:

Notes to the Interim Consolidated Financial Statements

	06/30/11	12/31/10
Assets		
Cash, cash equivalents and short term investments	**173,523**	218,909
Deposits in guarantee for leasing contracts	**85,895**	127,963
Maintenance deposits	**366,981**	-
Advance expenses for leasing	**-**	33,322
Others	**18,471**	14,679
Total assets	**644,870**	394,873
Liabilities		
Foreign suppliers	**-**	27,831
Short and long term debt	**1,208,186**	1,371,323
Financial leasing payable	**1,590,950**	1,639,981
Other leases payable	**42,267**	37,407
Provision for aircraft return	**96,394**	-
Other U.S. dollar liabilities	**57,961**	46,435
Total liabilities	**2,995,758**	3,122,977
Exchange exposure in R$	**2,350,888**	2,728,104
Obligations not registered in balance		
Future obligations resulting from operating leases	**1,780,554**	1,943,880
Future obligations resulting from firm orders for aircraft acquisition	**13,825,959**	16,427,824
Total	**15,606,513**	18,371,704
Total exchange exposure R$	**17,957,401**	21,099,808
Total exchange exposure US$	**11,503,043**	12,663,431

c) Credit risk

The credit risk is inherent in the Company's operational and financial activities, mainly represented by accounts receivable, cash and cash equivalents, including bank deposits.

The "accounts receivable" credit risk is composed of amounts falling due to largest credit card operators, with better or equal credit risk to the Company and also accounts receivable from travel agencies, installment sales and government, with a small portion exposed to risks from individuals or other entities.

As defined in the Risk Management Policy, the Company is required to assess the counterparties risks in financial instruments and diversify the exposure. Financial instruments are executed with counterparties with at least rating “investment grade” in the valuation made by S&P and Moodys agencies, or they are mostly contracted at commodities and futures exchange (BM&FBOVESPA and NYMEX), fact which substantially mitigates the credit risk. The Company’s Risk Management Policy establishes a maximum limit of 20% per counterparty for financial investments.

d) Interest rate risk

The Company is exposed to fluctuations in domestic and international interest rates, particularly the CDI and Libor, respectively. The highest exposure is in leasing expenses, indexed to the Libor, and in domestic loans.

Notes to the Interim Consolidated Financial Statements

In the six months period ended June 30,2011, for interest rate hedge, the Company holds swap operations contracted with counterparties classified as "investment grade".

e) Liquidity risk

Liquidity risk comes in two distinct forms: market liquidity risk and cash flow liquidity risk. The first is related to current market prices and varies in accordance with the types of assets and the markets where they are traded. Cash flow liquidity risk, however, is related to difficulties in meeting the contracted operational obligations on the agreed dates.

As a way of managing liquidity risk, the Company applies its resources in liquid assets (bonds, CDBs and investment funds with daily liquidity) and Cash Management Policy provides that the Company's weighted average maturity