Interim Financial Information (unaudited)

CVC Brasil Operadora e Agência de Viagens S.A. and Subsidiaries

June 30, 2016

CVC Brasil Operadora e Agência de Viagens S.A. and Subsidiaries

Interim Financial Information (unaudited)

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Convenience translation into English from the original previously issued in Portuguese.

Report on review of interim financial statements

The Shareholders, Board of Directors and Management
CVC Brasil Operadora e Agência de Viagens S.A.
Santo André - SP

Introduction

We have reviewed the accompanying interim individual and consolidated financial information of CVC Brasil Operadora e Agência de Viagens S.A., which comprise the balance sheet as of June 30, 2016 and the related statements of income and comprehensive income for the three and six-month period then ended, and statements of changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim individual financial statements in accordance with CPC 21(R1) - Interim Financial Statement and with International Financial Reporting Standard IAS 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of those persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope 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 be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements mentioned above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34.

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Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added for the six-month period ended June 30, 2016, prepared under the Company's management responsibility, which presentation in the interim financial statements is considered supplementary information for IFRS, which does not require presentation of this statement. These statements have been subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that these are not fairly presented, in all material respects, in relation to the overall accompanying interim individual and consolidated financial statements.

São Paulo, July 27, 2016

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Anderson Pascoal Constantino
Accountant CRC-1SP190451/O-5

CVC Brasil Operadora e Agência de Viagens S.A.

Balance sheets
June 30, 2016 (unaudited) and December 31, 2015
(In thousands of reais)

		Company		Consolidated	
	Notes	June 30, 2016 Unaudited	December 31, 2015 Audited	June 30, 2016 Unaudited	December 31, 2015 Audited
Assets					
Current assets					
Cash and cash equivalents	4	**57,339**	32,051	**68,249**	48,677
Marketable securities	5	**-**	-	**-**	3,022
Derivative financial instruments	3.5 / 3.6	**-**	49,391	**-**	49,391
Trade accounts receivable	6	**1,382,157**	1,254,699	**1,583,593**	1,394,483
Advances to suppliers	7	**463,465**	480,799	**516,563**	485,570
Prepaid expenses	8	**286,992**	165,977	**289,332**	166,557
Accounts receivable – acquisition of subsidiary	16	**13,453**	13,453	**13,453**	13,453
Accounts receivable – related parties	19	**40,097**	4,172	**8,539**	-
Other		**34,657**	15,381	**46,417**	20,763
Total current assets		**2,278,160**	2,015,923	**2,526,146**	2,181,916
Noncurrent assets					
Accounts receivable – related parties	19	**182**	26,945	**182**	1,326
Deferred tax assets	15	**63,841**	79,648	**70,099**	80,918
Property and equipment		**5,413**	6,118	**17,756**	10,273
Intangible assets	11	**142,696**	142,354	**529,360**	535,144
Investments	10	**325,570**	284,670	**-**	-
Other		**23,077**	17,638	**28,653**	38,333
Total noncurrent assets		**560,779**	557,373	**646,050**	665,994
Total assets		**2,838,939**	2,573,296	**3,172,196**	2,847,910

Balance sheets (Continued)
June 30, 2016 (unaudited) and December 31, 2015
(In thousands of reais)

	Notes	Company		Consolidated	
		June 30, 2016 Unaudited	**December 31, 2015 Audited**	**June 30, 2016 Unaudited**	**December 31, 2015 Audited**
Liabilities and shareholders' equity					
Current liabilities					
Loans and financing	12	**205,461**	71,064	**205,461**	71,064
Derivative financial instruments	3.5/3.6	**66,817**	-	**66,817**	-
Suppliers		**284,968**	343,333	**504,747**	505,351
Accounts payable – related parties	19	**35,521**	30,105	**1,484**	4,957
Accounts payable – acquisition of subsidiary – related parties	9.b./16.1	**24,913**	40,957	**24,913**	40,957
Accounts payable for acquisition of subsidiary	16	**3,441**	-	**3,441**	-
Advance sales of travel packages	20	**1,338,277**	1,126,510	**1,338,277**	1,126,510
Salaries and social charges		**23,405**	28,491	**45,076**	46,620
Taxes payable and contributions		**4,426**	6,984	**14,920**	15,108
Dividends payable		**-**	25,265	**-**	25,265
Other		**25,187**	22,129	**35,498**	32,847
Total current liabilities		**2,012,416**	1,694,838	**2,240,634**	1,868,679
Noncurrent liabilities					
Loans and financing	12	**105,253**	134,991	**105,253**	134,991
Accounts payable for acquisition of subsidiary - related parties	9.a/19	**99,653**	98,264	**99,653**	98,264
Provision for administrative and legal proceedings	14	**27,516**	24,191	**34,386**	32,618
Accounts payable for acquisition of subsidiary	9.b/16.1	**51,609**	51,708	**51,609**	51,708
Other		**-**	-	**208**	303
Total noncurrent liabilities		**284,031**	309,154	**291,109**	317,884
Shareholders' equity					
Capital stock	17	**218,103**	218,103	**218,103**	218,103
Capital reserve	17	**120,751**	128,815	**120,751**	128,815
Profit reserve	17	**146,081**	146,081	**146,081**	146,081
Additional dividend proposal	17	**-**	73,183	**-**	73,183
Other comprehensive income		**(13,298)**	3,122	**(13,298)**	3,122
Retained earnings		**70,855**	-	**70,855**	-
		542,492	569,304	**542,492**	569,304
Non-controlling interests	22	**-**	-	**97,961**	92,043
Total shareholders' equity		**542,492**	569,304	**640,453**	661,347
Total liabilities and shareholders' equity		**2,838,939**	2,573,296	**3,172,196**	2,847,910

See accompanying notes.

CVC Brasil Operadora e Agência de Viagens S.A.

Statements of income (unaudited)
Three and Six-month period ended June 30, 2016 and 2015
(In thousands of reais, except per share data)

		Company		Consolidated		Company		Consolidated	
		Three-month period ended June 30,		Three-month period ended June 30,		Six-month period ended June 30,		Six-month period ended June 30,	
	Notes	2016	2015	2016	2015	2016	2015	2016	2015
		Unaudited							
Gross revenue	21	**150,544**	141,436	**229,660**	158,906	**360,214**	348,081	**530,829**	393,516
Taxes and deductions from gross revenue		**(8,238)**	(8,397)	**(14,510)**	(9,626)	**(20,656)**	(20,892)	**(35,268)**	(24,070)
Net revenue		**142,306**	133,039	**215,150**	149,280	**339,558**	327,189	**495,561**	369,446
Operating expenses									
Selling expenses	23	**(42,282)**	(38,537)	**(48,176)**	(38,571)	**(86,010)**	(84,382)	**(100,082)**	(84,403)
General and administrative expenses	23	**(38,369)**	(39,917)	**(80,872)**	(53,521)	**(75,301)**	(82,397)	**(157,821)**	(109,290)
Depreciation and amortization	23	**(7,844)**	(8,197)	**(15,875)**	(8,427)	**(15,777)**	(14,887)	**(31,508)**	(15,351)
Equity results	10	**3,882**	1,529	**-**	-	**15,249**	9,747	**-**	-
Other operating expenses		**(6,938)**	(4,783)	**(9,245)**	(4,798)	**(10,844)**	(10,530)	**(17,059)**	(10,567)
Income before financial results		**50,755**	43,134	**60,982**	43,963	**166,875**	144,740	**189,091**	149,835
Financial expenses, net	18	**(32,767)**	(25,869)	**(32,018)**	(25,910)	**(64,147)**	(49,742)	**(63,360)**	(49,819)
Income before income tax and social contribution	15	**17,988**	17,265	**28,964**	18,053	**102,728**	94,998	**125,731**	100,016
Income tax and social contribution	15	**(5,741)**	(6,947)	**(11,455)**	(7,735)	**(31,873)**	(32,366)	**(45,756)**	(37,384)
Current		**2,432**	5,892	**(6,486)**	5,388	**(7,264)**	-	**(26,136)**	(3,356)
Deferred		**(8,173)**	(12,839)	**(4,969)**	(13,123)	**(24,609)**	(32,366)	**(19,620)**	(34,028)
Net income		**12,247**	10,318	**17,509**	10,318	**70,855**	62,632	**79,975**	62,632
Attributed to shareholders		**12,247**	10,318	**12,247**	10,318	**70,855**	62,632	**70,855**	62,632
Attributed to non-controlling interests		**-**	-	**5,262**	-	**-**	-	**9,120**	-
Earnings per share - basic (R$)	24					**0.53**	0.47		
Earnings per share - diluted (R$)	24					**0.52**	0.47		

See accompanying notes.

CVC Brasil Operadora e Agência de Viagens S.A.

Statements of comprehensive income (unaudited)
Three and Six-month period ended June 30, 2016 and 2015
(In thousands of reais, except per share data)

	Company		Consolidated		Company		Consolidated	
	Three-month period ended June 30,		Three-month period ended June 30,		Six-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015	2016	2015	2016	2015
	Unaudited							
Net income	**12,247**	10,318	**17,509**	10,318	**70,855**	62,632	**79,975**	62,632
Change in fair value of cash flow hedges	**(12,049)**	(13,703)	**(12,049)**	(13,703)	**(24,879)**	(3,334)	**(24,879)**	(3,334)
Deferred tax effect	**4,097**	4,659	**4,097**	4,659	**8,459**	1,134	**8,459**	1,134
Comprehensive income to be classified into income statement in the subsequent year	**(7,952)**	(9,044)	**(7,952)**	(9,044)	**(16,420)**	(2,200)	**(16,420)**	(2,200)
Total comprehensive income atributable to:	**4,295**	1,274	**9,557**	1,274	**54,435**	60,432	**63,555**	60,432
Attributed to shareholders	**4,295**	1,274	**4,295**	1,274	**54,435**	60,432	**54,435**	60,432
Attributed to non-controlling interests	**-**	-	**5,262**	-	**-**	-	**9,120**	-

See accompanying notes.

CVC Brasil Operadora e Agência de Viagens S.A.

Statements of changes in shareholders' equity
Six-month period ended June 30, 2016 and 2015 (Unaudited)
(In thousands of reais)

		Capital reserve				Profit reserve									
	Notes	Capital stock	Share-based payment reserve	Treasury shares	Goodwill reserve	Legal reserve	Working capital reserve	Expansion reserve	Reserve of retained earnings	Additional dividend proposal	Retained earnings	Other comprehensive income	Shareholders' equity	Non-controlling interests	Total shareholders' equity
As of January 1, 2015		94,026	50,507	-	158,828	10,392	11,062	11,062	56,218	62,884	-	3,847	458,826	-	458,826
Capital increase	17.a	17,734	-	-	-	-	-	-	-	-	-	-	17,734	-	17,734
Goodwill capital increase	17.a	47,659			(47,659)							-	-	-	-
Stock options granted	17.b		9,654	-	-	-	-	-	-	-	-	-	9,654	-	9,654
Cash flow hedge effect, net		-	-	-	-	-	-	-	-	-	-	(2,200)	(2,200)	-	(2,200)
Additional dividend proposal paid		-	-	-	-	-	-	-	-	(62,884)	-	-	(62,884)	-	(62,884)
Net income for the period		-	-	-	-	-	-	-	-	-	62,632	-	62,632	-	62,632
As of June 30, 2015 (Unaudited)		159,419	60,161	-	111,169	10,392	11,062	11,062	56,218	-	62,632	1,647	483,762	-	483,762
As of January 1, 2016		218,103	70,331	(5,048)	63,532	18,951	11,062	11,062	105,006	73,183	-	3,122	569,304	92,043	661,347
Stock options granted	**17.b**	**-**	**5,540**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,540**	**-**	**5,540**
Treasury shares acquired	**17.e**	**-**	**-**	**(14,693)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14,693)**	**-**	**(14,693)**
Exercised options		**-**	**-**	**1,089**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,089**	**-**	**1,089**
Cash flow hedge effect, net		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,420)**	**(16,420)**	**-**	**(16,420)**
Dividend distribution		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(73,183)**	**-**	**-**	**(73,183)**	**(3,202)**	**(76,385)**
Net income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**70,855**	**-**	**70,855**	**9,120**	**79,975**
As of June 30, 2016 (Unaudited)		**218,103**	**75,871**	**(18,652)**	**63,532**	**18,951**	**11,062**	**11,062**	**105,006**	**-**	**70,855**	**(13,298)**	**542,492**	**97,961**	**640,453**

See accompanying notes.

CVC Brasil Operadora e Agência de Viagens S.A.

Statements of cash flows (unaudited)
Six-month period ended June 30, 2016 and 2015
(In thousands of reais)

	Company		Consolidated	
	Six-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	Unaudited			
Cash flows from operating activities				
Net income for the period	**70,855**	62,632	**79,975**	62,632
Adjustments to reconcile net income for the period with cash generated in operating activities:				
Deferred income tax and social contribution	**24,609**	32,366	**19,620**	34,028
Depreciation and amortization	**15,777**	14,887	**31,508**	15,351
Allowance for doubtful accounts	**16,578**	7,901	**17,820**	7,901
Share-based payment expenses	**5,540**	9,654	**5,540**	9,654
Interest	**27,041**	10,543	**27,041**	10,543
Equity results	**(15,249)**	(9,747)	**-**	-
Other	**7,954**	9,736	**10,539**	9,735
	153,105	137,972	**192,043**	149,844
Decrease/(increase) in assets				
Trade accounts receivable	**(144,036)**	(33,677)	**(206,930)**	(31,740)
Advance to suppliers	**17,334**	(93,982)	**(30,993)**	(93,977)
Prepaid expenses	**(46,839)**	(19,809)	**(48,619)**	(18,051)
Other	**(46,301)**	1,094	**(10,488)**	(9,128)
Increase/(decrease) in liabilities				
Suppliers	**(125,253)**	(95,771)	**(67,492)**	(96,180)
Accounts payable - related parties	**5,416**	(6,439)	**(1,428)**	(6,042)
Advance sales of travel packages	**211,767**	67,003	**211,767**	64,792
Salaries and social charges	**(5,086)**	(3,207)	**(1,544)**	(3,352)
Taxes payable and contributions	**(2,558)**	(15,438)	**(188)**	(17,729)
Other	**1,398**	(11,190)	**(4,194)**	(10,671)
Net cash generated from (used in) operating activities	**18,947**	(73,444)	**31,934**	(72,234)
Cash flow from investing activities				
Fixed assets	**-**	(39)	**(9,467)**	(39)
Intangible assets	**(15,414)**	(18,888)	**(24,470)**	(19,036)
Remaining payment obligation of the acquisition of investments	**(13,850)**	-	**(13,850)**	-
Redemption of marketable securities	**-**	-	**3,022**	-
Net cash used in investing activities	**(29,264)**	(18,927)	**(44,765)**	(19,075)
Cash flow from financing activities				
Stock Capital increase	**-**	17,734	**-**	17,734
Loans	**150,000**	260,000	**150,000**	260,000
Payments of debt to shareholders	**-**	(75,000)	**-**	(75,000)
Payments of interest	**(13,150)**	(28,427)	**(13,150)**	(28,427)
Dividends paid	**(98,448)**	(83,000)	**(101,650)**	(83,000)
Settlement of derivative instruments	**35,686**	-	**35,686**	-
Acquisition of own shares	**(14,693)**	-	**(14,693)**	-
Disposal of own shares for exercised options	**1,089**	-	**1,089**	-
Net cash from financing activities	**60,484**	91,307	**57,282**	91,307
Cash flow hedge effect	**(24,879)**	(3,334)	**(24,879)**	(3,334)
Increase (decrease) in cash and cash equivalents	**25,288**	(4,398)	**19,572**	(3,336)
Cash and cash equivalents at the beginning of the period	**32,051**	50,206	**48,677**	50,499
Cash and cash equivalents at the end of the period	**57,339**	45,808	**68,249**	47,163

See accompanying notes.

CVC Brasil Operadora e Agência de Viagens S.A.

Statements of value added (unaudited)
Six-month period ended June 30, 2016 and 2015
(In thousands of reais)

	Company		Consolidated	
	Six-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	Unaudited			
1. Revenue	**343,636**	340,180	**513,009**	385,615
Revenue from rendering services	**360,214**	348,081	**530,829**	393,516
Allowance for doubtful accounts	**(16,578)**	(7,901)	**(17,820)**	(7,901)
2. Inputs acquired from third parties	**(70,573)**	(78,748)	**(89,000)**	(80,524)
Third-party services and other	**(70,573)**	(78,748)	**(89,000)**	(80,524)
Gross value added	**273,063**	261,432	**424,009**	305,091
3. Depreciation and amortization	**(15,777)**	(14,887)	**(31,508)**	(15,351)
4. Net value added produced by the entity	**257,286**	246,545	**392,501**	289,740
Equity results	**15,249**	9,747	**-**	-
5. Value added received in transfer	**272,535**	256,292	**392,501**	289,740
Financial income	**5,712**	4,418	**8,890**	4,420
Total value added to be distributed	**278,247**	260,710	**401,391**	294,160
Total value added distributed	**(278,247)**	(260,710)	**(401,391)**	(294,160)
6. Distribution of value added				
Personnel	**(52,033)**	(55,888)	**(112,770)**	(72,809)
Direct compensation	**(39,505)**	(39,581)	**(83,484)**	(52,620)
Stock option	**(5,540)**	(9,654)	**(5,540)**	(9,654)
Benefits	**(4,632)**	(4,178)	**(12,696)**	(6,901)
Social security charges	**(2,356)**	(2,475)	**(11,050)**	(3,634)
Taxes, fees and contributions	**(60,058)**	(62,491)	**(93,884)**	(73,847)
Federal	**(52,662)**	(54,971)	**(79,381)**	(64,774)
Local	**(7,396)**	(7,520)	**(14,503)**	(9,073)
Interest and rent	**(95,301)**	(79,699)	**(114,762)**	(84,872)
Interest	**(71,826)**	(53,853)	**(74,364)**	(53,933)
Credit card fee	**(21,532)**	(22,370)	**(24,604)**	(22,370)
Other	**(1,943)**	(3,476)	**(15,794)**	(8,569)
7. Return on own capital	**(70,855)**	(62,632)	**(79,975)**	(62,632)
Retained earnings	**(70,855)**	(62,632)	**(70,855)**	(62,632)
Non-controlling interests in retained earnings	**-**	-	**(9,120)**	-

See accompanying notes.

1. General information

CVC Brasil Operadora e Agência de Viagens S.A. ("CVC" or the "Company ") is a publicly-held corporation headquartered in Santo André, São Paulo (SP) state, listed on BM&FBOVESPA - Securities, Commodities and Futures Exchange, under ticker No. CVCB3 . CVC and its subsidiary, CVC Serviços Agência de Turismo Ltda. ("CVC Serviços"), are primarily engaged in providing tourism services comprising travel intermediation, airline tickets, ground transportation, hotel reservations, and cruise line tickets, among others.

As of June 30, 2016, CVC owned 37 stores (through CVC Serviços), operated 1,004 exclusive CVC travel agencies, and had commercial relationships with approximately 6,671 travel agents nationwide. CVC also has agreements with local representatives to sell CVC-branded products and services in Argentina and Uruguay.

Tourism services sold through CVC are directly offered to customers by independent service providers. CVC's business model is organized and supported under the General Tourism Legislation (Law 11,771/08).

On December 23, 2009, The Carlyle Group ("Carlyle") acquired a 63.6% interest in CVC Brasil Operadora e Agência de Viagens S.A..

On August 31, 2015, the Company consummated the acquisition of an interest in Duotur Group and Submarino Viagens to increase its presence in the national market. See Note 9 for more information.

The issuance of individual and consolidated financial statements was authorized by the Board of Directors on July 27, 2016.

2. Summary of significant accounting policies

The interim financial information was prepared in accordance with regulation CVM 673/11, which establishes the minimum content for an interim financial filing and the principles for the recognition and measurement of complete or condensed financial information for the interim period.

The interim financial information aims to provide updates based on the latest full financial statements. As such, it focuses on new activities, events, and circumstances and does not duplicate previously disclosed information, unless Management deems the information relevant.

The interim financial information presented herein was prepared based on the accounting policies, estimates and calculation methods adopted for preparing the annual financial statements for the year ended December 31, 2015 (Notes 2 and 3).

There were no changes of any kind with respect to such policies and calculation methods. As allowed by CVM Resolution 673/11, the Administration chose not to repeat the accounting policies of the Company that have been disclosed previously. Thus, to understand the Company's financial condition, liquidity, and ability to generate profits and cash flows these financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015.

2.1. Statement of compliance and basis of preparation

The individual and consolidated interim financial information was prepared and are presented in accordance with CPC 21 (R1) - Interim Financial Reporting and the international accounting standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board - IASB, and in compliance with the standards issued by the Brazilian Securities Commission – CVM that are applicable to the preparation of interim financial information.

The interim individual and consolidated financial information was prepared based on historical cost, except for certain financial instruments measured at their fair value.

2.2 . New pronouncements published

During the six-month period ended June 30, 2016, the Company was not required to adopt new accounting standards or pronouncements.

3. Financial risk management

3.1. Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The risk management program of the Company is focused on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors provides principles for risk management, as well as for specific areas of risk, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of cash surpluses.

a) Market risk

(i) *Currency risk*

The Company's exposure to changes in exchange rates is mainly related to current accounts denominated in foreign currency, accounts payable, and loans and financings denominated in foreign currency.

Currency risk may significantly impact the Company's future revenue, since the sales of tour packages require future payments to international suppliers of tour packages. The foreign exchange rate can also affect the Company's financial income due to loans and financings denominated in foreign currency.

To manage currency risk, the Company uses foreign currency purchase agreements, NDF (non-deliverable forwards) derivative contracts, and exchange swaps. The Company also hedges currency risk by paying foreign suppliers in advance.

3. Financial risk management (Continued)

3.1. Financial risk factors (Continued)

a) Market risk (Continued)

(i) *Foreign exchange risk* (Continued)

(ii) Cash flow risk or fair value associated with interest rate risk

The Company's exposure to interest rate risk is primarily related to the Company's cash equivalents and finance leases, both of which are adjusted using the Interbank Deposit Certificate (CDI) and LIBOR rates, respectively, which can affect the Company's results and cash flows.

(iii) Sensitivity analysis

To test the sensitivity of the Company's exposure to current accounts in foreign currency, cash equivalents, and loans and financing as of June 30, 2016, the Company created three different interest rate scenarios. Based on financial institutions' forecasts, the Company created probable forecasts for exchange rate movements and CDI (scenario 1). Based on scenario 1, the Company varied scenarios by 25% (scenario 2) and 50% (scenario 3).

"Gross financial revenue and expense" was calculated for each scenario, excluding taxes on income from short-term investments.

3. Financial risk management (Continued)

3.1. Financial risk factors (Continued)

iii) Sensitivity analysis (Continued)

Operations	Risk	Balance at June 30, 2016	Market projections		
			Scenario 1	Scenario 2	Scenario 3
Current account in foreign currency - USD (Note 4)	USD depreciation	**39,368**	**41,055**	**30,791**	**20,527**
Current account in foreign currency - EUR (Note 4)	EUR depreciation	**11,036**	**11,644**	**8,733**	**5,822**
Current account in foreign currency - GBP (Note 4)	GBP depreciation	**405**	**457**	**343**	**229**
Current account in foreign currency - CAD (Note 4)	CAD depreciation	**372**	**672**	**504**	**336**
Cash equivalents (Note 4)	Decline in CDI	**15,043**	**15,059**	**15,059**	**15,054**
NDF (Note 3.4)	USD/EUR depreciation	**(14,012)**	**(9,128)**	**(15,012)**	**(16,020)**
Swap (short position)	Increase in CDI	**363,519**	**362,768**	**363,657**	**364,986**

Operations	Risk	Balance at June 30, 2015	Market projections		
			Scenario 1	Scenario 2	Scenario 3
Current account in foreign currency - USD (Note 5)	Decline in USD	34,797	35,524	26,643	17,762
Current account in foreign currency - EUR (Note 5)	Decline in EUR	4,918	5,023	3,767	2,511
Current account in foreign currency - GBP (Note 5)	Decline in GBP	291	288	216	144
Current account in foreign currency - CAD (Note 5)	Decline in CAD	109	171	128	85
Cash equivalents (Note 5)	Decline in CDI	1,965	1,970	1,968	1,967
Non-deliverable forward (Note 3.4)	Decline in USD/EUR	(1,464)	(1,419)	(2,630)	(3,804)
SWAP	Increase CDI	270,393	271,406	272,861	275,282

b) Credit risk

The Company is primarily exposed to credit risk relating to cash and cash equivalents, trade accounts receivable, and advances to suppliers. Credit risk is minimized through the following policies:

Cash and cash equivalents: The Company limits the amounts allocated to a single financial institution and analyzes the credit ratings of the financial institutions with which it transacts.

3. Financial risk management (Continued)

3.1. Financial risk factors (Continued)

b) Credit risk (Continued)

Trade accounts receivable: The Company enters into transactions with credit cards companies and financial institutions, therefore, credit risk is fully transferred to those parties. Direct sales to individual customers paying post-dated checks are limited and accounted for 7.2% and 6.7% of sales for the six-month period ended June 30, 2016 and 2015, respectively. For the quarter ended on June 30, 2016 and 2015 the direct sales to individual customers paying with post-dated checks are limited and accounted for 6.7% and 6.8% of sales, respectively

Advances to suppliers: The Company analyzes the financial situations of its suppliers and monitors the outstanding balances with its suppliers on an ongoing basis.

c) Liquidity risk

The treasury department continuously monitors the Company's liquidity to ensure there is sufficient cash to meet operational needs.

Cash surpluses are invested in checking accounts bearing interest, time deposits, short-term deposits, and marketable securities, by choosing instruments with suitable maturity or liquidity based on cash flow forecasts.

The table below shows the Company's financial liabilities maturities from the balance sheet date through the maturity date.

	Consolidated			
	Less than 3 Months	**3 to 12 months**	**1 to 5 years**	**Total**
Balances on June 30, 2016				
Trade accounts payable	**438,495**	**66,252**	**-**	**504,747**
Accounts payable – related parties	**19,283**	**7,113**	**99,653**	**126,049**
Other accounts payable	**35,498**	**-**	**208**	**35,706**
Accounts payable – acquisition of subsidiary	**-**	**3,441**	**51,609**	**55,050**
Loans and financing	**-**	**205,461**	**105,253**	**310,714**
Total	**493,276**	**282,267**	**256,723**	**1,032,266**

	Consolidated			
	Less than 3 Months	**3 to 12 months**	**1 to 5 years**	**Total**
Balances as of December 31, 2015				
Trade accounts payable	490,735	14,616	-	505,351
Accounts payable – related parties	-	45,914	98,264	144,178
Other accounts payable	32,847	-	303	33,150
Accounts payable – acquisition of subsidiary	-	-	51,708	51,708
Loans and financing	-	71,064	134,991	206,055
Total	523,582	131,594	285,266	940,442

3. Financial risk management (Continued)

3.2. Capital management

In order to maintain or adjust the capital structure, the Company may review its policy regarding the factoring of receivables, payment of dividends, return of capital to shareholders, or issuance of new units of shares to reduce, for example, the level of indebtedness.

Capital management is not performed at the Company level, but at the Consolidated level, as shown below:

	Consolidated	
	June 30, 2016	**December 31, 2015**
Loans and financing	**310,714**	206,055
Swap (Note 3.6)	**52,805**	(49,227)
Accounts payable – related parties – acquisition of Duotur Group (Note 19.(a))	**124,566**	139,221
Accounts payable – acquisition of subsidiary (Note 16)	**55,050**	51,708
Accounts receivable – acquisition of subsidiary (Note 9)	**(13,453)**	(13,453)
(-) Cash and cash equivalents	**(68,249)**	(48,677)
(=) Net debt	**461,433**	285,627
(+) Equity	**640,453**	661,347
(=) Equity and net debt	**1,101,886**	946,974

3.3. Fair value

The following is the book value and fair value of the Company's financial instruments as presented in the interim financial statements:

	Company			
	Book value		Fair Value	
	June 30, 2016	**December 31, 2015**	**June 30, 2016**	**December 31, 2015**
Financial assets				
Cash and cash equivalents	**57,339**	32,051	**57,339**	32,051
Derivative financial instruments	**-**	49,391	**-**	49,391
Trade accounts receivable	**1,382,157**	1,254,699	**1,382,157**	1,254,699
Accounts receivable – acquisition of subsidiary	**13,453**	13,453	**13,453**	13,453
Accounts receivable – related parties	**40,279**	31,117	**40,279**	31,117
Total	**1,493,228**	1,380,711	**1,493,228**	1,380,711
Financial liabilities				
Loans and financing	**310,714**	206,055	**361,966**	206,055
Trade accounts payable	**284,968**	343,333	**284,968**	343,333
Accounts payable – related parties	**35,521**	30,105	**35,521**	30,105
Accounts payable – acquisition of subsidiary – related parties	**124,566**	139,221	**124,566**	139,221
Accounts payable acquisition of subsidiary	**55,050**	51,708	**55,050**	51,708
Total	**810,819**	770,422	**862,071**	770,422

3. Financial risk management (Continued)

3.3. Fair value (Continued)

	Consolidated			
	Book value		Fair Value	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Financial assets				
Cash and cash equivalents	**68,249**	48,677	**68,249**	48,677
Derivative financial instruments	**-**	49,391	**-**	49,391
Trade accounts receivable	**1,583,593**	1,394,483	**1,583,593**	1,394,483
Accounts receivable – acquisition of subsidiary	**13,453**	13,453	**13,453**	13,453
Accounts receivable – related parties	**8,721**	1,326	**8,721**	1,326
Total	**1,647,016**	1,507,330	**1,647,016**	1,507,330
Financial liabilities				
Loans and financing	**310,714**	206,055	**361,966**	206,055
Suppliers	**504,747**	505,351	**504,747**	505,351
Accounts payable – related parties	**1,484**	4,957	**1,484**	4,957
Accounts payable – acquisition of subsidiary – related parties	**124,566**	139,221	**124,566**	139,221
Accounts payable for acquisition of subsidiary	**55,050**	51,708	**55,050**	51,708
Total	**996,561**	907,292	**1,047,813**	907,292

The book value cash and cash equivalents, trade accounts receivable, trade accounts payable, and short-term accounts with related parties approximate their fair, mainly due to the short-term maturities of these instruments.

For measuring and determining the fair value of financial assets and liabilities, the Company has adopted the following assumptions:

- The fair value of long-term receivables at fixed and variable rates is assessed by the Company based on certain parameters such as interest rates, particular risk factors, and counterparty risk. As of June 30, 2016 and December 31, 2015, the book value of these receivables approximated their fair value.

- The fair value of non-trading instruments, loans and financings, and other indebtedness, as well as other noncurrent financial liabilities, is estimated through discounted future cash flow analyses assuming rates currently available for debts of similar maturities and characteristics.

- The Company follows CPC 40/IFRS 7 guidelines for financial instruments that are recorded on the balance sheet at fair value. The fair value of the financial instruments traded in active markets (such as held-for-trading and available-for-sale securities) is based on quoted market prices as of the balance sheet date. The quoted market price used record the financial assets held by the Company corresponds to the current bid price. The fair value of financial instruments that are not traded in active markets (for example, over-the-counter derivatives) is determined using appropriate valuation methodologies.

3. Financial risk management (Continued)

3.4. Hedge accounting

The Company applies hedge accounting on its derivative financial instruments used to hedge future cash flows arising from payments due in foreign currency to foreign suppliers and from payments due to domestic suppliers indexed in foreign currency. The Company does not maintain transactions with derivative financial instruments deemed to be exotic.

For the six-month period ended June 30, 2016 and the year ended December 31, 2015, the fair value of transactions involving hedges was measured through observable factors, such as prices quoted on active markets or discounted cash flow analyses based on market curves. Fair values are shown below:

	Company and Consolidated					
	June 30, 2016					
	Notional value	**Fair value (a)**	**Fair value (b)**	**Total**	**Income**	**Equity**
Currency risk						
USD	**25,424**	**23,426**	**16,262**	**39,688**	**(2,877)**	**(5,250)**
EUR	**14,361**	**12,462**	**(1,453)**	**11,009**	**(816)**	**(2,439)**
NDF	**118,554**	**(14,012)**	**-**	**(14,012)**	**(2,013)**	**(12,460)**
Total assets	**158,339**	**21,876**	**14,809**	**36,685**	**(5,706)**	**(20,149)**

	Company and Consolidated					
	December 31, 2015					
	Notional value	**Fair value (a)**	**Fair value (b)**	**Total**	**Income**	**Equity**
Currency risk						
USD	4,727	4,752	16,454	21,206	28,827	4,028
EUR	1,693	1,674	207	1,881	2,218	703
NDF	3,532	164	-	164	28,421	-
Total assets	9,952	6,590	16,661	23,251	59,466	4,731

(a) Balances of derivative financial instruments for hedging operations associated with tour packages to be boarded.

(b) Balances of derivative financial instruments related to boarded tour packages whose suppliers have not yet been paid.

As of June 30, 2016, the effect of deferred taxes on the balance of cash flows hedges in other comprehensive income totaled R$(6,851) (R$1,609 as of December 31, 2015).

The net liability position of derivative financial instruments comprises the balance of NDFs (R$14,012) and SWAPs (R$52,805), totaling R$66,817 (R$49,391net assets position on December 31, 2015).

3. Financial risk management (Continued)

3.4. Hedge accounting (Continued)

The table below shows the outstanding positions, by maturity, of NDF contracts used to hedge currency risk:

June 30, 2016

Derivative	Position	Contract	Date	Maturity	Notional value	Fair value
Forward	Long position	NDF	From 02/18/2016 to 06/30/2016	From 07/04/2016 to 08/26/2016	**118,554**	**(14,012)**

December, 31 2015

Derivative	Position	Contract	Date	Maturity	Notional value	Fair value
Forward	Long position	NDF	From 07/10/2015 to 12/30/2015	From 03/10/2016 to 08/25/2016	3,532	164

3.5. Foreign exchange risk

The table below shows the outstanding positions, by maturity, of swap contracts used to hedge currency risk as of June 30, 2016 and December 31, 2015:

June 30, 2016.

Derivative	Position	Contract	Date	Maturity	Notional value	Fair value
SWAP (*)	LIBOR 3M X CDI	CITIBANK	03/02/2016	03/02/2019	**171,375**	**37,394**
SWAP (*)	Pré 4,29% p.a.	BRADESCO	04/15/2016	10/18/2016	**139,581**	**15,411**
Total						**52,805**

December 31, 2015.

Derivative	Position	Contract	Date	Maturity	Notional value	Fair value
SWAP (*)	LIBOR 6M X CDI	CITIBANK	02/26/2015	03/02/2018	150,000	49,227

(*) These swap transactions have the sole purpose of hedging currency risk related to loans in foreign currency described in Note 11. The swaps are being used to hedge exposure to changes in the fair value of loans guaranteed at the above-mentioned rates.

3. Financial risk management (Continued)

3.6. Fair value estimate

Financial assets and liabilities for which fair value is recorded or disclosed are categorized within the fair value hierarchy, based on the lowest input that is significant to the fair value measurement as a whole, as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is either directly or indirectly observable;

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The table below presents the Company's assets measured at fair value:

	June 30, 2016			
	Company and Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total balance**
Liabilities				
NDF	**-**	**14,012**	**-**	**14,012**
SWAP	**-**	**52,805**	**-**	**52,805**
Loans and financing	**-**	**361,966**	**-**	**361,966**
Total	**-**	**428,783**	**-**	**428,783**

	December 31, 2015			
	Company and Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total balance**
Assets				
NDF	**-**	164	-	164
SWAP	**-**	49,227	-	49,227
	-	49,391	-	49,391
Liabilities				
Loans and financing	**-**	156,933	-	156,933

There were no transfers of assets or liabilities among the levels in 2016 and 2015.

4. Cash and cash equivalents

	Company		Consolidated	
	June 30, 2016	**December 31, 2015**	**June 30, 2016**	**December 31, 2015**
Cash equivalents	**4,760**	7,230	**15,043**	20,074
Cash and bank accounts				
Cash and current account in local currency	**1,398**	1,598	**2,025**	5,380
Current account in foreign currency - USD	**39,368**	21,206	**39,368**	21,206
Current account in foreign currency - EUR	**11,036**	1,881	**11,036**	1,881
Current account in other foreign currency	**777**	136	**777**	136
	52,579	24,821	**53,206**	28,603
Cash and cash equivalents	**57,339**	32,051	**68,249**	48,677

Cash equivalents are investments in Bank Deposit Certificates (CDBs) and are held by the Company to meet short-term cash commitments rather than for investment or any other purposes.

5. Marketable securities

Short-term investments refer primarily to non-exclusive investment funds with daily liquidity and maturities of no more than three months that bear interest according to their short-term deposit rates, mainly CDI (Brazilian interbanking deposit rates). As of June 30, 2016, neither the parent company nor the consolidated entity held marketable securities. (R$0 in the parent company and R$3,022 in the consolidated on December 31, 2015).

Financial investments have been classified as "financial assets measured at fair value through profit or loss."

6. Trade accounts receivable

Trade accounts receivable are presented as follows:

	Company		Consolidated	
Resulting from sales through:	**June 30, 2016**	**December 31, 2015**	**June 30, 2016**	**December 31, 2015**
Credit cards (a)	**810,228**	640,618	**874,597**	693,954
Invoices (b)	**462,925**	482,941	**604,176**	572,726
Invoices – internal credit activities (c)	**113,690**	113,448	**113,690**	113,448
Other	**37,128**	41,167	**44,095**	49,882
	1,423,971	1,278,174	**1,636,558**	1,430,010
Allowance for doubtful accounts(d)	**(41,814)**	(23,475)	**(52,965)**	(35,527)
	1,382,157	1,254,699	**1,583,593**	1,394,483

(a) Credit card installment sales over a period of no more than one year. Such installments are not subject to interest payments.

(b) Trade accounts receivable from invoices are receivables from financial institutions that structure and negotiate financial services for the Company's customers. All financial risks and benefits of these transactions are transferred to such institutions upon completion of the transaction.

(c) Accounts receivable from invoices - internal credit activities refer to receivables originated from credit facilities offered directly to the customers.

(d) The recognition and reversal of allowance for doubtful accounts has been recognized as "sales expenses" in the income statement. Annually, the Company reviews past due receivables that are not expected to be honored and writes-off the accounts receivable balance with a corresponding reversal of the allowance for doubtful accounts balance, hence there is no impact in the income statements.

The aging of trade accounts receivable and other receivables is shown below:

	Company		Consolidated	
	June 30, 2016	**December 31, 2015**	**Juno 30, 2016**	**December 31, 2015**
Not yet due	**1,381,885**	1,238,631	**1,577,955**	1,359,726
Overdue				
Overdue for fewer than 30 days	**1,720**	15,693	**5,471**	27,461
Overdue for more than 30 days	**40,366**	23,850	**53,132**	42,823
Total	**1,423,971**	1,278,174	**1,636,558**	1,430,010

Changes in allowance for doubtful accounts are as follows:

	Company	**Consolidated**
As of December 31, 2014	(15,944)	(15,944)
Additions	(7,901)	(7,901)
As of June 30, 2015	(23,845)	(23,845)
As of December 31, 2015	**(23,475)**	**(35,527)**
Additions	**(16,578)**	**(17,820)**
Reversals (a)	**-**	**1,324**
Transfers	**(1,761)**	**(942)**
As of June 30, 2016	**(41,814)**	**(52,965)**

(a) Corresponds to the reversal of the allowance for doubtful accounts mentioned in note (d) above.

7. Advances to suppliers

	Company		Consolidated	
	June 30, 2016	**December 31, 2015**	**June 30, 2016**	**December 31, 2015**
Airline companies (a)	**402,349**	286,254	**454,767**	288,096
Hotels in Brazil and abroad (b)	**49,595**	186,868	**49,595**	188,668
Other	**11,521**	7,677	**12,201**	8,806
	463,465	480,799	**516,563**	485,570

(a) Advanced payments to airlines related to air tickets already sold and not yet used.

(b) Advanced payments to hotels primarily relate to transactions between the Company and its suppliers to secure the availability of rooms.

8. Prepaid expenses

	Company		Consolidated	
	June 30, 2016	**December 31, 2015**	**June 30, 2016**	**December 31, 2015**
Sales commissions (a)	**180,237**	135,845	**180,237**	136,244
Credit card management fees (b)	**13,133**	13,396	**13,133**	13,416
Advertising and promotions (c)	**12,681**	12,790	**12,683**	12,790
Sea cruises freight (d)	**69,642**	-	**69,642**	-
Other	**11,299**	3,946	**13,637**	4,107
	286,992	165,977	**289,332**	166,557

(a) Commissions paid to travel agents as compensation for services provided by the agencies, which are expensed upon the actual boarding of passengers.

(b) Represente the percentage of credit card sales paid (based on agreements between the Company and credit card institutions) to transfer the credit risk of credit card sales to such institutions.

(c) Expenses for advertising services and promotions not aired yet.

(d) Pulmmantur sea cruises freight for the 2016-2017 cruise season.

9. Business combinations

The acquisitions that took place in 2015 are described below.

a) Duotur Group

a.1 - Acquisition

The Duotur Group is a market leader in the airfare consolidation market and is recognized for its strong relationships with independent travel agents and airlines. It serves as an intermediary between travel agencies (third parties) and airlines. The Duotur Group is comprised of the following companies: Advance Viagens e Turismo S.A. ("Advance"), Rextur Viagens e Turismo Ltda. ("Rextur") and Reserva Fácil Tecnologia S.A. ("Reserva Fácil"). READ Serviços Turísticos S.A. ("READ") (formerly RA Viagens e Turismo S.A.), Duotur Participações S.A. ("Duotur Participações") and Refa Participações S.A. ("Refa Participações") are entities established exclusively for completing the corporate reorganization.

Through the acquisition of an interest in the Duotur Group, the Company entered the corporate travel business, complementing its existing operations in the leisure tourism business and strengthening its relationships with commercial partners and distribution channels.

To facilitate the transaction, the shareholders of Duotur Group conducted a corporate restructuring, through which assets and liabilities of the operations of Advance and Rextur were transferred to READ. READ became 51% controlled by Duotur Participações, and Reserva Fácil became 51% controlled by Refa Participações, with the outstanding 49% interest being held by the selling shareholders. The shareholders of Duotur Group held 100% of the equity interest in Duotur Participações and Refa Particpações.

On December 18, 2014, as disclosed in the related press release, the Company entered into a purchase agreement with the shareholders of Duotur Group to acquire a 51% interest of the Group.

The closing terms of the transaction, such as the corporate restructuring described above and approval by the Administrative Council for Economic Defense (CADE), concluded in August 2015, and the transaction was consummated on August 31, 2015. The Company acquired 100% of the equity interests in Duotur Participações and Refa Participações, which in turn, held 51% of RA Viagens and Reserva Fácil, respectively.

9. Business combinations (Continued)

The acquisition value is as follows:

Details	Duotur Participações	Refa Participações	Total
Amount paid on the closing date of the transaction (08.31.2015)	50,698	3,302	54,000
Amount payable	152,038	9,900	161,938
Total consideration transferred (i)	202,736	13,202	215,938

(i) The total consideration transferred of R$215,938 was determined based on the EBITDA for 2013, 2014 and the last twelve months period ending July 30, 2015, as well as minimum operational cash and working capital for business operations as agreed upon in the purchase agreement. The Company paid R$54,000 at closing and will pay the remaining balance in six equal, consecutive annual installments, beginning on December 18, 2015. Each installment will be adjusted by the fluctuations in the CDI rate, with quarterly interest payments starting three months after the closing date.

Changes in accounts payable relating to the acquisition of Duotur Group since the consummation of the transaction are as follows:

Description	Amounts
Balance payable at 08/31/2015	161,938
Monetary restatement	7,060
Interest payments	(4,928)
Principal payments	(24,849)
Balance payable at 12/31/2015	**139,221**
Monetary restatement	**8,230**
Interest payments	**(9,035)**
Principal payments	**(13,850)**
Balance payable at 06/30/2016	**124,566**
Current	24,913
Noncurrent	99,653

Since the balance payable is due to the former controlling shareholders of Duotur Group, who continue to own 49% of the Group's total shares, the total outstanding amount as of June 30, 2016 of R$124,566 was recorded as an accounts payable to a related party.

9. Business combinations (Continued)

a.2) Call and put option

a.2.1) Call option

As provided for in the shareholders' agreement, CVC Brasil owns a free call option expressly granting CVC Brasil the right, but not the obligation, to acquire the remaining stake of Duotur Participações S.A. and Refa Participações S.A., in full or in part. Upon exercise, the noncontrolling shareholders will be required to sell their shares to the Company ("call option").

The call option can be exercised by any controlling shareholder between March 1 and May 31 of each year, for three years after the closing date (August 31, 2015).

The call option can be exercised in one or successive acts, in order to acquire in full or in part the shares representing the 49% equity interest held by the noncontrolling shareholders. However, CVC cannot perform partial acquisitions that would result in the equity interest of the noncontrolling shareholders falling below 15%.

The call option strike price shall correspond to the (x) percentage of total equity interest of Duotur Group being acquired multiplied by (y) the value of Duotur Participações S.A. and Refa Participações S.A., based on the multiple paid for the acquired business on August 31, 2015 and the annual consolidated EBITDA for the fiscal year prior to the date of exercise. As of the acquisition date and June 30, 2016, the call option is “at the money.” The fair value of the call option as of June 30, 2016 was inconsequential and was therefore not recorded on the balance sheet.

The call option strike price will be paid in local currency as follows: i) 30% upon transaction closing and ii) 70% in three annual installments.

At the sole discretion of the controlling shareholders, the portion of the transaction value provided for in item ii above can be paid, in full or in part, on the closing date of the call option transaction through delivery of the Company’s shares to the noncontrolling shareholders. The number of CVC Brasil shares to be transferred will be based on the Volume Weighted Average Price (VWAP) of shares of CVC Brasil for the 20 trading sessions of BMF&BOVESPA prior to the closing date of the call option transaction.

9. Business combinations (Continued)

a.2.2) Put option

The Company granted the noncontrolling shareholders the right, but not the obligation, at the sole discretion of the noncontrolling shareholders, to jointly sell all of their shares, in whole, that have not been acquired by the controlling shareholders, which, upon the exercise thereof by noncontrolling shareholders, will require the Company to acquire the shares of noncontrolling shareholders ("put option").

The put option can only be exercised if the call option is not exercised by the Company. The put option can be exercised in 2018, 2019, or 2021, with the price to be paid for the remaining equity interest calculated as the (x) percentage of total equity interest of Duotur Group being acquired multiplied by (y) the annual consolidated EBITDA for the fiscal year prior to the date of exercise multiplied by the respective EBITDA multiple defined in the purchase contract.

If the aforementioned conditions are not fulfilled, the put option cannot be exercised, and will not be effective for all legal purposes.

The put option contract contains no obligation to deliver cash or another financial asset for the remaining equity interest; the Company could transfer equity instruments of the Company. As CVC Brasil has the option to pay with CVC shares, the Company concluded that it would be unnecessary to record a full liability for the redemption amount but could instead account for the put option as a derivative financial liability at the net value of the derivative. As of the acquisition date and June 30, 2016, the put option is valued as "at the money"; the fair value of the option is zero. The Company will monitor the fair value of the derivative and the value of the put option.

9. Business combinations (Continued)

a.3) Fair value of identifiable assets and liabilities

The fair values of Duotur and Refa's identifiable assets and liabilities as of the acquisition date were as follows:

	Duotur	Refa	Total
Interest acquired	100% (i)	100% (i)	100%
Transaction value	202,736	13,202	215,938
Amount paid at acquisition date	50,698	3,302	54,000
Amount payable	152,038	9,900	161,938
Assets			
Cash and cash equivalents	8,849	1,298	10,147
Accounts receivable	144,680	991	145,671
Other	7,606	126	7,732
Property and equipment	2,453	433	2,886
Intangible assets	146,248	10,310	156,558
Total identifiable assets	309,836	13,158	322,994
Liabilities			
Loans and financing	-	-	-
Suppliers	(120,032)	-	(120,032)
Taxes payables	(2,280)	(376)	(2,656)
Provision for contingencies	-	-	-
Accounts payable	(19,084)	(1,629)	(20,713)
Total identifiable liabilities	(141,396)	(2,005)	(143,401)
Noncontrolling interests	(82,536)	(5,465)	(88,001)
Total identifiable net assets (fair value)	85,904	5,688	91,592
Goodwill on transaction – preliminary	116,832	7,514	124,346
Total consideration	202,736	13,202	215,938

(ii) Equity interest equivalent to 100% of Duotur Participações S.A. and Refa Participações S.A., which hold 51% of the equity interest of RA Viagens and Reserva Fácil, respectively.

9. Business combinations (Continued)

a.3) Fair value of identifiable assets and liabilities (Continued)

The investment balance on the individual balance sheet on June 30, 2016 and December 31, 2015 was as follows:

	June 30, 2016	December 31, 2015
Investment (*)	**102,330**	**95,808**
Goodwill	**124,346**	**124,346**
Total	**226,676**	**220,154**

(*) value based on the equity method.

Consolidating goodwill was based on the concepts of business combination (CPC 15) and the allocation of goodwill among intangible assets identified by the Company. Allocation of goodwill is as follows:

	Amount of allocated intangible	Useful lives
Intangible assets:		
Customer list (100%)	145,427	10 years
Software surplus (100%)	10,310	5 years
Total allocated	155,737	
Goodwill not allocated	124,346	
Total intangible assets	280,083	

Provision for contingencies

In accordance with contractual clauses between the Company and the Duotur Group's noncontrolling shareholders, any past contingencies (prior to the acquisition date, August 31, 2015) related to companies included in the Duotur Group that could generate financial losses for the Group are not incumbent upon the Company or the Group and are instead the responsibility of the former shareholders of the Group. Thus, no provision was set up for contingencies or claims prior to August 31, 2015 based on the agreement between the parties.

a.4) *Cash Generating Unit*

The goodwill and intangible allocations are associated to the cash generating unit of Duotur Group.

9. Business combinations (Continued)

b) Submarino Viagens

b.1 - Acquisition

Submarino Viagens (formerly B2W Viagens e Turismo Ltda) is responsible for the activities of the online travel agency B2W - Companhia Digital operating under the brand name “Submarino Viagens,” as well as the license of certain brands and the online domain "Submarino Viagens”

The acquisition bolsters the Company’s position as a leading player in the Brazilian online travel market.

On May 27, 2015, as disclosed in the related press release, the Company entered into a share purchase agreement with the shareholders of Submarino Viagens to acquire 100% of the equity of the company.

The closing terms of the transaction, including CADE approval, were concluded in August 2015, and on August 31, 2015, the Company consummated its acquisition of 100% control of the equity of Submarino Viagens.

The amount payable for the acquisition of Submarino Viagens is determined as follows:

a) Initial installment - Upon execution of the agreement, the Company paid R$100;

b) Subsequent installments - The amount to be paid by the Company to the former shareholders of Submarino Viagens was set at (and limited to) R$80,000, adjusted by the variation in Brazil’s Central Bank benchmark rate (SELIC).

Subsequent installments will be paid over 10 years by the Company and will be due every 12 months following the transaction closing date (August 31, 2015) to the former controlling shareholders of Submarino Viagens. Installment payments are based on the number of visits to the website, adjusted by inflation and subject to the achievement of a minimum conversion rate. Each installment amount is calculated by multiplying the acquisition price per visit by the number of visits to the website and the variation in the General Market Price Index (IGPM).

9. Business combinations (Continued)

b) Submarino Viagens (continued)

b.1 – Acquisition (continued)

	Accounts payable	Accounts receivable	Net
Balance on August 31, 2015	49,354	(13,453)	35,901
Monetary restatement	2,354	-	2,354
Balance on December 31, 2015	51,708	(13,453)	38,255
Monetary restatement	**3,342**	**-**	**3,342**
Balance on June 30, 2016	**55,050**	**(13,453)**	**41,597**
Current	**3,441**	**(13,453)**	
Noncurrent	**51,609**	**-**	

If the total purchase price established by the sellers is not paid within 10 years, the sellers can choose to either:

(i) Extend the brand use agreement until the maximum balance (R$80,000) is received, adjusted by the variation in the SELIC rate; or

(ii) Terminate the brand license agreement, in which case CVC Brasil may choose to extend the agreement for another 18 months.

Pursuant to IFRS 3 (CPC 15): "The consideration transferred in exchange for control in the acquiree in a business combination should be measured at its fair value, which is calculated by the sum of the fair values on the acquisition date of: a) the assets transferred by the acquirer; b) liabilities incurred by the acquirer with former owners of the acquiree; c) equity interests issued by the acquirer. (...)"

In addition, IFRS 3 (CPC 15) states the following: "The consideration the acquirer transfers in exchange for control of the acquiree should include any assets or liabilities resulting therefrom based on contingent consideration (...). The acquirer should recognize a contingent consideration at its fair value on the acquisition date as part of consideration transferred in exchange for control in the acquiree.(...)"

CVC determined that the acquisition fair value as of August 31, 2015 was R$49,454 (based on the net present value of estimated future installment payments). However, on the acquisition date, B2W had less working capital and more debt than the contractual amounts agreed upon in the purchase agreement with Submarino Viagens' former shareholders; thus, the sellers are obligated to reimburse the Company R$13,453. After paying the initial installment of R$100, the Company recorded a liability of R$49,354 and accounts receivable of R$13,453, such that the final net acquisition price is R$35,901. The Company will receive R$9,853 of the total accounts receivable in July 2016 and the remaining balance in October 2016.

9. Business combinations (Continued)

b.2) Fair value of identified assets and liabilities

The fair value of identifiable assets and liabilities of Submarino Viagens on the acquisition date was as follows:

Interest acquired	100%
Purchase consideration	36,001
Amount paid at acquisition date	100
Amount payable	35,901
Assets	
Cash and cash equivalents	1,891
Accounts receivable	12,389
Accounts receivable - contingencies	7,675
Other assets	1,258
Fixed assets	1,155
Intangible assets	10,906
Total identifiable assets	35,274
Liabilities	
Suppliers	(45,463)
Taxes payable, salaries and social charges	(3,579)
Deferred revenue	(30,422)
Provision for contingencies	(7,675)
Accounts payable	(6,627)
Total identifiable liabilities	(93,766)
Total identifiable net liabilities (fair value)	(58,492)
Goodwill generated in the transaction	94,493
Total consideration transferred	36,001

The investment on June 30, 2016 and December 31, 2015 was valued as follows:

	June 30, 2016	December 31, 2015
Investment(*)	**(32,537)**	(56,989)
Goodwill	**94,493**	94,493
Total	**61,956**	37,504

(*) value based on the equity method.

9. Business combinations (Continued)

b.2) Fair value of identified assets and liabilities (continued)

For consolidation purposes, based on the concepts of business combination (IFRS 3/CPC 15), the consideration was allocated into assets and liabilities and the residual amount was recorded as goodwill in intangible assets. Allocation of goodwill is as follows:

	Amount of allocated intangible	Useful lives
Intangible assets:		
Brand	8,260	10 years
Total allocated	8,260	
Goodwill not allocated	94,493	
Total intangible assets	102,753	

Provision for contingencies

The purchase agreement states that all contingencies related to periods prior to the execution of the purchase agreement would be the responsibility of the former controlling shareholders; losses associated with these contingencies would be reimbursed or netted against the installments payable. The investee has recognized contingencies of R$8,427, of which R$3,411 was already settled and will be reimbursed by former controlling shareholders during the third quarter of 2016.

b.3) ***Cash Generating Unit***

The goodwill and intangible allocations are associated to the cash generating unit of Submarino Viagens.

c) Acquisitions effect in cash flow

The noted above acquisitions shall be paid in five years, therefore the cash flow effect on the six-month period ended June 30, 2016 (cash disbursement, deducted by the acquired cash and cash equivalents) was as follows:

	Consolidated	
	Cash	**Non-cash**
Duotur – (9.a)	13,850	124,566
Submarino (9.b/ 16)	-	55,050
Total	**13,850**	**179,616**

10. Investments

The investment balance is as follows:

	CVC Serviços (a)	Duotur Participações (b)	Refa Participações (c)	Submarino Viagens (d)	Total
Balance on December 31, 2014	3,114	-	-	-	3,114
Equity results for the period	8,218	-	-	-	8,218
Balance on June 30, 2015	11,332	-	-	-	11,332
Balance on December 31, 2015	27,014	206,286	13,866	37,504	284,670
Capital increase	**-**	**-**	**-**	**28,620**	**28,620**
Distributed dividends	**-**	**(2,357)**	**(612)**	**-**	**(2,969)**
Equity results for the period	**9,924**	**8,530**	**963**	**(4,168)**	**15,249**
Balance on June 30, 2016	**36,938**	**212,459**	**14,217**	**61,956**	**325,570**

Information on subsidiaries is as follows:

a) CVC Serviços

	June 30, 2016	December 31, 2015
Assets	**47,576**	48,009
Liabilities	**10,638**	20,995
Equity	**36,938**	27,014
Net revenue	**44,635**	94,949
Net income for the period	**9,924**	23,900
Interest (%)	**99.9%**	99.9%

b) Duotur Participações

	June 30, 2016	December 31, 2015 (*)
Assets	**24,320**	**15,698**
Liabilities	**-**	**-**
Equity	**24,320**	**15,698**
Net income for the period	**10,977**	**3,550**
% - Direct interest	**100%**	**100%**

(*) Refers to the four-month period ending on December 31, 2015.

10. Investments (Continued)

b.1) READ Serviços Turisticos (Formerly RA Viagens)

Duotur Participações holds control and 51% of the equity interest in READ Serviços Turísticos (formerly RA Viagens).

	June 30, 2016	December 31, 2015 (*)
Assets	**247,535**	141,683
Liabilities	**200,779**	110,919
Equity	**46,756**	30,764
Net revenue	**77,424**	39,991
Net income for the period	**21,521**	6,961
Interest (%)	**51%**	51%
Equity results attributable to Duotur Participações	**10,977**	3,550

(*) Refers to the four-month period ending on December 31, 2015.

c) Refa Participações

	June 30, 2016	December 31, 2015 (*)
Assets	**1,950**	1,154
Liabilities	**100**	2
Equity	**1,850**	1,152
Net income for the period	**1,310**	663
Interest (%)	**100%**	100%

(*) Refers to the four-month period ending on December 31, 2015.

c.1) Reserva Fácil

Refa Participações holds control and 51% of the equity interest in Reserva Fácil.

	June 30, 2016	December 31, 2015 (*)
Assets	**7,142**	4,103
Liabilities	**3,323**	1,845
Equity	**3,819**	2,258
Net revenue	**5,217**	3,505
Net income for the period	**2,569**	1,300
Interest (%)	**51%**	51%
Equity results attributable to Refa Participações	**1,310**	663

(*) Refers to the four-month period ending on December 31, 2015.

10. Investments (Continued)

d) Submarino Viagens

	June 30, 2016	December 31, 2015 (*)
Assets	**51,187**	51,910
Liabilities	**91,667**	117,117
Equity (capital deficiency)	**(40,480)**	(65,207)
Net revenue	**28,673**	25,794
Net income for the period	**3,893**	1,504
Interest (%)	**100%**	100%

(*) Refers to the four-month period ending on December 31, 2015.

On March 31, 2016, the Company increased its subsidiary's capital by R$28,620 through capital contributions.

11. Intangible assets

Company	Software and website	Exclusivity agreements	Total intangible assets
Cost			
December 31, 2014	104,221	81,184	185,405
Additions	16,930	3,575	20,505
Transfers	(1,217)	-	(1,217)
Write-offs	(33)	-	(33)
June 30, 2015	119,901	84,759	204,660
December 31, 2015	134,927	85,411	220,338
Additions	**15,414**	**-**	**15,414**
Transfers	**(1,094)**	**-**	**(1,094)**
June 30, 2016	**149,247**	**85,411**	**234,658**
Accumulated amortization			
December 31, 2014	(37,661)	(17,187)	(54,848)
Amortization	(7,299)	(5,671)	(12,970)
June 30, 2015	(44,960)	(22,858)	(67,818)
December 31, 2015	(52,459)	(25,525)	(77,984)
Amortization	**(9,707)**	**(4,271)**	**(13,978)**
June 30, 2016	**(62,166)**	**(29,796)**	**(91,962)**
Net book value			
June 30,2016	**87,081**	**55,615**	**142,696**
December 31, 2015	82,468	59,886	142,354

11. Intangible assets (Continued)

Consolidated	Software and website	Exclusivity agreements	Goodwill	Customer list	Brand	Other	Total intangible assets
Cost							
December 31, 2014	105,225	81,184	-	-	-	2,300	188,709
Additions	17,078	3,575	-	-	-	-	20,653
Allowance for obsolescence	9	-	-	-	-	-	9
Transfers	(1,217)	-	-	-	-	-	(1,217)
Write-offs	(33)	-	-	-	-	-	(33)
June 30, 2015	121,062	84,759	-	-	-	2,300	208,121
December 31, 2015	158,347	85,411	218,839	145,427	8,260	2,761	619,045
Additions	**21,051**	**-**	**-**	**-**	**-**	**3,419**	**24,470**
Transfers	**(1,094)**	**-**	**-**	**-**	**-**	**-**	**(1,094)**
Write-offs	**(339)**	**-**	**-**	**-**	**-**	**(490)**	**(829)**
June 30, 2016	**177,965**	**85,411**	**218,839**	**145,427**	**8,260**	**5,690**	**641,592**
Accumulated amortization							
December 31, 2014	(38,401)	(17,187)	-	-	-	(8)	(55,596)
Amortization	(7,487)	(5,672)	-	-	-	(48)	(13,207)
June 30, 2015	(45,888)	(22,859)	-	-	-	(56)	(68,803)
December 31, 2015	(56,991)	(25,525)	-	(1,212)	(69)	(104)	(83,901)
Amortization	**(11,396)**	**(4,271)**	**-**	**(7,411)**	**(273)**	**(5,133)**	**(28,484)**
Write-offs	**-**	**-**	**-**	**-**	**-**	**153**	**153**
June 30, 2016	**(68,387)**	**(29,796)**	**-**	**(8,623)**	**(342)**	**(5,084)**	**(112,232)**
Net book value							
June 30, 2016	**109,578**	**55,615**	**218,839**	**136,804**	**7,918**	**606**	**529,360**
December 31, 2015	101,356	59,886	218,839	144,215	8,191	2,656	535,144

12. Loans and financing

			Company and Consolidated		
			June 30, 2016		
	Mature	**Interest rates**	**Current**	**Non Current**	**Total**
Citibank USD (ii)	March 2019	Libor 3 months + 2.07% p.a.	**66,088**	**105,253**	**171,341**
Bradesco USD (iii)	October 2016	Pré 4.29% p.a.	**139,373**	**-**	**139,373**
Total			**205,461**	**105,253**	**310,714**

			Company and Consolidated		
			December 31, 2015		
	Maturity	**Charges**	**Current**	**Noncurrent**	**Total**
Citibank USD (i)	March 2018	Libor 6 months + 1.56% a.a.	71,064	134,991	206,055

(i) The loan bears LIBOR interest rate of 6 months + 1.56% with semi-annual interest payments and principal amortization beginning March 2, 2016. This debt was fully-hedged in Brazilian reais through a swap with Citibank which, in combination with the loan, resulted in an annual interest rate of 107.5% of CDI. The proceeds were used for working capital.

(ii) On March 1, 2016, the Company renegotiated its loan with Citibank. The amended loan carries the following terms: interest rate of LIBOR 3 months + 2.07% p.a., with quarterly interest payments and principal amortization beginning December 2, 2016. This debt is fully hedged in Brazilian reais through a swap with Citibank which, in combination with the loan, results in an annual interest rate of 108.0% of CDI.

(iii) As collateral, the Company granted a minimum amount of R$150,000 in credit rights related to credit card receivables that have been issued or will be issued in its favor.

The payment schedule of noncurrent payments is as follows:

Year	**Amount**
2017	13,512
2018	73,393
2019	18,348
Total	**105,253**

The Company analyzed the covenants of its loan agreements and concluded that it is in compliance with all of its financial and non-financial obligations.

13. Commitments

Total minimum lease payments, according to non-cancellable operating leases are as follows:

	Consolidated	
	June 30, 2016	**December 31, 2015**
Less than one year	**1,745**	213
More than one year and less than five years	**7,181**	495
More than five years	**43**	12
	8,969	720

The operating lease expenses for the six month period ended June 30, 2016 totaled R$7,199 (R$6,991 for the six months ended June 30, 2015).

Agreements that include penalty clauses for breach of contract provide for penalties of up to three months of rent. If the Company terminated these agreements, the total amount of fines would be approximately R$2,195.

14. Provision for administrative and legal proceedings

In accordance with the agreements executed between Carlyle and the former controlling shareholder of CVC, any past contingencies (existing prior to the acquisition date, or December 23, 2009) are not the responsibility of the Company and are instead the responsibility of the former controlling shareholder. Thus, no provisions have been recorded for contingencies or claims prior to December 23, 2009 based on the agreement between the parties.

As of June 30, 2016 and December 31, 2015, the Company was party to labor and civil proceedings at both the administrative and judicial levels. When applicable, such proceedings are supported by escrow deposits (included in other accounts receivable). Provisions for any losses arising from these proceedings are estimated and updated by management, based on the opinion of its legal advisors.

	Company		
	Labor	**Civil**	**Total**
Balance as of January 1, 2015	3,058	15,879	18,937
Additions	786	8,949	9,735
Reversals/payments	(274)	(7,867)	(8,141)
Balance as of June 30, 2015	3,570	16,961	20,531
Balance as of January 1, 2016	3,469	20,722	24,191
Additions	**286**	**7,668**	**7,954**
Reversals/payments	**(161)**	**(4,468)**	**(4,629)**
Balance as of June 30, 2016	**3,594**	**23,922**	**27,516**

14. Provision for administrative and legal proceedings (continued)

	Consolidated		
	Labor	**Civil**	**Total**
Balance as of January 1, 2015	3,058	15,879	18,937
Additions	786	8,949	9,735
Reversals/payments	(274)	(7,867)	(8,141)
Balance as of June 30, 2015	3,570	16,961	20,531
Balance as of January 1, 2016	3,469	29,149	32,618
Additions	**286**	**9,523**	**9,809**
Reversals/payments	**(161)**	**(7,880)**	**(8,041)**
Balance as of June 30, 2016	**3,594**	**30,792**	**34,386**

Federal tax notice - goodwill

On January 7, 2015, the Company was notified of a tax assessment by the Brazilian tax authorities seeking for the payment of certain amounts in relation to the Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) for periods from 2010 to 2013, corresponding to the amortization of goodwill which the tax authorities assessed it was non-deductible. The total principal amount of the tax assessment is R$127,073. Based on the analysis of external legal counsels, the probability of a positive outcome for the Company is 70% (possible).

15. Deferred income and social contribution taxes

a) Reconciliation of income tax expenses

	Company		Consolidated	
	Six-month period ended June 30,		Six-month period ended June 30,	
	2016	**2015**	**2016**	**2015**
Income before income and social contribution taxes	**102,728**	94,998	**125,731**	100,016
Income and social contribution taxes at statutory rate - 34%	**(34,928)**	(32,299)	**(42,749)**	(34,005)
Stock options granted and recognized shares	**(1,884)**	(3,282)	**(1,884)**	(3,282)
Equity pickup	**5,185**	3,314	**-**	-
Other	**(246)**	(99)	**(1,123)**	(97)
Income and social contribution taxes	**(31,873)**	(32,366)	**(45,756)**	(37,384)
Current	**(7,264)**	-	**(26,136)**	(3,356)
Deferred	**(24,609)**	(32,366)	**(19,620)**	(34,028)
Income tax and social contribution expense	**(31,873)**	(32,366)	**(45,756)**	(37,384)
Effective rate	**31%**	34%	**36%**	37%

15. Deferred income and social contribution taxes (Continued)

b) Composition of deferred income and social contribution taxes

	Company		Consolidated	
	June 30, 2016	**December 31, 2015**	**June 30, 2016**	**December, 31 2015**
Income tax on goodwill CBTC	**9,908**	36,284	**9,908**	36,284
Provision for administrative and judicial disputes	**9,355**	8,225	**9,355**	8,225
Provision for bonuses	**2,727**	5,364	**2,727**	5,364
Provision for losses due to advances	**8,980**	9,608	**8,980**	9,608
Provision for financial expense on discount of receivables	**6,667**	6,937	**6,667**	6,937
Other	**26,204**	13,230	**32,462**	14,500
Deferred tax assets	**63,841**	79,648	**70,099**	80,918

Based on future projections prepared using internal assumptions and future economic scenarios, the balance of deferred tax assets as of June 30, 2016 is expected to be recovered in full in 2016.

c) Changes in deferred tax asset

	Company		Consolidated	
	June 30, 2016	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Opening balance	**79,648**	136,293	**80,918**	140,197
Additions	**14,104**	6,798	**13,769**	5,137
Compensation	**(29,911)**	(38,031)	**(24,588)**	(38,031)
Ending balance	**63,841**	105,060	**70,099**	107,303

16. Accounts payable and receivable from subsidiary acquisition

16.1. Accounts payable due to acquisition of subsidiary

As mentioned in Note 9.b, the balance of accounts payable due to the acquisition of a subsidiary refers to the acquisition of Submarino Viagens. The balance payable is adjusted by the variation in the SELIC rate and the discount rate used was 15% per annum. Changes in the accounts payable account are as follows:

Details of transactions	**Amounts**
Remaining balance payable as of December 31, 2015	51,708
Amount paid during the six months ended June 30, 2016	**-**
Interest accrued during the six months ended June 30, 2016	**3,342**
Balance as of June 30, 2016	**55,050**
Current	3,441
Noncurrent	51,609

16. Accounts payable and receivable from subsidiary acquisition (Continued)

Payments will be due as follow:

Company / Consolidated	
Year	**Amount**
2016	**3,442**
2017	**3,610**
2018 onwards	**47,998**
Total	**55,050**

16.2. Accounts receivable from acquisition of subsidiary

Reduction in purchase price

As mentioned in Note 9.b, the subsidiary had less working capital and more debt than the contractual amounts agreed upon in the purchase agreement, so the seller is obligated to reimburse the Company R$13,453. The balance reduces the purchase price and is recorded as an accounts receivable. The Company concluded the conciliation phase of amounts with the prior controlling shareholder, as defined in the Sales and Purchase Agreement, and the full accounts receivable balance will be transferred by October 2016.

Provision for legal claims

In addition, in accordance with the agreement between the Company and the former controlling shareholder of Submarino Viagens, any past contingencies (existing prior to the acquisition date) are not the responsibility of the Company, but rather the responsibility of the former controlling shareholder. However, as the Company will be responsible for the payment of the contingencies, the provisions for contingencies and claims existing prior to the acquisition date were recorded as a liability and, in line with the above mentioned, the Company has also booked an accounts receivable from the former controlling shareholder in the same amount of these contingencies. The balance of provision for contingencies and accounts receivable as of June 30, 2016 was R$8,427. Both balances were recorded at the subsidiary.

17. Shareholders' equity

a) Capital

The share capital at June 30, 2016 is represented by 132,830,343 common shares (133,930,243 as of December 31, 2015), without par value, and is distributed as follows:

	June 30, 2016		December 31, 2015	
	Shares	**Amount**	**Shares**	**Amount**
FIP BTC	**60,203,674**	**97,749**	60,415,697	98,386
FIP GJP	**32,278,259**	**52,408**	32,278,259	52,565
Other	**41,848,310**	**67,946**	41,636,287	67,152
Total	**134,330,243**	**218,103**	134,330,243	218,103

Pursuant to CVC's share repurchase program, the Company repurchased 400,000 shares in December 2015 and an additional 1,172,800 shares in the three months ended March 31, 2016. In the second quarter of 2016, three stock options plans' beneficiaries described in the note 17.b) exercised 72,900 share options.

The authorized capital as of June 30, 2016, and December 31, 2015 is R$5,000,000 without par value.

On October 1, 2014, the Board of Directors approved the Company's capital increase of R$47,659 within the authorized capital limit, without the issuance of new shares and for the benefit of all shareholders, in proportion to their respective shareholdings in the Company's capital, which the minute was recorded effectively in 2015.

The Board of Directors' meeting on June 8, 2015 approved a capital increase of R$17,734, through the issuance of 1,836,860 shares related to the exercise of stock options pursuant to the Company's stock option Plans 1, 3 and 4.

The Board of Directors' meeting on July 13, 2015 approved a capital increase of R$1,496, through the issuance of 108,000 shares related to the exercise of Plan 4 stock options.

The Board of Directors' meeting on September 22, 2015 approved a capital increase of R$9,551, through the issuance of 15,188 shares related to the exercise of Plan 4 stock options and through the issuance of 904,860 shares related to the exercise of Plan 3 stock options.

On September 30, 2015, the Board of Directors approved the Company's capital increase of R$47,637 within the authorized capital limit, without the issuance of new shares and for the benefit of all shareholders, in proportion to their respective shareholdings in the Company's capital.

The Company grants compensation through share-based payments to its main executives and managers. The fair value estimate of share-based payments depends on the valuation model selected for granting these equity securities, as well as the use of several assumptions for inputs, which in turn depend on the granting terms and conditions.

17. Shareholders' equity (Continued)

b) Stock option plan (Continued)

Expenses related to these transactions are recognized on the income statement (as general and administrative expenses) during the period in which the right is granted against the reserve for share-based payments, an equity account.

The strike price of options granted is the fair market value of shares on the grant date, adjusted by variation in the Extended Consumer Price Index (IPCA) from the grant date to the exercise date. The options granted are divided as follows:

Time Based Options (TBO) - provides the beneficiary the right to buy shares at a predetermined price based on the employee's continuous length of service at the Company. The beneficiary's right to exercise the option is subject to a vesting period and exercisable upon completion of such period.

Performance Based Options (PBO) - Provides the beneficiaries the right to buy shares subject to achieving rate of return of at least 25% per year on invested capital of the shareholders, in U.S. dollars. In the case of a qualified IPO and if the rate of return on invested capital is higher than 30% per annum, all PBOs will be converted into TBOs. Additionally, the beneficiaries must maintain the duration of continuous employment as defined by the Company's stock option plan prior to the exercise of the options granted and must observe a one-year lockup period after the vesting date. These terms and conditions are applicable only to the first stock option plan.

The options can be exercised within 10 years of the grant date. In the event of the termination of an employment agreement, all vested options should be exercised within 90 days from the date the beneficiary leaves the Company.

During the Extraordinary General Meeting on September 1, 2014, shareholders approved amendments to the Company's stock option Plans 3 and 4 in order to make them economically attractive in relation to the market value of the Company's shares. The exercise price of the stock options of both plans was adjusted from R$13.53 and R$14.63 to R$11.82, and the total number of stock options was reduced by 10%. These changes are consistent with the Company's strategic plan to retain key management personnel and ensure that they are properly incentivized to create long-term value for the Company.

On October 9, 2015, the Special General Meeting of shareholders approved the Fifth Stock Option Plan. The Plan's main objective is to attract, motivate and retain the Company's key executives, who have been selected to receive such options in order to ensure that a relevant part of their compensation is tied to long-term value creation for the Company. The maximum number of shares that can be issued for the exercise of options under the Plan is 1,363,000 shares, which represents 0.95% of the diluted share capital of the Company.

17. Shareholders' equity (Continued)

b) Stock option plan (Continued)

Changes in the stock option plans are detailed below:

	(in thousands of options)							
	Plan 1			Plan 2		Plan 3	Plan4	Plan5
	Tranche 1.1		Tranche 1.2	Tranche 2.1 to 2.3	Tranche 2.4 to 2.5	Tranche 3.1	Tranche 4.1 to 4.3	Tranche 1
	PBO	TBO	TBO	TBO	TBO	TBO	TBO	TBO
December 31, 2014	103	501	851	69	-	7,403	1,822	-
Forfeited	-	-	-	-	-	-	(54)	-
Exercised	-	-	(851)	-	-	(905)	(81)	-
June 30, 2015	103	501	-	69	-	6,498	1,687	-
December 31, 2015	103	501	-	69	-	5,593	1,564	1,363
Forfeited	**-**	**-**	**-**	**-**	**-**	**-**	**(155)**	**-**
Exercised	**-**	**-**	**-**	**-**	**-**	**-**	**(73)**	**-**
June 30,2016	**103**	**501**	**-**	**69**	**-**	**5,593**	**1,336**	**1,363**

The expense for the period ended June 30, 2016 was R$5,540 (R$9,654 in the period ended June 30, 2015).

The weighted average fair value of options granted, determined based on the valuation model "Customized Binomial Tree Model" is detailed below:

	Plan 1		Plan2	Plan3		Plan4		Plan5
Details	Tranche 1.1	Tranche 1.2	Tranche 2.1	Tranche 3.1	Tranche 4.1	Tranche 4.2	Tranche 4.3	Tranche 1
Beginning date(first granting)	5/3/2010	1/1/2010	11/10/2013	3/11/2013	11/10/2011	4/01/2013	10/31/2013	8/31/2014
Number of options - PBO (thousands)	103	-	-	-	-	-	-	-
Number of options - TBO (thousands)	501	-	69	5,593	1,026	405	133	1,363
Exercise price - R$	R$4.99	R$4.99	R$22.46	R$11.82	R$11.82	R$11.82	R$11.82	R$15.79
Expected volatility	32.83%	47.00%	44.35%	30.58%	30.58%	30.58%	30.58%	33.75%
Expected inflation (IPCA)	5.87%	5.87%	5.58%	5.69%	5.88%	5.90%	5.93%	5.93%
Estimated exercise period	5 years	4 years	5 years	4 years	5 years	5 years	5 years	4.4 years
Fair value of stock option	R$2.56	R$4.58	R$14.44	R$6.38	R$5.07	R$5.23	R$5.54	R$6.19

c) Income reserve

Legal reserve: The legal reserve is recorded based on the allocation of 5% of annual net income, limited to 20% of capital stock.

Reserve for working capital: The account is set up based on the allocation of up to 25% of the remaining net income, after the allocation of net income to the legal reserve and distribution of dividends. The account is intended to maintain the Company's working capital and is limited to 30% of capital stock.

17. Shareholders' equity (Continued)

Expansion reserve: The expansion reserve is set up based on the allocation of up to 25% of the remaining net profit, after the allocation of net income to the legal reserve and distribution of dividends. The account is intended to expand the Company's business and is limited to 50% of capital stock.

c) Income reserve (Continued)

Retained earnings reserve: Up to 50% of the net income remaining after the aforementioned allocations can be retained based on the capital budget approved by the General Shareholders' Meeting (GSM), pursuant to Article 196 of Brazilian Corporation Law.

d) Distribution of dividends and interest on equity

The Company's Articles of Incorporation provide for mandatory dividend payments each year of at least 25% of the adjusted net income for the year.

In addition, the Company's dividend policy states that 50% of the adjusted annual net income will be paid as dividends, subject to certain conditions described in the aforementioned dividend policy.

At the Board of the Directors' meeting on December 17, 2015, the Board approved the prepayment of interest on equity of R$15,392, related to the net income for the year ended on December 31, 2015.

On April 26, 2016, our General Shareholders' Meeting approved the payment of the mandatory dividend in the amount of R$25,265 and the additional proposed dividend of R$73,183, for the period ending December 31, 2015. These dividends were distributed to the shareholders on June 22, 2016.

e) Treasury shares

Treasury shares are repurchased shares recognized at cost in a separate account and deducted from shareholders' equity. No gain or loss is recognized on the income statement upon the purchase, sale, issuance or cancellation of the Company's own treasury shares. Any difference between the book value of the shares and the consideration is recognized in other capital reserves.

On June 30, 2016, the Company held 1,499,900 treasury shares (400,000 on December 31, 2015).

18. Financial expenses, net

	Company		Consolidated	
	Six-month periods ended June 30,		Six-month periods ended June 30,	
	2016	**2015**	**2016**	**2015**
Financial expenses				
Tax on financial transactions (IOF)	**(1,182)**	(1,077)	**(1,327)**	(1,077)
Financial charges (a)	**(59,100)**	(52,881)	**(60,102)**	(52,952)
Interest on the acquisitions of investees	**(11,571)**	-	**(11,571)**	-
Other	**(1,500)**	(1,191)	**(3,067)**	(1,199)
Total financial expenses	**(73,353)**	(55,149)	**(76,067)**	(55,228)
Financial income				
Short-term investment income	**1,829**	2,368	**3,461**	2,368
Other	**3,883**	2,050	**5,429**	2,052
Total financial income	**5,712**	4,418	**8,890**	4,420
Exchange variation, net	**3,494**	989	**3,817**	989
Financial expenses, net	**(64,147)**	(49,742)	**(63,360)**	(49,819)

(a) Financial expenses primarily related to interest expense accrued under banks loans and financial services fees, including interest on credit card factoring and bank slips fees.

19. Related party transactions

Transactions with related parties are carried out in the normal course of business, according to the specific prices agreed upon between the parties and consistent with market conditions for similar transactions between independent parties.

a) Principal balances and payments arising from transactions with related parties

	June 30, 2016					
	Current assets	**Noncurrent assets**	**Current liabilities**	**Noncurrent liabilities**	**Income Statement**	**Payments**
Company						
CVC Serviços Agência de Viagens Ltda.	**-**	**-**	**34,037**	**-**	**-**	**17,743**
Accounts payable for acquisition of Duotur Group (iii)	**-**	**-**	**24,913**	**99,653**	**(8,230)**	**22,885**
Operadora e Agência de Viagens Tur Ltda.	**-**	**182**	**-**	**-**	**-**	**456**
GJP Administradora de Hotéis (i)	**8,539**	**-**	**1,484**	**-**	**-**	**24,844**
Duotur Participações (v)	**17,147**	**-**	**-**	**-**	**-**	**-**
Submario Viagens (iv)	**14,411**	**-**	**-**	**-**	**-**	**-**
Total	**40,097**	**182**	**60,434**	**99,653**	**(8,230)**	**65,928**
Consolidated						
Accounts payable for acquisition of Duotur Group (iii)	**-**	**-**	**24,913**	**99,653**	**(8,230)**	**22,885**
Operadora e Agência de Viagens Tur Ltda.	**-**	**182**	**-**	**-**	**-**	**456**
GJP Administradora de Hotéis (i)	**8,539**	**-**	**1,484**	**-**	**-**	**24,844**
Total	**8,539**	**182**	**26,397**	**99,653**	**(8,230)**	**48,185**

19. Related party transactions (Continued)

a) Principal balances and payments arising from transactions with related parties (Continued)

	December 31, 2015					
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Income Statement	Payments
Company						
CVC Serviços Agência de Viagens Ltda.	-	-	25,148	-	-	66,135
Accounts payable for acquisition of Duotur Group (iii)	-	-	40,957	98,264	(7,060)	78,849
Operadora e Agência de Viagens Tur Ltda.	-	182	-	-	-	-
FIP GJP (ii)	-	-	-	-	-	123,367
GJP Administradora de Hotéis (i)	-	1,143	4,957	-	-	36,056
Duotur Participações (v)	4,172	-	-	-	-	-
Submario Viagens (iv)	-	25,620	-	-	-	-
Total	4,172	26,945	71,062	98,264	(7,060)	304,407
Consolidated						
Accounts payable for acquisition of Duotur Group (iii)	-	-	40,957	98,264	(7,060)	78,849
Operadora e Agência de Viagens Tur Ltda.	-	183	-	-	-	-
FIP GJP (ii)	-	-	-	-	-	123,367
GJP Administradora de Hotéis (i)	-	1,143	4,957	-	-	39,056
Total	-	1,326	45,914	98,264	(7,060)	241,272

(i) Includes room reservations in related hotels. Advance payments can be made to ensure the availability of rooms.

(ii) Balance paid in December 2014 to FIP GJP, related to the acquisition of CVC's shares in December 2009; balance updated based on CDI + 2% p.a.

(iii) As mentioned in Note 8.a., the balance refers to accounts payable related to the acquisition of a 51% equity interest in Duotur Group.

(iv) Advance payment for general expenses of June 2016.

(v) Sales of airline tickets and hotels reservations between CVC Brasil and the Duotur Group.

b) Compensation of key management personnel

Key management personnel includes directors and officers.

	Six-month periods ended June 30,	
	2016	2015
Wages and other short-term benefits	**23,298**	14,969
Share-based payments	**5,540**	9,654
Total	**28,838**	24,623

20. Advanced sales of travel packages

As of June 30, 2016, the balance of advanced sales of travel packages amounted to R$1,338,277 at the Company and Consolidated levels (R$1,126,510 as of December 31, 2015).

21. Revenue

Segregation of Revenue

The Company has a sole operating segment engaged in "Tourism Intermediation." The Company management analyzes gross revenue by line of business, including domestic travel, international travel and cruise lines. Substantially all of the operations are based in Brazil.

The Company's gross revenue by business line is as follows:

	Consolidated	
	Six-months periods ended on June 30,	
	2016	**2015**
Domestic	**347,741**	258,491
International	**155,598**	119,370
Cruise	**14,381**	12,761
Other	**13,109**	2,894
Total	**530,829**	393,516

22. Subsidiaries with significant stakes held by non-controlling shareholders

The financial information of subsidiaries with significant stakes held by non-controlling shareholders is as follows:

Proportion of equity held by non-controlling shareholders:

Subsidiaries	Country of incorporation and operation	2016	2015
READ Serviços Turísticos ("READ")	Brazil	**49%**	49%
Reserva Fácil Tecnologia S.A. ("Reserva Fácil")	Brazil	**49%**	49%

The Company holds 100% of the equity interest of Duotur Participações S.A., which owns 51% of READ, and 100% of the equity interest of Refa Participações S.A., which owns 51% of Reserva Fácil.

The accumulated balance of non-controlling interest as of June 30, 2016 and December 31, 2015 is as follows:

Subsidiaries	As of June 30, 2016	As of December 31, 2015
READ	**91,427**	**85,941**
Reserva Fácil	**6,534**	**6,102**

Net income attributable to non-controlling shareholders:

Subsidiaries	Six-months period ended June 30, 2016
READ	**10,546**
Reserva Fácil	**1,259**

The summary financial information of these subsidiaries is provided bellow. This information is based on amounts before eliminations among the companies.

22. Subsidiaries with significant stakes held by non-controlling shareholders (continued)

The income statement for the six-month period ended on June 30, 2016:

	READ	Reserva Fácil
Gross revenue	**85,918**	5,889
Sales taxes	**(8,494)**	(618)
Net revenue	**77,424**	5,271
Operating expenses		
Selling expenses	**(3,157)**	-
General and administrative expenses	**(36,466)**	(1,713)
Depreciation and amortization	**(8,057)**	(1,372)
Other operating expenses	**(2,647)**	-
Income before financial results	**27,097**	2,186
Financial expenses, net	**132**	(14)
Income before income and social contribution taxes	**27,229**	2,172
Income and social contribution taxes	**(10,506)**	(282)
Current	**(12,980)**	(634)
Deferred	**2,474**	352
Net income	**16,723**	1,890
Net income attributable to controlling shareholders	**8,529**	964
Net income attributable to non-controlling interests	**8,194**	926

22. Subsidiaries with significant stakes held by non-controlling shareholders (Continued)

The summary of financial position as of June 30, 2016:

	June 30, 2016	December 31, 2015	**June 30, 2016**	December 31, 2015
	READ	READ	**Reserva Fácil**	Reserva Fácil
Cash and cash equivalents	**1,616**	12,749	**449**	1,974
Marketable securities	**8,230**	3,022	**-**	-
Accounts receivable	**173,137**	111,747	**14**	11
Advance to suppliers	**50,409**	20	**-**	-
Accounts receivable - related parties	**-**	2,523	**2,137**	905
Other accounts receivable	**3,865**	8,419	**119**	41
Deferred tax asset	**2,884**	412	**409**	58
Fixed assets	**6,835**	2,017	**131**	288
Intangible assets	**139,033**	145,401	**11,841**	11,020
Suppliers	**(155,622)**	(84,637)	**-**	-
Accounts payable - related parties	**(19,283)**	(5,077)	**(955)**	-
Salaries and social charges	**(10,399)**	(8,255)	**(388)**	(856)
Taxes payable and contributions	**(8,926)**	(5,790)	**(408)**	(470)
Other accounts payable	**(5,071)**	(7,160)	**(17)**	(518)
Provision for administrative and gal proceedings	**(125)**	-	**-**	-
Shareholders' equity	**186,583**	175,391	**13,332**	12,453
Attributable to:				
Controlling shareholders	**95,157**	89,450	**6,799**	6,351
Non-controlling interests	**91,426**	85,941	**6,533**	6,102

The summary of cash flow for three-months period ending June 30, 2016:

	READ	**Reserva Fácil**
Operating activities	5,649	1,618
Investing activities	(11,716)	(2,037)
Financing activities	(5,064)	(1,106)
Increase/(decrease) in cash and cash equivalents	(11,131)	(1,525)

23. Operating expenses

	Company		Consolidated	
	Six-months periods ended June 30,		Six-months periods ended June 30,	
	2016	**2015**	**2016**	**2015**
Personnel	**57,154**	62,643	**122,819**	82,746
Third-party services (a)	**81,223**	79,687	**107,381**	86,263
Credit card fees	**21,532**	22,370	**24,604**	22,370
Depreciation and amortization	**15,777**	14,887	**31,508**	15,351
Other	**1,402**	2,079	**3,099**	2,314
Total	**177,088**	181,666	**289,411**	209,044
Sales expenses	**86,010**	84,382	**100,082**	84,403
General and administrative expenses	**75,301**	82,397	**157,821**	109,290
Depreciation and amortization	**15,777**	14,887	**31,508**	15,351
Total	**177,088**	181,666	**289,411**	209,044

(a) Includes marketing, advertising, professional services expenses and others.

24. Earnings per share

	Six-months period ended June 30, 2016	Six-months period ended June 30, 2015
Profit attributable to Company's shareholders	**70,855**	62,632
Weighted average number of common shares outstanding during the year (thousands)	**132,857**	132,078
Earnings per share- basic (R$)	**0.53**	0.47
Weighted average number of common shares for basic earnings per share (in thousands of shares)	**132,857**	133,302
Dilution effect: Share-based payment (thousands of shares)	**2,399**	2,497
Weighted average number of common shares adjusted by dilution effect (in thousands of shares)	**135,256**	134,574
Earnings per share - diluted (R$)	**0.52**	0.47

25. Insurance

The Company buys different types of insurance in amounts determined sufficient by management to cover risks including, among others, fires, property damage and civil liability. The Company also buys life insurance for its employees. The coverage of these policies is in compliance with the Company's risk management policy.

Type	Insured amount as of June 30, 2016
Civil risks	**123,500**
General risks	**54,772**

26. Subsequent events

On July 1, 2016, the Company received R$9,853 from Submarino Viagens' prior controlling shareholder as mentioned in note 9.1.b., being negociated that the remaining balance will be updated by CDI and will be paid until October 2016.

On July 27th, 2016, the Board of Directors approved some changes to the 4th and 5th Stock Option Plans, related to the stock option's Exercise Price, which (i) shall not be monetarily adjusted and (ii) the price per share to be paid by the Participants shall be deducted from the dividends or the interest on equity own capital distributed, during the period from the grant date to the exercise options by each participant. These changes are consistent with the Company's strategic plan to retain key management personnel and ensure that they are properly incentivized to create long-term value for the Company.

On July 27th, 2016, the the Board of Directors also approved the Sixth Stock Option Plan ("Sixth Plan"). Under the Sixth Plan, new stock option plans will be granted through issuance of common shares of the Company by execution of Stock Option Agreements between the Company and the beneficiaries of the Sixth Plan, who are key executive officers of the Company.

The changes to the 4th and 5th Stock Option Plans and the creation of the 6th Stock Option Plan are subject to the needed approval from the General Shareholders Meeting to be called by the Company.