

Concessionária do Aeroporto Internacional de Guarulhos S.A.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Interim financial information for the quarter ended June 30, 2019 and independent auditor's report on review of interim financial information

As at June 30, 2019



Contents

	Page
Independent auditor's report on review of the interim financial information	3
Interim financial information	5
Notes to the interim financial information for the quarter ended June 30, 2019	12

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 28 to the interim financial information.)

Independent auditor's report on review of the interim financial information

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To the Shareholders, Directors and Management of
Concessionária do Aeroporto Internacional de Guarulhos S.A.
Guarulhos – SP

Introduction

We have reviewed the interim financial information of Concessionária do Aeroporto Internacional de Guarulhos S.A. (“Company”), included in the Quarterly Financial Information Form (ITR) for the quarter ended June 30, 2019, which comprises the balance sheet as of June 30, 2019, and the related statement of profit and loss and statement of comprehensive loss for the three- and six-month periods then ended, and the statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 information

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information included in the interim financial statements referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Interim Financial Statements (ITR) and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Significant uncertainty as to the ability to continue as a going concern

We draw attention to Note 1 to the interim financial information, which states that the Company incurred loss of R\$342,622 thousand during the six-month period ended June 30, 2019 and, as of that date, equity was deficient by R\$1,261,413 thousand and the Company's current liabilities exceeded total current assets by R\$825,228 thousand. Management, based on the business plan, believes that, in addition to the cash flows from operating activities projected for the next 12 months, the Company will also rely on the financial support of its shareholders to meet its cash requirements and recover net working capital. As of June 30, 2019, the possible failure to implement such business plan, together with other matters, as described in Note 1, would indicate the existence of significant uncertainty, which could raise doubts with respect to the Company's ability to continue as a going concern. Our conclusion is not qualified regarding this matter.

Other matters

Statement of value added (DVA)

We have also reviewed the interim statements of value added (DVA) for the quarter ended June 30, 2019, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of interim financial information and considered supplemental information by IFRS, which does not require the presentation of a DVA. This statement was 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 it was not prepared, in all material respects, in accordance with the interim financial information taken as a whole.

São Paulo, August 07, 2019



Régis Eduardo Baptista dos Santos
CT CRC 1SP-255.954/O-0

Grant Thornton Auditores Independentes
CRC 2SP-025.583/O-1

CONCESSIONÁRIA DO AEROPORTO INTERNACIONAL DE GUARULHOS S.A.

BALANCE SHEETS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	<u>Note</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	56,498	502,468
Restricted short-term investments	5	743,181	28,031
Trade receivables	6	232,011	254,026
Inventories		7,425	6,638
Recoverable taxes	7a	37,105	38,384
Prepaid expenses		7,510	5,058
Other advances		7,123	4,911
		<u>1,090,853</u>	<u>839,516</u>
NONCURRENT ASSETS			
Restricted short-term investments	5	126,297	123,120
Trade receivables	6	5,974	5,929
Deferred tax assets	7b	235,308	202,229
Inventories		7,777	7,765
Recoverable taxes	7a	393,734	391,236
Related parties	8	17,730	17,730
Judicial deposits	14	17,005	14,099
Property and equipment	9	12,483	13,913
Intangible assets	10	14,352,612	14,580,161
		<u>15,168,920</u>	<u>15,356,182</u>
TOTAL ASSETS		<u>16,259,773</u>	<u>16,195,698</u>

The accompanying notes are an integral part of this interim financial information.

CONCESSIONÁRIA DO AEROPORTO INTERNACIONAL DE GUARULHOS S.A.

BALANCE SHEETS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	<u>Note</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Trade payables		94,787	78,347
Borrowings and financing	11	158,916	176,564
Debentures	12	81,571	65,274
Taxes payable	7d	35,184	37,913
Payables to employees and management		30,398	22,992
Public service concession	13	1,331,420	1,423,218
Related parties	8	25,883	25,883
Deferred revenue	15	18,984	17,737
Advances from customers		3,923	13,687
Other liabilities	16	135,015	135,762
		<u>1,916,081</u>	<u>1,997,377</u>
NONCURRENT LIABILITIES			
Borrowings and financing	11	2,470,608	2,531,413
Debentures	12	664,556	666,878
Public service concession	13	12,311,923	11,754,113
Provision for risks	14	12,343	11,261
Deferred revenue	15	145,675	153,364
Advances from customers		-	83
		<u>15,605,105</u>	<u>15,117,112</u>
EQUITY (EQUITY DEFICIENCY)			
Capital	17	2,624,558	2,624,558
Accumulated losses		(3,543,349)	(3,355,132)
Loss for the period/year		(342,622)	(188,217)
Total equity (equity deficiency)		<u>(1,261,413)</u>	<u>(918,791)</u>
TOTAL LIABILITIES AND EQUITY (EQUITY DEFICIENCY)		<u>16,259,773</u>	<u>16,195,698</u>

The accompanying notes are an integral part of this interim financial information.

CONCESSIONÁRIA DO AEROPORTO INTERNACIONAL DE GUARULHOS S.A.

STATEMENT OF PROFIT AND LOSS FOR THE SIX- AND THREE-MONTH PERIODS
ENDED JUNE 30, 2019 AND 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(Amounts in thousands of reais – R\$, unless otherwise stated)

	Note	01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018	04/01/2019 to 06/30/2019	04/01/2018 to 06/30/2018
Net operating revenue	18	987,085	981,706	484,514	506,025
Cost of services	19	(706,550)	(668,041)	(353,377)	(332,804)
Gross profit		280,535	313,665	131,137	173,221
General and administrative expenses	19	(71,647)	(63,189)	(36,751)	(35,557)
Other operating income (expenses)	19	5,856	4,122	2,584	4,782
Profit from operations before finance income (costs)		214,744	254,598	96,970	142,446
Finance income (costs), net	20	(590,445)	(623,913)	(278,335)	(369,888)
Loss before taxes		(375,701)	(369,315)	(181,365)	(227,442)
Income tax and social contribution	7c	33,079	65,326	19,289	60,157
Loss for the period		(342,622)	(303,989)	(162,076)	(167,285)
Loss per share (in reais)	26	(0.113)	(0.100)	(0.053)	(0.055)

The accompanying notes are an integral part of this interim financial information.

CONCESSIONÁRIA DO AEROPORTO INTERNACIONAL DE GUARULHOS S.A.

STATEMENT OF COMPREHENSIVE LOSS FOR THE SIX- AND THREE-MONTH PERIODS
ENDED JUNE 30, 2019 AND 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018	04/01/2019 to 06/30/2019	04/01/2018 to 06/30/2018
Loss for the period	<u>(342,622)</u>	<u>(303,989)</u>	<u>(162,076)</u>	<u>(167,285)</u>
Total comprehensive loss for the period	<u><u>(342,622)</u></u>	<u><u>(303,989)</u></u>	<u><u>(162,076)</u></u>	<u><u>(167,285)</u></u>

The accompanying notes are an integral part of this interim financial information.

CONCESSIONÁRIA DO AEROPORTO INTERNACIONAL DE GUARULHOS S.A.

STATEMENTS OF CHANGES IN EQUITY (EQUITY DEFICIENCY)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
AT DECEMBER 31, 2018	2,624,558	(3,543,349)	(918,791)
Loss for the period	-	(342,622)	(342,622)
AT JUNE 30, 2019	<u>2,624,558</u>	<u>(3,885,971)</u>	<u>(1,261,413)</u>
	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
EM 31 DE DEZEMBRO DE 2017	2,624,558	(3,355,132)	(730,574)
Prejuízo do período	-	(303,989)	(303,989)
EM 30 DE JUNHO DE 2018	<u>2,624,558</u>	<u>(3,659,121)</u>	<u>(1,034,563)</u>

The accompanying notes are an integral part of this interim financial information.

CONCESSIONÁRIA DO AEROPORTO INTERNACIONAL DE GUARULHOS S.A.

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019
AND 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Note	06/30/2019	06/30/2018
Cash flows from operating activities			
Loss for the period before taxes		(375,701)	(369,315)
Adjustments to reconcile loss before taxes to cash provided by operating activities			
Depreciation and amortization	9/10	444,363	411,843
Property and equipment and intangible assets disposed of	9/10	-	5
Allowance for expected credit losses	6/19	16,383	415
Provision for risks	14	1,082	5,463
Recognition of deferred revenue	15	(5,652)	(2,775)
Inflation adjustments and charges, net		590,356	625,553
Financial-economic rebalance	13/15	(8,343)	(8,743)
Realization of borrowings/debentures costs	11/12	477	1,331
Decrease (increase) in operating assets			
Trade receivables		5,587	(1,008)
Inventories		(799)	326
Other advances		(2,212)	(792)
Recoverable taxes		(1,219)	6,770
Judicial deposits		(2,906)	(2,602)
Prepaid expenses		(2,452)	(3,495)
Increase (decrease) in operating liabilities			
Trade payables		(1,988)	(20,108)
Related parties		-	(8,648)
Payables to employees and management		7,406	(6,431)
Taxes payable		(2,729)	2,032
Advances from customers		(9,847)	(18,421)
Other liabilities and accounts payable		(747)	(46,123)
Variable concession fee	13	112,466	111,868
Pagamento outorga variável	13	(230,594)	(195,829)
Deferred revenue	15	2,500	-
Net cash provided by operating activities		<u>535,431</u>	<u>481,316</u>
Cash flows from investing activities			
Short-term investments		(737,699)	(272,288)
Income from short-term investments redeemed		45,316	40,727
Purchase of intangible assets		(57,767)	(5,193)
Purchase of property and equipment	9	(3)	(3)
Net cash used in investing activities		<u>(750,153)</u>	<u>(236,757)</u>
Cash flows from financing activities			
Borrowings and financing	11	-	202,851
Repayment of borrowings, financing and debentures	11/12	(100,256)	(137,431)
Interest paid	11/12	(130,992)	(138,616)
Net cash used in financing activities		<u>(231,248)</u>	<u>(73,196)</u>
Increase (decrease) in cash and cash equivalents, net		<u>(445,970)</u>	<u>171,363</u>
Cash and cash equivalents at the beginning of the period		502,468	44,420
Cash and cash equivalents at the end of the period		<u>56,498</u>	<u>215,783</u>
Increase (decrease) in cash and cash equivalents, net		<u>(445,970)</u>	<u>171,363</u>

The accompanying notes are an integral part of this interim financial information.

CONCESSIONÁRIA DO AEROPORTO INTERNACIONAL DE GUARULHOS S.A.

STATEMENTS OF VALUE ADDED FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
2019 AND 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Note	06/30/2019	06/30/2018
Revenues		1,323,692	1,347,929
Tariff and non-tariff revenues	18	1,340,075	1,347,514
Allowance for expected credit losses	19	(16,383)	415
Inputs acquired from third parties		(438,677)	(440,578)
Cost of services		(399,904)	(402,387)
Materials, power, outside services and other		(38,773)	(38,191)
Gross value added		885,015	907,351
Retentions			
Depreciation and amortization	19	(444,363)	(411,843)
Wealth created by the Company		440,652	495,508
Wealth received in transfer			
Finance income		30,488	17,416
Total wealth for distribution		471,140	512,924
Wealth distributed		471,140	512,924
Payroll and related taxes	19	51,225	62,968
Salaries and wages		35,691	42,879
Benefits		12,861	13,813
Severance Pay Fund (FGTS)		2,673	6,276
Taxes, fees and contributions		142,974	113,403
Federal		99,893	68,784
Municipal		43,081	44,619
Lenders and lessors:		619,563	640,542
Interest	20	160,859	175,847
Adjustment - concession fee	20	453,481	459,634
Other		5,223	5,061
Shareholders:		(342,622)	(303,989)
Loss for the period		(342,622)	(303,989)

The accompanying notes are an integral part of this interim financial information.

CONCESSIONÁRIA DO AEROPORTO INTERNACIONAL DE GUARULHOS S.A.

NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE QUARTERS ENDED JUNE 30, 2019 AND 2018

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais - R\$, unless otherwise stated) – unaudited

1. GENERAL INFORMATION

Concessionária do Aeroporto Internacional de Guarulhos S.A. (“Concessionaire”, “Company”, “Airport” or “GRU Airport”) is a Special Purpose Entity (SPE) organized on May 8, 2012, in which Aeroporto de Guarulhos Participações S.A. GRUPAR (“Grupar”), an INVEPAR Group’s subsidiary, holds a 51% equity interest and Empresa Brasileira de Infraestrutura Aeroportuária - INFRAERO, 49%. The Concessionaire is a publicly listed company, Class B corporation, primarily engaged in the provision of public services for the expansion, maintenance and operation of airport infrastructure. The Concessionaire is headquartered at Rodovia Hélio Smidt, s/n, Guarulhos, São Paulo.

The Federal Government and the Concessionaire entered into the Concession Agreement relating to the International Airport of São Paulo/Guarulhos - Governador André Franco Montoro on June 14, 2012, for a period of 20 years, beginning on July 11, 2012 and ending on July 10, 2032, renewable for five (05) years. The concession agreement requires the Concessionaire to pay fixed and variable concession fees, as described in Note 13.

Considering that, at the Concessionaire’s current stage, its operating cash has been used primarily to pay concession fees, the Concessionaire is expected to report working capital deficit, with descending features, reaching a peak in the third quarter of each year, after the fixed concession fee is paid, after which the cash is then rebalanced as operating cash increases. In December 2017, to improve the capital structure for the coming years, the Concessionaire adhered to the fixed concession fee payment rescheduling launched by Law No. 13.999/17, whereby the Concessionaire made an early payment of part of the concession fee for 2018 and had the respective amount proportionately deferred to 2031 and 2032 (see Note 13).

As of June 30, 2019, the Concessionaire recorded a loss of R\$342,622 (R\$303,989 at June 30, 2018), net working capital deficit of R\$825,228 (R\$1,157,861 at December 31, 2018) and equity deficiency of R\$1,261,413 (R\$918,791 at December 31, 2018).

For the next fifteen (13) years, the Concessionaire will make investments to improve infrastructure capacity and security, including new processes and services to its passengers and users.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Presentation of interim financial information

The Concessionaire’s Management approved on August 07, 2019 the completion of this interim financial information, which has been prepared and is presented in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting, the International Standards on Auditing IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other information on the basis of preparation and presentation of the interim financial information and a summary of significant accounting policies, which were effective on December 31, 2018, did not change in relation to the information disclosed in Note 2 to the Annual Financial Statements for the year ended December 31, 2018 (hereinafter referred to as “Financial statements for the year ended December 31, 2018”), published on the Official Gazette on March 29, 2019 and on websites: www.cvm.gov.br and www.gru.com.br, except for the adoption, as from January 01, 2019, of Pronouncement CPC 06 (R2) / IFRS 16 – Leases. Therefore, this interim financial information should be read together with said financial statements for the year ended December 31, 2018.

IFRS 16 replaced the existing standards applicable to leases, including CPC 06 (IAS 17) Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Additional Aspects of Leases.

IFRS 16 introduced a single model to account for leases in the balance sheets with impact for lessees. Under the standard, the lessee should recognize leases in the balance sheet between assets and liabilities (exemptions are available for short-term leases and low-value items). In assets, the right of use of the leased asset is recorded, with a counterparty to lease liability in the amount of the debt.

The application of IFRS 16 had no impact on this interim financial information.

2.2. New standards and accounting pronouncements not yet adopted

There are no other standards and interpretations issued and not yet adopted that, in Management’s opinion, may significantly impact the profit or loss or equity reported by the Concessionaire.

3. CONCESSION AGREEMENT

a) Subject

The purpose of the agreement is the concession of public services for the expansion, maintenance and operation of the airport infrastructure to be implemented in the following phases:

- PHASE I-A - Transfer of operations from the Airport under INFRAERO’s control to the Concessionaire (completed on February 15, 2013);
- PHASE I-B - Expansion of the Airport by the Concessionaire to adjust the infrastructure and improve service level (completed on May 11, 2014);
- PHASE I-C - Airport expansion and full adequacy to the infrastructure and the service level set out in the Airport Operation Plan (PEA) (completed on May 12, 2016);
- PHASE II - Other Airport expansion, maintenance and operation phases to comply with minimum sizing parameters set out in the PEA (Concessionaire’s current stage in the period ended June 30, 2019).

Effective period

The concession agreement is effective for twenty (20) years and may be extended for up to five (05) years; the concession is granted by the National Civil Aviation Agency (ANAC).

Contribution to the system

Under the existing concession agreement to operate the Guarulhos International Airport complex, the Concessionaire agrees to pay a total of R\$16,213,000, in annual installments of R\$810,650, as adjusted since February 2012, the month the concession bidding auction was held, using the Extended Consumer Price Index (IPCA-IBGE), to the National Civil Aviation Fund (FNAC), as fixed concession fee. Under the amendment to the concession agreement, which changed the payment flow of the original fixed concession fee, under Law No. 13.499/2017 and Ruling No. 135/ MTPA, the total amounts in reais have actually been R\$16,655,000, resulting from the rescheduling, and the net present value of the original fixed concession fee remains unchanged.

The concession agreement also requires the payment of an annual variable concession fee that corresponds to the amount, in reais, resulting from the application of 10% on the total annual gross revenue. If the annual gross revenue earned by the Concessionaire exceeds the amounts established in the concession agreement, the variable contribution on the exceeding revenue is charged at the rate of 15%.

Concession assets

The concession includes the assets necessary to provide airport operation services already provided by the public authorities and included in the Concessionaire's activities, such as buildings, facilities, machinery and equipment, furniture and fixtures, vehicles, landing and take-off runways, airport apron areas, etc.

b) Rights and obligations

General obligations

During the contractual period, the Concessionaire is required to keep a good level of operation, conservation and security and the assets necessary for the provision of the services comprising the concession, by offering a physical and electronic service system to the user and an ombudsman office to analyze complaints relating to the services provided.

Investments

The costs on construction works and improvements in public assets, set forth in the concession agreement, are accounted for in "intangible assets" because the concession agreement does not provide for the reimbursement of all or part of the investment made by the Concessionaire. At the end of the concession period, all reversible assets, rights and privileges related to the operation of the highway system will return to the Concession Grantor.

c) Concessionaire's compensation

Tariff revenues

Tariff revenues include boarding, connection, landing and parking, storage and wharfage fees.

Non-tariff revenues

Non-tariff revenues are related to assignment of space inherent in the operation of commercial spaces and others.

Transfer of concession and ownership control

The Concessionaire and its private shareholder may not make any direct or indirect changes in the respective shareholding controls or transfer the Concession without ANAC's prior, express consent. Otherwise, the agreements may be terminated.

d) Use of airport complex

General provisions

The Concessionaire may enter into with third parties, air transportation and air transportation-related service providers or other service providers agreements that address the use of space in the Airport Complex, it being understood that compensation will be freely negotiated between the Concessionaire and the other contracting party.

4. CASH AND CASH EQUIVALENTS

	<u>06/30/2019</u>	<u>12/31/2018</u>
Cash and banks	1,479	986
Investments in investment funds backed by government bonds	<u>55,019</u>	<u>501,482</u>
Total cash and cash equivalents	<u><u>56,498</u></u>	<u><u>502,468</u></u>

Short-term investments are comprised by highly liquid investment funds backed by federal government bonds, National Treasury and/or the Central Bank of Brazil bonds and repurchase agreements backed by federal government bonds, yielding on average 98.36% of CDI (98.19% of CDI in December 2018).

5. RESTRICTED SHORT-TERM INVESTMENTS

	<u>06/30/2019</u>	<u>12/31/2018</u>
Current (a)	<u>743,181</u>	<u>28,031</u>
Payment / Reserve Account	743,181	28,031
Noncurrent (a)	<u>126,297</u>	<u>123,120</u>
CDB - Garantia Duke Energia	4,331	4,183
Reserve Account	121,966	118,937
Total restricted short-term investments	<u><u>869,478</u></u>	<u><u>151,151</u></u>

(a) Trading securities

The Concessionaire has non-exclusive fixed-income investment funds whose portfolio is exclusively comprised of federal government bonds and repurchase agreements backed by these bonds.

These low-risk funds, which yield an average rate of 97.60% of the CDI (97.63% of the CDI as of December 31, 2018) and are not subject to any grace period, are used to comprise the reserve and concession fee accounts intended to meet obligations under the Financing and Receivables Collateral Assignment Agreements entered into with BNDES and Underwriting banks (Banco do Brasil, Caixa Econômica Federal, Itaú BBA, and Bradesco), in addition to the trustee representing the debenture holders in both issues.

Out of the short-term investments recorded in noncurrent, the amount of R\$4,331 (R\$4,183 at December 31, 2018) refers to CDBs contracted from Banco Itaú BBA, yielding an average rate of 96.20% of the CDI, which were assigned as collateral of energy supply in the free market, under an electric power purchase and sale agreement entered into between the Concessionaire and Rio Paranapanema Energia (a company of Duke Energy Group).

6. TRADE RECEIVABLES

	<u>06/30/2019</u>	<u>12/31/2018</u>
Tariff receivables		
Aircraft	161,093	167,020
Storage	19,617	17,879
	<u>180,710</u>	<u>184,899</u>
Non-tariff receivables		
Accessory revenues	111,359	112,757
	<u>111,359</u>	<u>112,757</u>
Allowance for expected credit losses	<u>(54,084)</u>	<u>(37,701)</u>
Total trade receivables	<u>237,985</u>	<u>259,955</u>
Current	<u>232,011</u>	<u>254,026</u>
Noncurrent	<u>5,974</u>	<u>5,929</u>

As of June 30, 2019, the aging list of trade receivables is as follows:

	Total, net of allowance for expected credit losses	Allowance for expected credit losses	Current trade receivables not impaired	Past-due receivables						
				<30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days
JUNE 30, 2019	237,985	(54,084)	234,281	2,876	3,427	10,169	19,130	6,288	1,434	14,464
	Total, net of allowance for expected credit losses	Allowance for expected credit losses	Current trade receivables not impaired	Past-due receivables						
				<30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days
DECEMBER 31, 2018	259,955	(37,701)	250,268	15,087	6,310	9,899	5,455	186	240	10,211

As of June 30, 2019, the allowance for expected credit losses amounts to R\$54,084 (R\$37,701 at December 31, 2018).

Changes in the allowance for expected credit losses:

	<u>06/30/2019</u>	<u>12/31/2018</u>
Balance at beginning of year	(37,701)	(23,644)
Addition / reversal	(17,409)	(19,442)
Right-offs	1,026	5,385
Balance at beginning of the period	<u>(54,084)</u>	<u>(37,701)</u>

IFRS9/CPC48 – Financial Instruments, beginning January 01, 2018, introduced new requirements for classification, measurement and recognition of financial assets and financial liabilities and replaced the “loss incurred” under CPC 38/IAS 39 with a “expected loss” model.

The Concessionaire revised its policy for recognizing losses on collection of receivables, considering the “expected loss” model, evaluating possible credit losses that indicate uncertainty as to the collection based on the estimated risk on the trade receivables’ portfolio, by applying judgment and evaluation for an allowance or not, according to the percentage applied to each maturity aging:

Not due	Aging												
	< 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 210 days	211 to 240 days	241 to 270 days	271 to 300 days	301 to 330 days	331 to 360 days	> 361 days
-	-	28.7%	38.0%	54.0%	64.0%	74.1%	83.3%	87.3%	91.3%	96.8%	98.9%	100.0%	100.0%

7. TAXES AND CONTRIBUTIONS

a) Recoverable taxes

	<u>06/30/2019</u>	<u>12/31/2018</u>
Withholding Income Tax (IRRF)	9,579	4,832
Corporate income tax (IRPJ)	1,296	1,061
Social contribution on net profit (CSLL)	264	215
PIS/COFINS (taxes on revenue)	25,925	32,235
Service Tax (ISS-QN)	41	41
Total - current	<u>37,105</u>	<u>38,384</u>
PIS and Cofins - noncurrent	<u>393,734</u>	<u>391,236</u>
Total	<u>430,839</u>	<u>429,620</u>

The PIS and Cofins amount reported in recoverable taxes corresponds to credits on taxes on investments and are offset as assets accounted for as intangible assets are amortized. Under OCPC05, intangible assets are amortized based on the estimated demand curve over the concession term.

b) Deferred income tax and social contribution

The Concessionaire, as required by CPC 32 – Income taxes (IAS 12), CVM Instruction No. 371, Circular Letter/CVM/SNC/SEP/No. 01/2019, and based on the expected generation of future taxable income and on a technical study approved by Management, recognizes, as applicable, tax credits on tax loss carryforwards and temporary differences, not subject to limitation period and the offset of which is limited to 30% of annual taxable income.

The carrying amount of deferred tax assets is periodically revised and projections are revised at least annually or when there are material facts that change the assumptions of these projections.

The Concessionaire considers that the assumptions adopted in the preparation of the projected results and, therefore, the determination of the realization value of the taxes deferred over the concession term reflect the objectives and goals to be achieved.

Deferred income tax and social contribution are as follows:

<u>Nature</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
Deferred assets		
Tax loss carryforwards	942,583	942,583
Temporary differences - Nondeductible provisions	18,041	18,041
Total	<u>960,624</u>	<u>960,624</u>
Deferred liabilities		
Tax grant(*)	(563,310)	(584,975)
Present value adjustment - Tax grant	(128,335)	(139,006)
Construction margin(*)	(30,405)	(31,548)
Present value adjustment - rebalance	(3,266)	(2,866)
Total	<u>(725,316)</u>	<u>(758,395)</u>
Total deferred assets, net	<u>235,308</u>	<u>202,229</u>

(*) Deferred income tax and social contribution recognized on tax grant and construction margin, arising from the revoked Transitional Tax Regime (RTT), is amortized in monthly fixed installments, over the remaining concession term, as set forth in item IV of art. 69 of Law No. 12.973/14.

The Concessionaire estimates to recover tax credits arising from temporary differences and accumulated losses in the following years:

	<u>Assets</u>
2021	9,171
2022	33,050
2023	52,120
2024 to 2032	866,283
	<u>960,624</u>

The realization of deferred income tax and social contribution assets is feasible, considering that, according to the business plan, the Concessionaire is likely to reach full operational capacity and positive profitability in the next years.

c) Reconciliation of income tax and social contribution at statutory and effective rates

The reconciliation of tax expenses calculated by applying the income tax and social contribution rates is as follows:

	01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018	04/01/2019 to 06/30/2019	04/01/2018 to 06/30/2018
Income tax and social contribution				
Loss before income tax and social contribution	(375,701)	(369,315)	(181,365)	(227,442)
Combined income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution at statutory rate	127,738	125,567	61,664	77,330
Adjustments to profit affecting profit (loss) for the period				
Permanent differences	(140)	(39)	(4)	(29)
Unrecognized deferred income tax and social contribution	(94,519)	(60,202)	(42,371)	(17,144)
Total taxes in profit (loss) - deferred	33,079	65,326	19,289	60,157

The Concessionaire did not recognize the amount of R\$94,519 as of June 30, 2019 (R\$60,202 at December 30, 2018) for deferred income tax and social contribution assets. The amount accrued through June 30, 2019 for unrecognized deferred income tax and social contribution assets is R\$1,200,778 (R\$1,106,259 as of December 31, 2018).

d) Taxes payable

	06/30/2019	12/31/2018
Taxes on revenue		
PIS and Cofins	25,090	24,068
ISS	6,698	7,925
	31,788	31,993
Taxes on services		
ISS on third parties' compensation	871	1,682
Withholding income taxes (IRRF)	657	1,235
INSS on third parties' compensation	1,352	2,106
Social contributions withheld at source (CSRF)	516	897
	3,396	5,920
Current	35,184	37,913

8. RELATED PARTIES

Transactions between any of the Concessionaire's related parties, including management, shareholders or associates, are approved by the relevant management bodies and disclosed in the financial statements.

When necessary, the decision-making procedure for related-party transactions will comply with the terms set forth in article 115, of Brazilian Corporate Law, which establishes that the shareholder or officer, however the case may be, at the general meetings or management meetings, must not vote the matters related to the following: (i) appraisal report on the assets contributed to capital; (ii) approval of the accounts as management; and (iii) any matters that could benefit the shareholder or management in a specific manner or whose interests conflict with those of the Concessionaire.

The table below sets out the total amount of related-party transactions:

Related party	Transaction	Relationship	06/30/2019	
			Noncurrent assets	Current liabilities
INFRAERO (i)	Transfer of revenues/costs	Direct shareholder	17,730	24,905
CART (ii)	Payroll of employees working for GRU	Associate	-	521
METRORIO (ii)	Payroll of employees working for GRU	Associate	-	457
			<u>17,730</u>	<u>25,883</u>

Related party	Transaction	Relationship	12/31/2018	
			Noncurrent assets	Current liabilities
INFRAERO (i)	Transfer of revenues/costs	Direct shareholder	17,730	24,905
CART(ii)	Payroll of employees working for GRU	Associate	-	521
METRORIO(ii)	Payroll of employees working for GRU	Associate	-	457
			<u>17,730</u>	<u>25,883</u>

a) Summary of related-party transactions

- (i) The Concessionaire and INFRAERO have amounts of revenues and costs to be transferred from/to each other arising from the transition of the transaction.
- (ii) The liabilities with associates CART and METRÔ RIO are amounts relating to expenditures on employees assigned to the Concessionaire.

b) Key management personnel compensation

The compensation of officers and other key management personnel for the period is as follows:

	06/30/2019	06/30/2018
Annual fixed compensation		
Payroll or management fees	2,369	5,672
Other benefits	296	257
Finance charges	442	1,103
Total compensation	<u>3,107</u>	<u>7,032</u>

The compensation of Management and key officers is set based on both individual performance and market trends.

The General Shareholders' Meeting held on April 29, 2019 approved overall management compensation of R\$11,210 for 2019, including related social security amounts.

As of June 30, 2019, the Concessionaire's management expenses amounted to R\$4,821 (R\$3,025 in December 2018).

9. PROPERTY AND EQUIPMENT

	Annual weighted average depreciation rates - %	12/31/2018	Additions	Transfers	Balance at 06/30/2019
Cost					
Facilities	5%	11,944	-	-	11,944
Machinery and equipment	10%	3,704	3	29	3,736
Furniture and fixtures	10%	2,751	-	-	2,751
Company cars	20%	2,274	-	-	2,274
IT equipment	20%	10,331	-	-	10,331
Construction in progress		88	-	(29)	59
Total		<u>31,092</u>	<u>3</u>	<u>-</u>	<u>31,095</u>
Accumulated depreciation					
Facilities		(2,446)	(570)	-	(3,016)
Machinery and equipment		(2,777)	(98)	-	(2,875)
Furniture and fixtures		(1,872)	(102)	-	(1,974)
Company cars		(1,536)	(159)	-	(1,695)
IT equipment		(8,548)	(504)	-	(9,052)
Total		<u>(17,179)</u>	<u>(1,433)</u>	<u>-</u>	<u>(18,612)</u>
Property and equipment, net		<u>13,913</u>	<u>(1,430)</u>	<u>-</u>	<u>12,483</u>

	Annual weighted average depreciation rates - %	12/31/2017	Additions	Transfers	Balance at 06/30/2018
Cost					
Facilities	5%	11,944	-	-	11,944
Machinery and equipment	10%	3,701	-	-	3,701
Furniture and fixtures	10%	2,743	-	4	2,747
Company cars	20%	2,219	-	55	2,274
IT equipment	20%	10,360	3	(59)	10,304
Total		<u>30,967</u>	<u>3</u>	<u>-</u>	<u>30,970</u>
Accumulated depreciation					
Facilities		(1,306)	(570)	-	(1,876)
Machinery and equipment		(2,442)	(213)	-	(2,655)
Furniture and fixtures		(1,633)	(132)	-	(1,765)
Company cars		(1,175)	(179)	-	(1,354)
IT equipment		(7,273)	(718)	-	(7,991)
Total		<u>(13,829)</u>	<u>(1,812)</u>	<u>-</u>	<u>(15,641)</u>
Property and equipment, net		<u>17,138</u>	<u>(1,809)</u>	<u>-</u>	<u>15,329</u>

There are no guarantees, pledges or liens of any other nature on the Concessionaire's property and equipment.

Impairment losses

As of June 30, 2019, there was no evidence that the carrying amounts of property and equipment items are higher than their recoverable values.

10. INTANGIBLE ASSETS

	Annual weighted average amortization rates - %	Balance at 12/31/2018	Additions	Write- offs	Transfers	Balance at 06/30/2019
Cost						
Software and systems	20%	27,934	-	-	170	28,104
Fixed concession fee	(a)	14,415,534	133,752	-	-	14,549,286
Investment for concession	(a)	4,110,628	7,427	-	17,718	4,135,773
Construction in progress		85,583	74,202	-	(17,888)	141,897
Total		<u>18,639,679</u>	<u>215,381</u>	<u>-</u>	<u>-</u>	<u>18,855,060</u>
Accumulated amortization						
Software licenses	20%	(21,138)	(2,211)	-	-	(23,349)
Fixed concession fee	(a)	(3,208,616)	(329,356)	-	-	(3,537,972)
Investment in concession	(a)	(829,764)	(111,363)	-	-	(941,127)
Total		<u>(4,059,518)</u>	<u>(442,930)</u>	<u>-</u>	<u>-</u>	<u>(4,502,448)</u>
Intangible assets, net		<u>14,580,161</u>	<u>(227,549)</u>	<u>-</u>	<u>-</u>	<u>14,352,612</u>

	Annual weighted average amortization rates - %	Balance at 12/31/2017	Additions	Write-offs	Transfers	Balance at 06/30/2018
Cost						
Software and systems	20%	26,922	-	-	846	27,768
Fixed concession fee	(a)	14,160,273	156,175	-	-	14,316,448
Investment for concession	(a)	4,079,267	3,913	-	6,801	4,089,981
Construction in progress		16,188	8,350	(5)	(7,647)	16,886
Total		18,282,650	168,438	(5)	-	18,451,083
Accumulated amortization						
Software licenses	20%	(16,522)	(2,418)	-	-	(18,940)
Fixed concession fee	(a)	(2,599,798)	(302,535)	-	-	(2,902,333)
Investment in concession	(a)	(618,363)	(105,078)	-	-	(723,441)
Total		(3,234,683)	(410,031)	-	-	(3,644,714)
Intangible assets, net		15,047,967	(241,593)	(5)	-	14,806,369

(a) Amortization based on changes in the estimated curve of passengers (PAX).

As prescribed by OCPC 05, the fixed concession fee was recognized and adjusted to present value, at a discount rate of 9.15% p.a. and will be amortized based on the changes in the curve of passengers, while finance costs arising from the inflation adjustments will be capitalized based on the investment curve in noncurrent assets. Capitalization will be made proportionally to the completion of each phase. For details on the fixed concession fee, see Note 13.

Additions in the period refer mostly to construction in progress and capitalization of fixed concession fee charges.

In the period ended June 30, 2019, inflation adjustment to fixed concession fee in the amount of R\$133,752 (R\$156,175 at June 30, 2018) and interest on borrowings and financing in the amount of R\$5,434 (R\$734 at June 30, 2018) were capitalized in intangible assets.

There are no guarantees, pledges or liens of any other nature on the Concessionaire's intangible assets.

Software licenses are amortized on a straight-line basis, taking into consideration its effective use, which does not exceed five years.

Impairment losses

Under CPC 01 (R1) - Impairment of Assets, property and equipment items, when there are indications that their carrying amounts are higher than their recoverable values, these items are tested to determine the need to record an allowance to write down their carrying amounts to their realizable values.

Management performs an annual analysis of the corresponding operating and financial performance of the Company's assets. As of June 30, 2019, no indications were identified that intangible assets are recorded at amounts higher than their recoverable values.

The recoverable value was estimated based on the value in use, calculated from January 01, 2019 to July 10, 2032 (estimated end date of the concession agreement).

11. BORROWINGS AND FINANCING

a) Breakdown of debt

Lender	Type	Maturity	Index	Annual charges (spread)	Opening balance at 12/31/2018	Borrowings	Accrued interest	Capitalized interest	Repayment of principal	Interest paid	Issuance cost	Closing balance at 06/30/2019
BNDES	Finem - Direct transfer	Dec 27	TJLP	2.88%	1,883,395	-	85,008	-	(53,273)	(79,489)	-	1,835,641
BNDES	Finem - Direct transfer	Dec 27	TJLP	0.00%	3,135	-	101	-	-	(92)	-	3,144
BNDES (a)	Finem - Indirect transfer	Dec 27	TJLP	3.40%	808,949	-	32,948	5,434	(22,369)	(36,064)	-	788,898
Itaú	Letter of guarantee	Indeterminate	INPC	2.90%	6	-	13	-	-	(13)	-	6
Daycoval	CCB	Jul 19	CDI	5.54%	12,492	-	408	-	(10,000)	(1,065)	-	1,835
Total					2,707,977	-	118,478	5,434	(85,642)	(116,723)	-	2,629,524
Current portion					176,564							158,916
Noncurrent portion					2,531,413							2,470,608

Lender	Type	Maturity	Index	Annual charges (spread)	Opening balance at	Borrowings	Accrued interest	Capitalized interest	Repayment of principal	Interest paid	Issuance cost	Closing balance at 06/30/2018
BNDES	Finem - Direct transfer	Dec 27	TJLP	2.88%	1,969,887	-	89,322	-	(48,578)	(83,216)	-	1,927,415
BNDES	Finem - Direct transfer	Dec 27	TJLP	0.00%	2,891	-	94	-	-	(84)	-	2,901
BNDES (a)	Finem - Indirect transfer	Dec 27	TJLP	3.40%	847,426	-	37,049	734	(20,301)	(37,640)	-	827,268
Itaú	Letter of guarantee	Indeterminate	INPC	2.90%	6	-	12	-	-	(12)	-	6
Caixa Econômica Federal	Overdraft account	Dec 18	CDI	spread	50,460	-	1,929	-	50,000	(2,389)	-	0
Daycoval	CCB	Jul 19	CDI	5.54%	30,210	-	1,612	-	(8,333)	(954)	-	22,535
BTG Pactual	Promissory Note	Sep 18	CDI	1.40%	-	205,000	2,291	-	(1,000)	(6)	-	206,285
Costs on Promissory Note	Promissory Note				-	2,149	-	-	-	-	856	(1,293)
Total					2,900,880	202,851	132,309	734	(128,212)	(124,301)	856	2,985,117
Current portion					222,157							383,031
Noncurrent portion					2,678,723							2,602,086

Interest on borrowings and financing agreements are capitalized based on the investment curve in noncurrent assets. Capitalization will be due proportionally to the completion of each phase. As of June 30, 2019, the amount capitalized in the period was R\$5,434 (R\$2,891 at December 31, 2018).

Aging list of long-term borrowings:

2020	132,979
2021	253,789
2022	276,759
2023 onwards	1,807,081
	2,470,608

Long-term financing – Finem direct transfer

On December 13, 2013, the Company entered into a financing agreement with BNDES in the amount of R\$2.4 billion, divided into four tranches: (i) “tranche A”, in the amount of R\$1.5 billion; (ii) “tranche B1”, in the amount of R\$435,000; (iii) “tranche B2”, in the amount of R\$487,000; and (iv) “tranche C”, in the amount of R\$17,300. Interest on the principal amount of tranches A and B is 2.88% p.a. plus the Long-term Interest Rate (TJLP), and “tranche C” is only subject to TJLP. The principal amount matures on December 15, 2027. Amounts are released on a need basis.

Long-term financing – Finem indirect transfer

On December 13, 2013, the Company entered into a financing agreement with BNDES under which funds are transferred through the following banks: Banco do Brasil S.A., Banco Bradesco S.A., Banco Itaú BBA S.A., Caixa Econômica Federal, all banks, each of which with a percenta Linha dupla - total ge of 20%, in the total amount of R\$1.03 billion, divided into three tranches: (i) “tranche A”, in the amount of R\$643,000; (ii) “tranche B1”, in the amount of R\$187,000; and (iii) “tranche B2”, in the amount of R\$209,000. Interest on the principal is 3.40% p.a. above the Long-term Interest Rate (TJLP), the principal maturing on December 15, 2027. The amounts are released on a need basis.

Letter of guarantee

On July 01, 2014, the Concessionaire contracted a letter of guarantee in the amount of R\$665 to secure the payment of amounts challenged in the court records of the Extrajudicial Execution of Note, proceeding No. 1007422-31.2014.8.26.0224 before the law judge of the 9th Civil Court of the City of Guarulhos, State of São Paulo. This balance is adjusted based on the accumulated fluctuation of the National Consumer Price Index (INPC), including spread of 2.9% p.a.

Overdraft account

On April 28, 2016, the Concessionaire used R\$50,000 from the overdraft account, with interest based on the CDI Cetip rate plus annual effective overprice calculated on the simple arithmetic mean of the daily outstanding balances. This amount was settled on May 09, 2018.

Bank Credit Note (CCB)

On December 14, 2017, the Concessionaire used R\$30,000 of the Bank Credit Notes (CCB) for working capital purposes, bearing interest based on the CDI rate and annual effective overprice.

Guarantees and restrictive covenants

Long-term financing agreements relating to contracts made with BNDES, transferring banks and 1st and 2nd issue debentures, represented by the trustee, are guaranteed by the following covenants:

- Financing agreements are collateralized by the following: (i) pledge of all concession receivables under the Receivables Assignment, Account Management Agreement and Other Covenants and (ii) pledge of shares held by shareholders under Share Pledge Agreement and Other Covenants with Aeroporto de Guarulhos Participações (GRUPAR) and Share Pledge Agreement and Other Covenants with Empresa Brasileira de Infraestrutura Aeroportuária (INFRAERO);
- The Concessionaire is a party to an Equity Support Agreement (ESA), which is an integral, inseparable part of the financing agreement entered into with the BNDES, which sets forth the obligation by shareholders of contributing to the Concessionaire the amount necessary for the full, annual payment of the Concession, comprising fixed and variable concession fee;
- The long-term financing agreements contain covenants that must be complied with after all the financed works are completed, which is scheduled to occur by December 2019, and shall be used exclusively to set the basis for the payment of dividends or interest on capital above the mandatory minimum amount.

On April 26, 2019, the Concessionaire requested Underwriting Banks and BNDES their consent: (i) for not allocating cash to the “Fixed concession fee account” within a term of sixty (60) days prior to the maturity of the Fixed concession fee; (ii) for the Shareholders Support Agreement not to be declared in default, since the obligation to make contribution to the Concessionaire in the amount corresponding to the annual and full Fixed Contribution was not fulfilled; (iii) for the Financing Agreement not to be declared in default through December 15, 2019, due to the delay in paying the fixed concession fee, maturing on 07/11/2019; (iv) for the “Fixed concession fee account” to be released exclusively for the Concessionaire to amortize the fixed concession fee, every last business day of each month until it is fully, and; (v) for reserve accounts to be automatically unblocked once the concession fee is settled.

The General Meeting of Debentureholders (1st and 2nd issues) held on May 10, 2019 approved a request similar to the one submitted to the other creditors (above) provided that the waiver fee of 0.25% on the outstanding debt with debentureholders was paid in up to 30 days. On June 10, 2019, a compensation of R\$1,911 was paid to debentureholders.

Under the Receivables Assignment and Account Management Agreement, on May 12, 2019, given that the Concessionaire made the partial allocation of cash to the Reserve Account for the fixed concession fee payment, Banco Itaú (which is the administrator of the Airport’s accounts) temporarily blocked the project bank accounts, causing control over payments to be increased. The account blocking does not impact the Airport’s operation and functioning.

12. DEBENTURES

The Extraordinary General Meeting held on January 28, 2014 approved the first issuance of simple, nonconvertible debentures, guaranteed by the Company, under firm placement guarantee regime, for public distribution, as set forth in CVM Instruction 476, in the amount of R\$300,000, issued in four series, with a par value of R\$1 each, totaling 300,000 debentures (75,000 debentures for each series).

The proceeds from this issue were invested in the expansion of Aeroporto Internacional de Guarulhos' infrastructure.

The unit value of the debentures is adjusted based on the accrued variation in the Extended Consumer Price Index (IPCA), in addition to interest of 7.86% p.a. corresponding to the 1st issue.

The interest on debentures will be paid at the end of each capitalization period, from the date of issue to the date of payment of debenture interest; the 1st series will be paid on March 15, the 2nd series on June 15, the 3rd series on September 15, and the 4th series on December 15, up to the amortization of the principal, which will occur in nine (9) annual installments, from March 15, 2017 to December 15, 2025, according to the following maturity dates:

<u>Repayment</u>	<u>1st series</u>	<u>2nd series</u>	<u>3rd series</u>	<u>4th series</u>
5%	03/15/2017	06/15/2017	09/15/2017	12/15/2017
5%	03/15/2018	06/15/2018	09/15/2018	12/15/2018
8%	03/15/2019	06/15/2019	09/15/2019	12/15/2019
10%	03/15/2020	06/15/2020	09/15/2020	12/15/2020
12%	03/15/2021	06/15/2021	09/15/2021	12/15/2021
15%	03/15/2022	06/15/2022	09/15/2022	12/15/2022
15%	03/15/2023	05/15/2023	09/15/2023	12/15/2023
15%	03/15/2024	06/15/2024	09/15/2024	12/15/2024
15%	03/15/2025	06/15/2025	09/15/2025	12/15/2025

The Extraordinary General Meeting, held on August 08, 2014, approved the 2nd issue of simple, nonconvertible debentures, guaranteed by the Concessionaire under firm placement guarantee regime, for public distribution, as set forth in CVM Instruction No. 400, in the amount of R\$300,000, issued in a single series, with a par value of R\$1 each, totaling 300,000 debentures.

All proceeds obtained by the Concessionaire from the 2nd issue of debentures were used specifically to early settle the Promissory Notes on May 07, 2014.

The inflation adjustment to the unit value of debentures is based on the accrued variation in the Extended Consumer Price Index (IPCA), in addition to interest of 6.40% p.a. corresponding to the 2nd issue.

Debentures are subject to interest payable at the end of each capitalization period, one year after the issue, up to repayment of the principal, falling due as follows:

<u>Repayment</u>	<u>Date</u>
5%	10/15/2018
5%	10/15/2019
8%	10/15/2020
10%	10/15/2021
12%	10/15/2022
15%	10/15/2023
15%	10/15/2024
15%	10/15/2025
15%	10/15/2026

Debentures	Maturity	Index	Annual charges	Opening balance at 12/31/2018	Accrued interest	Repayment of principal	Interest paid	Issuance costs	Closing balance at 06/30/2019
1 st issuance 476	Dec 25	IPCA	7.86%	371,066	22,313	(14,614)	(14,269)	-	364,496
2 nd issuance 400	Oct 26	IPCA	6.40%	367,860	20,068	-	-	-	387,928
Issuance costs				(6,774)	-	-	-	477	(6,297)
Total				732,152	42,381	(14,614)	(14,269)	477	746,127

Current portion	65,274	81,571
Noncurrent portion	666,878	664,556

Debentures	Maturity	Index	Annual charges	Opening balance at 12/31/2017	Accrued interest	Repayment of principal	Interest paid	Issuance costs	Closing balance at 06/30/2018
1 st issuance 476	Dec 25	IPCA	7.86%	375,239	23,210	(9,219)	(14,315)	-	374,915
2 nd issuance 400	Oct 26	IPCA	6.40%	372,515	20,328	-	-	-	392,843
Issuance costs				(7,732)	-	-	-	475	(7,257)
Total				740,022	43,538	(9,219)	(14,315)	475	760,501

Current portion	52,057	71,120
Noncurrent portion	687,965	689,381

As of June 30, 2019, borrowing costs on financial institutions for the issuance of debentures are R\$6,297 (R\$6,774 as of December 31, 2018).

Below is the aging list of long-term debentures:

	06/30/2019
2020	50,823
2021	86,082
2022	105,670
2023 onwards	421,981
	<u>664,556</u>

In the first half of 2019, the Concessionaire repaid, relating to the 1st issue, the principal of R\$14,614, out of which R\$7,253 relating to the 1st series and R\$7,361 relating to the 2nd series of the 1st issue of debentures, and interest in the total amount of R\$14,269, out of which R\$7,068 relating to the 1st series and R\$7,201 relating to the 2nd series of the 1st issue of debentures.

Guarantees and restrictive covenants

(See note 11.)]

13. PUBLIC SERVICE CONCESSION

Type of concession fees	Opening balance at 12/31/2018	Additions	Profit (loss) (a) adjustment	Intangible assets adjustment	Transfers	Compensation (b)	Repayment	Closing balance at 06/30/2019
Variable fee	230,379	112,466	-	-	-	-	(230,594)	112,251
Fixed fee	1,202,651	-	14,293	12,069	439	-	-	1,229,452
(-) Rebalance	(9,812)	-	(471)	-	-	-	-	(10,283)
Current	1,423,218	112,466	13,822	12,069	439	-	(230,594)	1,331,420
Fixed fee	11,833,718	-	441,148	121,683	(439)	-	-	12,396,110
(-) Rebalance	(79,605)	-	(4,582)	-	-	-	-	(84,187)
Noncurrent	11,754,113	-	436,566	121,683	(439)	-	-	12,311,923
Total	13,177,331	112,466	450,388	133,752	-	-	(230,594)	13,643,343

Type of concession fees	Opening balance at 12/31/2017	Additions	Profit (loss) (a) adjustment	Intangible assets adjustment	Transfers	Compensation (b)	Repayment	Closing balance at 06/30/2018
Variable fee	200,601	111,868	-	-	-	(4,903)	(195,829)	111,737
Fixed fee	245,002	-	9,438	3,187	516	4,903	-	263,046
(-) Rebalance	(8,486)	-	(221)	-	-	-	-	(8,707)
Current	437,117	111,868	9,217	3,187	516	-	(195,829)	366,076
Fixed fee	12,020,886	-	453,042	152,988	(516)	-	-	12,626,400
(-) Rebalance	(79,463)	-	(5,090)	-	-	-	-	(84,553)
Noncurrent	11,941,423	-	447,952	152,988	(516)	-	-	12,541,847
Total	12,378,540	111,868	457,169	156,175	-	-	(195,829)	12,907,923

(a) The impact on profit (loss) is comprised of the balance adjusted by the IPCA.

Fixed concession fee

Upon the execution of the concession agreement, the Concessionaire agrees to pay a fixed fee to the federal government in the amount of R\$16,213,000, recognized and adjusted to present value, at a discount rate of 9.15%, as prescribed by OCPC 05, which will be payable in 20 annual installments of R\$810,650. These payments will be made in July of each year, and a reserve account should be recognized on May 12 of each year. These payments will be adjusted based on IPCA-IBGE from the public auction session date, which was held in February 2012, to the actual payment date on behalf of FNAC (Fundo Nacional de Aviação Civil).

On August 17, 2017, through Technical Note No. 11 (SEI)/2017/SRA, ANAC approved the rescheduling of the concession fee payment flow and provided an addendum to the concession agreement, establishing the new payment schedule.

On October 26, 2017, Provisional Act No. 779/17, which addressed the rescheduling of the fixed concession payment, was converted into Law No. 13.499/17, which authorized amendments to the concession agreements to include the change in the concession fee payment schedule for concession agreements entered into through December 31, 2016.

On December 19, 2017, after fully paying the fixed concession fee for 2017, the Concessionaire made an early payment of R\$319,000 (in 2012 amounts), adjusted for inflation as of that date, totaling R\$460,000 relating to part of the fixed concession fee for 2018, according to the addendum to the concession agreement that changed the original concession fee payment schedule, pursuant to Law No. 13.499/2017 and Ruling No. 135/MTPA. Under such Addendum, the Concessionary postponed to 2031 to 2032 the amount of R\$319,000 paid in advance, duly adjusted for inflation. The remaining balance of R\$172,650 (in 2012) was paid on July 11, 2018, adjusted for inflation totaling R\$242,740.

On May 13, 2019, the Concessionaire announced to the market that it made the partial allocation of cash to the Reserve Account to pay the fixed concession fee under the financing and receivables assignment agreements entered into with BNDES and Underwriting Banks (see Note 11).

Variable concession fee

In addition to a fixed fee, the Concessionaire also agrees to pay a variable concession fee that will correspond to the amount in reais resulting from the application of 10% on its total annual gross revenue, less cancelations and returns. If the annual gross revenue earned by the Concessionaire exceeds the amounts established in the concession agreement, the variable contribution on the exceeding revenue is charged at the rate of 15%.

Financial-economic rebalance

On October 30, 2014, the Concessionaire filed with ANAC a request to revise, on an extraordinary basis, the financial-economic balance under the concession agreement due to the amendment made to the agreement by ANAC Decision No. 121, of November 13, 2012, the objective of which was to change unilaterally the tariffs applicable to warehousing and wharfage services relating to cargo imports in transit. This tariff regime differed from that applicable to INFRAERO with respect to the approach used to calculate airport fees applicable to the imported cargo segment. The changes include the treatment that should be given to in-transit cargo shipped to primary zone and international transit.

On December 22, 2016, ANAC's Executive Board decided to approve the 1st Extraordinary Revision of the GRU Airport Concession Agreement at R\$113,844 to allow the concessionaire to resume its financial-economic balance.

As established in ANAC Decision No. 191, the portion of the concession fee due in each year will be deducted by the applicable amount under the table.

Year	Amount to be deducted
2016	32,796
2017	7,143
2018	6,862
2019	6,580
2020	6,298
2021	6,019
2022	5,745
2023	5,521
2024	5,299
2025	5,025
2026	4,760
2027	4,505
2028	4,259
2029	4,022
2030	3,796
2031	3,593
2032	1,621
Total	113,844

The amounts shown in the table will be revised when the periodic revision of the marginal cash flow is performed, and any differences in relation to prior year estimates should be offset when the fixed concession fee is paid following the completion of the revision process. The amount to be discounted in each year should be adjusted for inflation by the IPCA-IBGE, on a cumulative basis between April 2016 and the month prior to the payment of the annual fixed concession fee and at the discount rate of the marginal cash flow of 6.81%, established by ANAC Resolution No. 355, of March 17, 2015, proportionately to the number of corresponding months.

On October 30, 2014, under Proceeding No. 00058.534906/2017-14, the Company filed with ANAC a request for extraordinary revision of its non-possibility to use the commercial areas with judicial restriction.

On October 11, 2018, pursuant to Decision No. 159, ANAC approved the recovery of the financial-economic balance of the agreement which will occur by means of the revision of the fixed contribution due by the Concessionaire under the terms of article 3 of Decision No. 159/2018. Therefore, the portion of the fixed contribution due in 2019 will be deducted by the amount relating to the unbalance verified during the restriction period, corresponding to R\$939 duly adjusted for inflation through the offset date.

14. PROVISION FOR RISKS

The Concessionaire is a party to lawsuits and administrative proceedings before various courts and governmental bodies, arising in the ordinary course of business, involving tax, labor, civil and other matters, as follows:

	<u>12/31/2018</u>	<u>Recognition</u>	<u>Reversals</u>	<u>Adjustment</u>	<u>06/30/2019</u>
Provision for risks					
Labor (a)	10,518	1,406	(1,093)	432	11,263
Tax (b)	163	26	-	2	191
Administrative (c)	458	4	(128)	50	384
Civil (d)	122	424	(277)	236	505
Total	<u>11,261</u>	<u>1,860</u>	<u>(1,498)</u>	<u>720</u>	<u>12,343</u>

According to the Concessionaire's legal advisors' opinion, the provisions recorded are sufficient to cover probable losses arising from unfavorable outcomes.

Possible risks - Unaccrued amounts

	<u>06/30/2019</u>	<u>12/31/2018</u>
Provision for risks		
Labor (a)	2,731	3,506
Tax (b)	323,144	83,787
Administrative (c)	108,024	68,547
Civil (d)	1,113	1,986
Total	<u>435,012</u>	<u>157,826</u>

*Restatement of the balance for possible risks, with no accounting impact due to the risk classification.

a) Labor risks

The Concessionaire is a party to several labor lawsuits mainly related to joint liability arising from the service agreements (outsourcing). These lawsuits account for 91% of total contingent risks.

b) Tax risks

Tax assessment notices issued by the Federal Revenue Service mainly related to the storage of goods subject to loss at the Airport's warehouses, involving approximately R\$20,000; tax assessment notices issued by the municipal government of Guarulhos, claiming collection of Tax on Services of Any Nature (ISSQN), involving approximately R\$90,000, and Property Tax (IPTU) notification issued by the municipal government of Guarulhos, involving approximately R\$260,000. For IPTU, the Concessionaire understands that rebalancing the concession agreements with ANAC is possible.

c) Administrative risks

Assessment arising from administrative authorities, such as ANAC, ANVISA, IPEM-SP/INMETRO, the municipal government of Guarulhos, which led to the start of administrative proceedings to which the Concessionaire is a defendant.

d) Civil risks

Lawsuits started by passengers claiming compensation for luggage theft or misplacement or other incidents occurred at the Airport's facilities the liability for which has been attributed to the Concessionaire, or other lawsuits filed by lessees of the airport space (merchants, air companies, other) and suppliers, claiming compensation, amounts, performance commitments, etc.

Appeal and judicial deposits

As of June 30, 2019, the Concessionaire's appeal and judicial deposits amounted to R\$17,005 (R\$14,099 as of December 31, 2018).

15. DEFERRED REVENUE

	Opening balance at 12/31/2018	Additions	Recognition	Transfers	Closing balance at 06/30/2019
Assignment of space	9,981	625	(5,652)	6,274	11,228
Rebalance	7,756	-	(4,075)	4,075	7,756
Current	17,737	625	(9,727)	10,349	18,984
Assignment of space	94,076	1,875	-	(6,274)	89,677
Rebalance	59,288	-	785	(4,075)	55,998
Noncurrent	153,364	1,875	785	(10,349)	145,675
	171,101	2,500	(8,942)	-	164,659

	Opening balance at 12/31/2017	Additions	Recognition	Transfers	Closing balance at 06/30/2018
Assignment of space	9,274	-	(4,445)	4,392	9,221
Rebalance	7,756	-	(3,979)	3,979	7,756
Current	17,030	-	(8,424)	8,371	16,977
Assignment of space	92,033	-	1,670	(4,392)	89,311
Rebalance	66,150	-	547	(3,979)	62,718
Noncurrent	158,183	-	2,217	(8,371)	152,029
	175,213	-	(6,207)	-	169,006

The Concessionaire's deferred income is comprised of agreements with store owners in connection with assignment of space as well as the impact of the deferred recognition of income with the financial-economic rebalance.

The adjustment of the economic rebalance, which is made by recognizing the adjustment to present value to profit or loss, is based on the same approach under which deferred income is recognized. Therefore, there were no changes in the deferred income amount from the economic rebalance recorded in noncurrent liabilities.

16. OTHER LIABILITIES

	<u>06/30/2019</u>	<u>12/31/2018</u>
Transfer PAN/PAT (a)	124	141
Transfer National Treasury (b)	75,728	70,112
Monthly Contribution (c)	59,163	65,509
Total	<u>135,015</u>	<u>135,762</u>

- (a) The PAN/PAT transfer was determined based on the use of communications, radio and visual aids at the (domestic or international) air traffic terminal area and is intended for DECEA - Air Traffic Control Space. The percentages are variable and determined according to the weight of baggage and cargo;
- (b) The transfer to the National Treasury corresponds to the FNAC additional levied on international boarding fees established by Law No. 9825/99. The transfer will correspond to US\$18.00, regardless of the fee charged and the adjustments under the Concession Agreement.
- (c) The monthly contribution corresponds to the monthly amount resulting from the application of the 22.65% rate on the monthly revenue from boarding, landing and grounding fees, and unified prices, domestic and international taxing, storage and wharfage fees.

17. EQUITY (EQUITY DEFICIENCY)

Capital

As of June 30, 2019, the Concessionaire's subscribed and paid-in capital amounted to R\$2,624,558 (R\$2,624,558 as of December 31, 2018). Comprised of book-entry common shares without par value.

	<u>06/30/2019</u>		
	<u>Capital</u>	<u>Common shares</u>	<u>%</u>
Aeroporto de Guarulhos Participações S.A. - GRUPAR	1,338,525	1,547,106,254	51
Empresa Brasileira de Infraestrutura Aeroportuária - INFRAERO	1,286,033	1,486,435,421	49
Total	<u>2,624,558</u>	<u>3,033,541,675</u>	<u>100</u>

The Concessionaire's bylaws establish the distribution of a minimum dividend of 25% of the profit for the year, adjusted as established by Article 202 of Brazilian Corporate Law.

18. NET OPERATING REVENUE

	01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018	04/01/2019 to 06/30/2019	04/01/2018 to 06/30/2018
Gross operating revenue - tariff				
Revenue from aircraft and passengers	535,827	512,464	255,908	256,818
Warehousing and wharfage revenue	286,928	359,027	142,505	193,766
Total gross operating revenue - tariff	822,755	871,491	398,413	450,584
Gross operating revenue - non-tariff				
Accessory revenues	517,320	476,023	258,382	243,861
Total gross operating revenue - non-tariff	517,320	476,023	258,382	243,861
Total gross operating revenue - tariff and non-tariff	1,340,075	1,347,514	656,795	694,445
Deductions from gross revenue	(352,990)	(365,808)	(172,281)	(188,420)
Tax on revenue (PIS)	(22,033)	(22,156)	(10,790)	(11,402)
Tax on revenue (COFINS)	(101,486)	(102,051)	(49,699)	(52,517)
Service Tax (ISS-QN)	(42,038)	(43,575)	(20,324)	(22,530)
Monthly contribution (*)	(181,373)	(193,191)	(88,040)	(100,042)
Returns and cancellations	(6,060)	(4,835)	(3,428)	(1,929)
Net operating revenue	987,085	981,706	484,514	506,025

(*) Tariff contribution created by Law No. 13.319/16. For details, see note 16 (d).

19. COSTS AND EXPENSES

	01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018	04/01/2019 to 06/30/2019	04/01/2018 to 06/30/2018
Payroll and related taxes	(51,225)	(62,968)	(25,589)	(27,480)
Maintenance and repairs	(46,607)	(50,249)	(24,065)	(24,918)
Communication, marketing and advertising	(497)	(432)	(248)	(227)
Insurance and warranties	(5,931)	(8,864)	(2,783)	(4,292)
Outside services	(67,741)	(65,949)	(34,556)	(33,450)
Company cars	(262)	(376)	(126)	(258)
Consulting and advisory services	(4,332)	(3,535)	(2,200)	(1,952)
Rentals and taxes	(11,769)	(12,948)	(5,790)	(6,745)
Electric power	(18,755)	(15,197)	(9,117)	(7,540)
Contingencies	(2,598)	(6,136)	(1,522)	(3,943)
Allowance for expected credit losses	(16,383)	415	(8,974)	204
Variable concession fee (*)	(110,609)	(110,026)	(54,371)	(56,629)
Depreciation and amortization	(444,363)	(411,843)	(222,786)	(206,381)
Other	8,731	21,000	4,583	10,032
	(772,341)	(727,108)	(387,544)	(363,579)
Cost of services	(706,550)	(668,041)	(353,377)	(332,804)
General and administrative expenses	(71,647)	(63,189)	(36,751)	(35,557)
Other income and expenses	5,856	4,122	2,584	4,782
	(772,341)	(727,108)	(387,544)	(363,579)

(*) Details on the variable concession fee amounts are described in Note 13.

20. FINANCE INCOME (COSTS)

	01/01/2019 to 06/30/2019	01/01/2018 to 06/30/2018	04/01/2019 to 06/30/2019	04/01/2018 to 06/30/2018
Finance income				
Income from short-term investments	25,944	12,773	14,039	8,104
Other	3,131	3,834	1,463	1,990
Total	<u>29,075</u>	<u>16,607</u>	<u>15,502</u>	<u>10,094</u>
Finance costs				
Inflation adjustment on fixed concession fee	(453,481)	(459,634)	(212,827)	(288,844)
Interest on debentures	(42,381)	(43,538)	(21,332)	(23,482)
Interest on borrowings	(118,478)	(132,309)	(56,054)	(64,896)
Commissions and banking fees	(1,697)	(2,423)	(910)	(1,074)
Other	(3,483)	(2,616)	(2,714)	(1,686)
Total	<u>(619,520)</u>	<u>(640,520)</u>	<u>(293,837)</u>	<u>(379,982)</u>
Total finance income (costs)	<u>(590,445)</u>	<u>(623,913)</u>	<u>(278,335)</u>	<u>(369,888)</u>

21. SEGMENT REPORTING

The Company's Management's business decisions are based on financial reports prepared under the criteria as those used in the preparation and disclosure of this interim financial information. Financial information is periodically revised by the Concessionaire's management so that decisions on allocation of resources and performance evaluation may be made.

Therefore, according to Management, the Concessionaire operates in a single segment, i.e., airport concession and, accordingly, additional disclosures on segments are not necessary.

22. PENSION PLAN BENEFITS

In April 2014, the Concessionaire became the sponsor of the Variable Contribution Retirement Plan – CV Plan of do Instituto Infraero de Seguridade Social - INFRAPREV - so as to enable the maintenance of the plan for the group of employees coming from Infraero, in conformity with the express provisions set forth in Exhibit 25 of the Bid Notice 2/2011 – Airport Concession Agreement 002/ANAC/2012 – SBGR Aeroporto Internacional de São Paulo Governador André Franco Montoro – Guarulhos – Chapter XV – Transitory Provisions, item “15.3”.

The sponsor undertakes to finance the CV Plan by mandatorily contributing, as annually set out in the costing plan, sharing obligations and financial responsibilities under the plan relating to all employees participating in the Plan. The costing plan will be annually approved by the Advisory Council of INFRAPREV, which must include the financial regime and actuarial calculation.

CPC 33 (IAS 19) determines that, in case of computation of an actuarial net asset, it can only be recognized if it is clearly evidenced that such asset can be reversed into an economic benefit to the sponsor, either as effective reduction of its contributions to the plan or as future reimbursement.

No material actuarial liabilities were identified according to the latest actuarial valuation performed.

23. INSURANCE

As of June 30, 2019, the Concessionaire maintains insurance policies, effective for at least 12 months, to guarantee the continuity and effectiveness of the operations carried out at the Airport, such as civil liability insurance, operational risk insurance, engineering risk insurance, public obligation warranty, life insurance - firemen, sundry risk insurance (movable equipment - fire combat) and operational fleet insurance (Airport support vehicles).

Type	Maximum coverage	Effective term		Insurance company
		Start	End	
Operational risks	1,600,000	05/24/2019	05/24/2020	Tokio Marine Seguradora
Civil liability of airport owners and operators (US\$)	500,000	05/24/2019	05/24/2020	Mapfre Seguros
Public obligation warranty (*)	555,321	06/04/2019	06/04/2020	Fator Seguradora/Pottencial Seguradora
Mobile equipment insurance	3,300	05/24/2019	05/24/2020	Allianz Seguros S.A.
Life insurance - firemen	56,560	05/24/2019	05/24/2020	Tokio Marine Seguradora
Fleet insurance	600,000	05/24/2019	05/24/2020	Tokio Marine Seguradora

(*) Limit of R\$670,972 up to July 10 and endorsed on July 11, 2019.

The Concessionaire is a party to the D&O insurance policy of INVEPAR Group with XL Seguros, which is effective from May 2019 to May 2020, with a maximum indemnity limit of R\$100,000.

24. FINANCIAL INSTRUMENTS AND SENSITIVITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The estimated fair values of the Concessionaire's financial assets and financial liabilities were determined using available market inputs and appropriate valuation techniques. However, considerable judgment was required to interpret market inputs and then develop the most appropriate fair value estimates. Consequently, estimates presented herein are not necessarily indicative of the amounts that could be realized in the market. The use of different valuation techniques may generate changes in the estimated realizable amounts.

These financial instruments are managed through operating strategies which aim at liquidity, security, and profitability. The control policy consists of the ongoing monitoring of contracted rates against market rates for transactions and the assessment of the financial and economic situation of the involved financial institutions. The Concessionaire does not make investments involving derivatives or any other risk assets for speculative purposes. The Concessionaire does not have derivative transactions nor has it used instruments of an operating and financial nature.

Amounts included in assets and liabilities as financial instruments are adjusted for inflation through June 30, 2019 and approximate their fair values. These amounts are mainly represented by cash and cash equivalents, restricted short-term investments, trade receivables, borrowings and financing, debentures, and public service concession.

Financial instruments		06/30/2019		
	Fair value	Amortized cost	Total	
Assets				
Cash and cash equivalents	56,498	-	56,498	
Restricted short-term investments	869,478	-	869,478	
Trade receivables	-	237,985	237,985	
Related parties	-	17,730	17,730	
Total assets	925,976	255,715	1,181,691	
Liabilities				
Trade payables	-	94,787	94,787	
Related parties	-	25,883	25,883	
Borrowings and financing	-	2,629,524	2,629,524	
Debentures (*)	-	752,424	752,424	
Public service concession	-	13,643,343	13,643,343	
Total liabilities	-	17,145,961	17,145,961	

Financial instruments		12/31/2018		
	Fair value	Amortized cost	Total	
Assets				
Cash and cash equivalents	502,468	-	502,468	
Restricted short-term investments	151,151	-	151,151	
Trade receivables	-	259,955	259,955	
Related parties	-	17,730	17,730	
Total assets	653,619	277,685	931,304	
Liabilities				
Trade payables	-	78,347	78,347	
Related parties	-	25,883	25,883	
Borrowings and financing	-	2,707,977	2,707,977	
Debentures (*)	-	738,926	738,926	
Public service concession	-	13,177,331	13,177,331	
Total liabilities	-	16,728,464	16,728,464	

Borrowings costs were not considered.

The amortized cost of the financial instruments above approximates their fair values.

(*)

a) Fair value measurement criteria, assumptions and limitations

The reported fair values do not reflect subsequent changes in the economy, such as interest rates and tax rates, and other variables that could have an impact on their determination. The following methods and assumptions were used to calculate the fair value.

- Fair value hierarchy

The Concessionaire uses the following hierarchy to determine the fair value of financial instruments:

Level 1: quoted prices in active markets for identical assets and liabilities.

Level 2: other techniques according to which all data with significant effects on the fair value are observable, either directly or indirectly.

Level 3: techniques using data with a material effect on the amount recorded that are not based on observable market input.

Measured at fair value - Financial assets	06/30/2019	Level 1	Level 2	Level 3
Cash and cash equivalents	56,498	56,498	-	-
Restricted short-term investments	869,478	-	869,478	-
Total	925,976	56,498	869,478	-

Measured at amortized cost - Financial liabilities	06/30/2019	Level 1	Level 2	Level 3
Borrowings and financing	2,629,524	-	2,629,524	-
Debentures (*)	752,424	-	752,424	-
Public service concession	13,643,343	-	-	13,643,343
Total	17,025,291	-	3,381,948	13,643,343

Measured at fair value - Financial assets	12/31/2018	Level 1	Level 2	Level 3
Cash and cash equivalents	502,468	502,468	-	-
Restricted short-term investments	151,151	-	151,151	-
Total	653,619	502,468	151,151	-

Measured at amortized cost - Financial liabilities	12/31/2018	Level 1	Level 2	Level 3
Borrowings and financing	2,707,977	-	2,707,977	-
Debentures (*)	738,926	-	738,926	-
Public service concession	13,177,331	-	-	13,177,331
Total	16,624,234	-	3,446,903	13,177,331

(*) Borrowings costs were not considered.

- Cash and cash equivalents and restricted short-term investments.

The amounts of bank account balances correspond to their carrying amounts. For short-term investments, the carrying amounts reported in the balance sheet approximate their fair values.

- Borrowings and financing

The carrying amounts of local currency-denominated borrowings from BNDES are compatible with the fair value of such transactions, since similar transactions are not available in the financial market, with comparable maturities and interest rates. These financial instruments are classified as “financial liabilities not measured at fair value”.

- Debentures

As of June 30, 2019, the market value of debentures is R\$678,639 (R\$682,291 as of December 31, 2018). Source: CETIP

- Public service concession

The balances in the balance sheet approximate their fair values since they refer to exclusive financial instruments.

b) Risk factors

The Concessionaire carries out operations involving financial instruments, whose market and credit risks are managed through operating strategies and internal controls to ensure liquidity, profitability and security. The internal control policy consists of a permanent monitoring of contracted terms and conditions compared to market terms and conditions. The Concessionaire does not make investments involving derivatives or any other risk assets for speculative purposes, as well as does not have transactions with exotic derivatives. Gains and losses on these transactions are consistent with the policies and strategies designed by the Concessionaire’s management.

- Credit risk concentration

The financial instruments that potentially expose the Concessionaire to credit risk concentration consist primarily of banks, restricted short-term investments and trade receivables. The Concessionaire maintains bank accounts and restricted short-term investments with various financial institutions, according to objective credit risk diversification criteria.

Losses on trade receivables are recorded in the allowance for expected credit losses, as described in Note 6.

- Liquidity risk

The Concessionaire monitors the risk of cash shortages using a recurring liquidity planning tool. The Concessionaire’s objective is to keep the balance based on the maintenance of funds and flexibility, through secured accounts and bank loans.

The table below summarizes the Concessionaire's debt maturity profile as of June 30, 2019 and December 31, 2018.

	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total 06/30/2019
Trade payables	94,787	-	-	-	94,787
Borrowings and financing	387,329	1,064,623	574,107	2,605,000	4,631,059
Debentures	109,021	280,369	163,104	549,566	1,102,060
Public service concession	1,229,452	2,604,312	2,807,961	17,376,225	24,017,950
	<u>1,820,589</u>	<u>3,949,304</u>	<u>3,545,172</u>	<u>20,530,791</u>	<u>29,845,856</u>

	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total 12/31/2018
Trade payables	78,347	-	-	-	78,347
Borrowings and financing	404,715	1,011,289	1,213,194	2,270,981	4,900,179
Debentures	105,865	271,430	339,324	423,406	1,140,025
Public service concession	1,202,651	2,604,055	2,807,683	15,523,602	22,137,991
	<u>1,791,578</u>	<u>3,886,774</u>	<u>4,360,201</u>	<u>18,217,989</u>	<u>28,256,542</u>

c) Interest rate sensitivity analysis

The Concessionaire's borrowings and short-term investments are exposed to interest rate fluctuations.

Arises from the possibility of the Concessionaire obtaining gains or incurring losses due to fluctuations in the interest rates applied on its financial assets and liabilities. The Concessionaire has short-term investments exposed to floating interest rates. The interest rates of borrowings, financing, debentures, and obligations with the Concession Grantor are subject to TJLP, IPCA and CDI rates.

The tables below cover three stress scenarios of material financial assets and financial liabilities, namely: probable scenario, which is the scenario adopted by the Concessionaire based on the prices of futures contracts traded on stock exchanges and/or commodities futures exchanges, and key variable scenarios, with the respective impacts on the Concessionaire's performance with stress of 25% (scenario A) and 50% (scenario B) of the risk variable considered.

Financial assets

Transaction	06/30/2019	Risk/ index	Probable scenario	Scenario A	Scenario B
Cash and cash equivalents	56,498	-	4,045	3,034	2,023
Restricted short-term investments	869,478	CDI (% per year)	62,255	46,691	31,127
<u>Reference for financial assets</u>			<u>Probable scenario</u>	<u>Scenario A</u>	<u>Scenario B</u>
CDI (% per year)			7.16%	5.37%	3.58%

Financial liabilities

Transaction	06/30/2019	Risk/index	Probable scenario	Scenario A	Scenario B
Borrowings and financing	2,627,689	TJLP (% ao ano)	173,953	217,573	260,930
CCB	1,835	CDI (% ao ano)	131	164	197
Debentures	752,424	IPCA (% ao ano)	31,075	38,825	46,650
Fixed concession fee	13,643,343	IPCA (% ao ano)	563,470	703,996	845,887
<u>Reference for financial liabilities</u>			<u>Probable scenario</u>	<u>Scenario A</u>	<u>Scenario B</u>
TJLP (% per year)			6.62%	8.28%	9.93%
IPCA (% per year)			4.13%	5.16%	6.20%
CDI (% per year)			7.16%	8.95%	10.74%

25. NONCASH TRANSACTIONS

The following noncash transactions were excluded from the Concessionaire's cash flows for the period:

	<u>06/30/2019</u>	<u>06/30/2018</u>
Capitalized finance charges on borrowings and financing capitalized	5,434	734
Capitalized finance charges on concession	133,752	156,175
Acquisition of fixed and intangible assets not yet settled (suppliers)	18,428	6,336

26. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the period attributable to the holders of the Company's common shares by the weighted average number of common shares outstanding in the period. There were no other transactions involving common shares or potential common shares between the balance sheet date and the date of completion of these financial statements.

The Concessionaire does not have dilutive instrument as of June 30, 2019 and 2018; consequently, there is no difference between the calculation of basic and diluted earnings per share. The table below shows the profit or loss and share data using the calculation of the basic and diluted earnings per share:

<u>Basic and diluted loss per share</u>	<u>01/01/2019 to 06/30/2019</u>	<u>01/01/2018 to 06/30/2018</u>	<u>04/01/2019 to 06/30/2019</u>	<u>04/01/2018 to 06/30/2018</u>
Numerator				
Loss for the period attributable to the Company's owners	(342,622)	(303,989)	(162,076)	(167,285)
Denominator (in thousands of shares)	3,033,542	3,033,542	3,033,542	3,033,542
Weighted average number of shares				
Basic and diluted loss per share (in R\$)	(0.113)	(0.100)	(0.053)	(0.055)

27. EVENTS AFTER THE REPORTING PERIOD

- (i) On July 10, 2019, the public offering for issuance of the Company's promissory notes under which 17 commercial notes, single series were issued at a par value of R\$10,000, in the total amount of R\$270,000, was completed. All proceeds from the issuance will be used to pay the annual fixed concession fee, under the Company's concession agreement entered into with June 14, 2012 with the National Civil Aviation Agency (ANAC).
- (ii) On July 19, 2019, the Company made a payment of R\$1,100,750 relating to the 7th installment of the fixed concession fee due to FNAC (National Civil Aviation Fund), corresponding to 90% of the total amount. Out of this amount, R\$1,071,000 was paid on July 11, 2019 and R\$29,750 was paid on July 31, 2019. The full payment of the remaining balance will be made throughout 2019.

28. EXPLANATION ADDED TO THE TRANSLATION FOR THE ENGLISH VERSION

The accompanying interim financial information was translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Concessionaire that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where this interim financial information may be used.

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