Gol Intelligent Airlines Inc.
Form 6-K
May 11, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

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

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

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

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

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

Form 20-F ___X___ Form 40-F ______
Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No ___X___

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

***Gol Linhas Aéreas
Inteligentes S.A.***

Financial Statements for the Three Month Period Ended March 31, 2011 and

Independent Auditors' Report

ITR - Quarterly Information – 03/31/2011 – GOL LINHAS AÉREAS INTELIGENTES SA
Version: 1

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Company Profile / Subscribed Capital

Number of Shares (Thousands)	Current Quarter 03/31/2011
Paid- in Capital	
Common	137,032,734
Preferred	133,338,6520
Total	270,371,386
Treasury	
Common	0
Preferred	454,425
Total	454,425

ITR - Quarterly Information – 03/31/2011 – GOL LINHAS AÉREAS INTELIGENTES SA
Version: 1

Interim Condensed Consolidated Financial Statements / Balance Sheet - Assets

(In Thousands of Reais)

Account Code	Account Description	Actual Quarter 03/31/2011	Previous Year 12/31/2010
1	Total Assets	9,021,205	9,063,847
1.01	Current Assets	2,538,562	2,704,852
1.01.01	Cash and Cash Equivalents	1,797,616	1,955,858
1.01.02	Short Term Investments	21,900	22,606
1.01.02.01	Short Term Investments at Fair Value	21,900	22,606
1.01.02.01.02	Available for Sale Investments	21,900	22,606
1.01.03	Trade and Other Receivables	260,528	303,054
1.01.03.01	Clients	260,528	303,054
1.01.04	Inventories, Net	166,029	170,990
1.01.06	Recoverable Taxes, Net	115,247	88,143
1.01.06.01	Current Recoverable Taxes, Net	115,247	88,143
1.01.07	Prepaid Expenses	92,490	116,182
1.01.08	Other Current Assets	84,752	48,019
1.01.08.03	Other Credits	84,752	48,019
1.02	Non-current Assets	6,482,643	6,358,995
1.02.01	Long-Term Assets	1,645,089	1,630,850
1.02.01.06	Deferred Taxes	823,260	817,545
1.02.01.06.01	Deferred Income Taxes	823,260	817,545
1.02.01.07	Prepaid Expenses	51,858	54,201
1.02.01.09	Other Non-current Assets	769,971	759,104
1.02.01.09.01	Other Non-current Assets	16,488	9,227
1.02.01.09.03	Restricted Cash	33,184	34,500
1.02.01.09.04	Deposits	692,701	715,377
1.02.01.09.05	Long term Investments	27,598	0
1.02.03	Property, Plant and Equipment	3,581,871	3,460,968
1.02.03.01	Operation Property, Plant and Equipment	1,055,010	1,250,535
1.02.03.01.01	Maintenance Parts and Rotables	878,000	759,816
1.02.03.01.02	Advance of Property, Plant and Equipment Acquisition	368,268	323,661
1.02.03.01.03	Maintenance Costs	63,713	53,687
1.02.03.01.04	Other	177,010	175,058
1.02.03.02	Property, Plant and Equipment on Leasing	2,158,593	2,210,433
1.02.03.02.01	Property, Plant and Equipment on Finance Leasing	2,158,593	2,210,433
1.02.04	Intangilbe	1,255,683	1,267,177
1.02.04.01	Intangilbe	713,381	724,875

1.02.04.02	Goodwill	542,302	542,302

Interim Condensed Consolidated Financial Statements / Balance Sheet - Liabilities

(In Thousands of Reais)

Account Code	**Account Description**	**Actual Quarter 03/31/2011**	**Previous Year 12/31/2010**
2	Total Liabilities	9,021,205	9,063,847
2.01	Current Liabilities	1,546,138	1,659,864
2.01.01	Salaries, Wages and Benefits	224,652	205,993
2.01.01.02	Salaries, Wages and Benefits	224,652	205,993
2.01.02	Accounts Payable	198,914	215,792
2.01.03	Tax Obligations	46,285	58,197
2.01.04	Short Term Debt	312,628	346,008
2.01.04.01	Short Term Debt	312,628	346,008
2.01.05	Other Current Liabilities	740,477	777,907
2.01.05.02	Other	740,477	777,907
2.01.05.02.01	Dividends Payable	51,450	51,450
2.01.05.02.04	Sales Taxes and Landing Fees	136,509	85,140
2.01.05.02.05	Advance Ticket Sales	404,431	517,006
2.01.05.02.06	Mileage Program	52,012	26,200
2.01.05.02.07	Advance Ticket Sales	16,212	24,581
2.01.05.02.08	Other Liabilities	79,863	73,530
2.01.06	Provisions	23,182	55,967
2.02	Non-Current Liabilities	4,490,132	4,474,814
2.02.01	Long Term Debt	3,292,586	3,395,080
2.02.02	Other Liabilities	338,525	348,638
2.02.02.02	Other	338,525	348,638
2.02.02.02.03	Mileage Program	151,703	181,456
2.02.02.02.04	Advance Ticket Sales	23,840	33,262
2.02.02.02.05	Tax Obligations	130,926	99,715
2.02.02.02.06	Other	32,056	34,205
2.02.03	Deferred Tax	672,692	642,185
2.02.03.01	Deferred Income Tax	672,692	642,185
2.02.04	Provisions	186,329	88,911
2.02.04.01	Tax, Labor, and Civil Provision	186,329	88,911
2.03	Consolidated Shareholders’ Equity	2,984,935	2,929,169
2.03.01	Capital	2,183,940	2,183,133
2.03.01.01	Issued Capital	2,316,462	2,315,655

2.03.01.02	Cost on Issued Shares	(132,522)	(132,522)
2.03.02	Capital Reserves	99,845	92,103
2.03.02.01	Share Premium	31,076	31,076
2.03.02.02	Subsidiary Goodwill Special Reserve	29,187	29,187
2.03.02.05	Treasury Shares	(11,887)	(11,887)
2.03.02.07	Share-based Payments	51,469	43,727
2.03.04	Retained Earnings	642,860	642,860
2.03.04.01	Legal Reserve	49,833	49,833
2.03.04.10	Reinvestment Reserve	593,027	593,027
2.03.05	Accumulated Earnings	31,934	0
2.03.06	Equity's Evaluation Adjustment	26,356	11,073

ITR - Quarterly Information – 03/31/2011 – GOL LINHAS AÉREAS INTELIGENTES SA Version: 1

Interim Condensed Consolidated Financial Statements /Statement of Operations

(In thousands of Reais)

Account Code	Account Description	Actual Quarter Accumulated 01/01/2011 up to 03/31/2011	Previous Year Accumulated 01/01/2010 up to 03/31/2010
3.01	Operating Revenues	1,838,962	1,729,817
3.01.01	Passenger	1,647,088	1,567,882
3.01.02	Cargo and Other	191,874	161,935
3.02	Cost of Goods and Services Sold	(1,481,992)	(1,325,211)
3.03	Gross Revenue	356,970	404,606
3.04	Operating Expenses/Revenue	(278,460)	(213,186)
3.04.01	Sales	(149,435)	(128,537)
3.04.01.01	Sales and Marketing	(149,435)	(128,537)
3.04.02	General and Administrative	(129,025)	(84,649)
3.05	Profit Before Income Taxes and Finance Result	78,510	191,420
3.06	Finance Result	(25,806)	(133,740)
3.06.01	Financial Revenues	34,189	19,398
3.06.01.01	Investments Revenue	34,189	19,398
3.06.02	Financial Expenses	(59,995)	(153,138)
3.06.02.01	Interest on Loans	(89,522)	(67,154)
3.06.02.02	Derivatives Net Result	(30,616)	(17,771)
3.06.02.03	Other Operating Expenses	(9,640)	(10,464)
3.06.02.04	Exchenge Variation, Net	69,783	(57,749)
3.07	Profit Before Income Taxes	52,704	57,680
3.08	Income Tax	(20,770)	(33,758)
3.08.01	Current	(4,102)	(32,440)
3.08.02	Deferred	(16,668)	(1,318)
3.09	Net Profit of Continued Operation	31,934	23,922
3.11	Consolidated Profit (Loss) for the Period	31,934	23,922
3.11.01	Attributed to Shareholders of Parent Company	31,934	23,922
3.99	Earnings Per Share (Reais / Share)		

Interim Condensed Consolidated Statement of Comprehensive Income

(In thousands of Reais)

Account Code	Account Description	Actual Quarter Accumulated 01/01/2011 up to 03/31/2011	Previous Year Accumulated 01/01/2010 up to 03/31/2010
4.01	Consolidated Net Profit for the Period	31,934	23,922
4.02	Other Comprehensive Income	15,283	(30)
4.02.01	Financial Assets Available for Sale	(487)	(323)
4.02.02	Cash Flow Hedge	23,894	443
4.02.03	Tax Effect	(8,124)	(150)
4.03	Consolidated Comprehensive Income for the Period	47,217	23,892
4.03.01	Attributed to Shareholders of Parent Company	47,217	23,892

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

(In thousands of Reais)

Account Code	**Account Description**	**Actual Quarter Accumulated 01/01/2011 up to 03/31/2011**	**Previous Year Accumulated 01/01/2010 up to 03/31/2010**
6.01	Net Cash Provided by (Used in) Operating Activities	107,992	144,769
6.01.01	Cash Flows from Operating Activities	176,120	204,904
6.01.01.01	Depreciation and Amortization	90,157	63,760
6.01.01.02	Allowance for Doubtful Accounts	2,647	2,805
6.01.01.03	Provisions for Contingencies and Others	1,634	6,971
6.01.01.04	Provisions for Onerous Contracts	6,151	237
6.01.01.05	Provision for Inventory Obsolescence	(223)	0
6.01.01.06	Deferred Income Taxes	16,668	1,318
6.01.01.07	Shared-based Payments	7,742	3,621
6.01.01.08	Exchange and Monetary Variations, Net	(69,783)	65,511
6.01.01.09	Interests on Loans, Net	89,522	67,154
6.01.01.10	Non Realized Hedge Result, Net	2,926	293
6.01.01.11	Provision for Return of Aircraft	11,192	5,957
6.01.01.12	Other Provision	4,388	(4,444)
6.01.01.13	Write-of of Non-monetary Items	17,040	0
6.01.01.14	Mileage Program	(3,941)	(8,279)
6.01.02	Assets and Liabilities Variation	(100,062)	(84,057)
6.01.02.01	Trade and Other Receivables	39,879	198,525
6.01.02.02	Inventories	5,184	(15,557)
6.01.02.03	Deposits	22,675	11,615
6.01.02.04	Prepaid Expenses, Recovery Taxes and Other Credits	(1,072)	12,775
6.01.02.05	Other Assets	(43,691)	7,272
6.01.02.06	Accounts Payable	(16,878)	(26,601)
6.01.02.07	Advance Ticket Sales	(56,126)	(177,411)
6.01.02.08	Advance from Customers	(17,791)	(35,569)
6.01.02.09	Salaries, Wages and Benefits	18,659	8,344
6.01.02.10	Sales Tax and Landing Fees	(5,080)	(3,297)
6.01.02.11	Tax Obligation	31,525	17,337
6.01.02.12	Provisions	(53,307)	(26,227)
6.01.02.13	Other Liabilities	15,713	4,695
6.01.02.14	Interests Paid	(35,650)	(27,518)
6.01.02.15	Income Tax Paid	(4,102)	(32,440)

6.01.03	Other	31,934	23,922
6.01.03.01	Net Income (loss) for the Period	31,934	23,922
6.02	Net Cash Generated by (used in) Investing Activies	(147,678)	(170,865)
6.02.01	Short term Investments	(26,892)	2,320
6.02.02	Restricted Cash	1,316	(25,641)
6.02.03	Purchase of Property, Plant and Equipment	(120,915)	(145,792)
6.02.04	Intangible Assets	(1,187)	(1,752)
6.03	Net Cash Generated by (used in) Financing Activities	(119,087)	90,727
6.03.02	Debts	85,133	215,886
6.03.03	Payments of Financial Leases	(205,027)	(125,622)
6.03.04	Capital increase	807	463
6.04	Exchange Rate	531	(7,962)
6.05	Net Increase (Decrease) in Cash and Cash Equivalents	(158,242)	56,669
6.05.01	Cash and Cash Equivalents at Beginning of the Period	1,955,858	1,382,408
6.05.02	Cash and Cash Equivalents at End of the Period	1,797,616	1,439,077

Interim Condensed Consolidated Financial Statements / Statement of Changes in Shareholder's Equity – From 01/01/2011 up to 03/31/2011

(In thousands of Reais)

ACCCOUNT CODE	ACCCOUNT DESCRIPTION	CAPITAL STOCK	CAPITAL RESERVES, OPTIONS GRANTED AND TREASURE SHARES	INCOME RESERVES	RETAINED EARNINGS	C COMPREHE IN
5.01	Beginning Balance	2,183,133	92,103	642,860	0	
5.03	Adjusted Balance	2,183,133	92,103	642,860	0	
5.04	Shareholders Capital Transactions	807	7,742	0	0	
5.04.08	Capital Increase by Option Exercised	807	0	0	0	
5.04.09	Stock Option	0	7,742	0	0	
5.04.10	Other Comprehensive Income, Net	0	0	0	0	
5.05	Total Other Comprehensive Income	0	0	0	31,934	
5.05.01	Net Profit for the Period	0	0	0	31,934	
5.07	Final Balance	2,183,940	99,845	642,860	31,934	

Interim Condensed Consolidated Financial Statements / Statement of Changes in Shareholder’s Equity – From 01/01/2010 up to 03/31/2010

(In thousands of Reais)

ACCCOUNT CODE	ACCCOUNT DESCRIPTION	CAPITAL STOCK	CAPITAL RESERVES, OPTIONS GRANTED AND TREASURE SHARES	INCOME RESERVES	RETAINED EARNINGS	COMPRE
5.01	Beginning Balance	2,062,272	67,360	0	479,536	
5.03	Adjusted Balance	2,062,272	67,360	0	479,536	
5.05	Total Comprehensive Income	0	0	0	23,922	
5.05.01	Net Profit for the Period	0	0	0	23,922	
5.06	Internal Changes of Shareholder's Equity	463	3,621	0	0	
5.06.04	Adjustments to Asset Valuation	0	0	0	0	
5.06.05	Capital Increase	463	0	0	0	
5.06.06	Other	0	3,621	0	0	
5.07	Final Balance	2,062,735	70,981	0	503,458	

Interim Condensed Consolidated Financial Statements / Statement of Added Value

(In thousands of Reais)

Account Code	Account Description	Actual Quarter Accumulated 01/01/2011 up to 03/31/2011	Previous Year Accumulated 01/01/2010 up to 03/31/2010
7.01	Revenues	1,919,463	1,804,732
7.01.02	Other Revenues	1,922,110	1,807,537
7.01.02.01	Transportation of Passenger, Cargo and Other	1,922,110	1,807,537
7.01.04	Provision/Reversion of Doubtful Accounts	(2,647)	(2,805)
7.02	Acquired from Third Parties	(1,117,980)	(988,891)
7.02.02	Materials, Energy, Services from Third Parties and Other	(342,840)	(339,068)
7.02.04	Other	(775,140)	(649,823)
7.02.04.01	Fuel and Lubrificant Suppliers	(677,588)	(556,752)
7.02.04.02	Aircraft Insurance	(8,841)	(13,278)
7.02.04.03	Commercial and Marketing	(89,111)	(79,793)
7.03	Gross Added Value	801,483	815,841
7.04	Retentions	(90,157)	(63,760)
7.04.01	Depreciation, Amortization and Exhaustion	(90,157)	(63,760)
7.05	Net Added Value Generated	711,326	752,081
7.06	Added Value Received in Transference	216,310	268,370
7.06.02	Finance Revenue	216,310	268,370
7.07	Total Added Value to Distribute	927,636	1,020,451
7.08	Distribution of Added Value	927,636	1,020,451
7.08.01	Employees	359,437	284,440
7.08.02	Taxes	165,905	160,165
7.08.03	Third Parties' Capital Remuneration	370,360	551,924
7.08.03.02	Leases	128,244	149,814
7.08.03.03	Other	242,116	402,110
7.08.03.03.01	Funders	242,116	402,110
7.08.05	Other	31,934	23,922

Notes to the Interim Condensed Consolidated Financial Statements

1. Corporate information

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

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

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

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

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

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

2. Basis of preparation and summary of significant accounting policies

The authorization for issue of this interim condensed consolidated financial statements occurred in the Board of Directors' meeting on May 10, 2011. The registered office is located at Rua Tamoios, 246, Jd. Aeroporto, São Paulo, Brazil.

2.1 Basis of preparation

The quarterly interim condensed consolidated financial statements were prepared for the period ended on March 31,2011 in accordance with International Accounting Standards (IAS) no. 34, related to condensed consolidated interim financial statements, as issued by the International Accounting Standards Board (IASB).

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

Notes to the Interim Condensed Consolidated Financial Statements

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

3. Seasonality

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

4. Cash and cash equivalents

	03/31/11	**12/31/10**
Cash and bank deposits	**127,756**	194,493
Cash equivalents	**1,669,860**	1,761,365
	1,797,616	1,955,858

On March 31, 2011, cash equivalents refers substantially to private income funds, government securities and fixed income funds, bearing interest rates of 98.5% to 103.5% of *Certificado de Depósito Interbancário* (Inter-bank Deposit Certificate - CDI).

Since the first quarter of 2010, the Company started investing in open funds, and not only in exclusive funds as it previously did. Investment funds here refers to investments in quotas of fixed income and DI funds of top-class banks.

The composition of cash equivalents balance is presented below:

	03/31/11	**12/31/10**
Bank deposit certificates	**511,722**	678,253
Government securities	**274,879**	245,186
Investment funds	**883,259**	837,926
	1,669,860	1,761,365

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

5. Restricted cash

Restricted cash is represented by a guarantee deposits linked to loans from the *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES) and the *Banco de Desenvolvimento de Minas Gerais* (BDMG) which were applied in DI funds and paid the average rate of 98.5% of CDI.

On March 31, 2011, the restricted cash recorded in non-current assets corresponded to R$33,184 (R$34,500 on December 31, 2010).

Notes to the Interim Condensed Consolidated Financial Statements

6. Short term investments

	03/31/11	12/31/10
Government securities	**27,598**	-
Foreign bank deposits	**21,300**	19,790
Investment Funds (FIDC)	**-**	2,816
Other financial assets	**600**	-
	49,498	22,606

Short time	**21,900**	22,606
Long time	**27,598**	-
	49,498	22,606

On March 31,2011, financial assets classified as held to maturity are mainly comprised by government securities of long term with maturity date between July 2012 and January 2015, bearing interest at 100.0% of CDI and foreign bank deposits, applied on February 24,2011 with annual maturity date and bearing interest at 6.0% per year.

During the three months period ended on March 31, 2011 the Company redeemed the investment funds for debt securities (FIDC) and foreign bank deposits (time deposits), according to the maturity date of these financial assets.

7. Trade and other receivables

	03/31/11	12/31/10
Local currency:		
Credit card administrators	**13,207**	90,612
Travel agencies	**184,160**	149,393
Installments sales	**46,952**	48,564
Cargo agencies	**22,480**	20,582
Airline partners companies	**16,221**	16,608
Other	**30,548**	27,491
	313,568	353,250
Foreign currency:		

Credit card administrators	**5,919**	5,855
Travel agencies	**3,747**	3,935
Cargo agencies	**68**	141
	9,734	9,931
	323,302	363,181
Allowance for doubtful accounts	**(62,774)**	(60,127)
	260,528	303,054

Changes in the allowance for doubtful accounts are as follows:

	03/31/11	**12/31/10**
Balance at the beginning of the year	**(60,127)**	(52,399)
Additions	**(7,328)**	(27,689)
Irrecoverable amounts	**762**	5,623
Recoveries	**3,919**	14,338
Balance at the end of the year	**(62,774)**	(60,127)

Notes to the Interim Condensed Consolidated Financial Statements

The aging analysis of accounts receivable is as follows:

	03/31/11	12/31/10
Falling due	**206,137**	270,286
Overdue until 30 days	**24,267**	19,091
Overdue 31 to 60 days	**12,010**	4,128
Overdue 61 to 90 days	**7,722**	5,533
Overdue 91 to 180 days	**11,262**	8,041
Overdue 181 to 360 days	**11,917**	7,052
Overdue above 360 days	**49,987**	49,050
	323,302	363,181

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

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

8. Inventories

	03/31/11	12/31/10
Consumables	**17,111**	16,702
Parts and maintenance materials	**117,571**	117,740
Advances to suppliers	**40,252**	43,725
Imports in progress	**249**	1,885
Others	**7,627**	7,942
Provision for obsolescence	**(16,781)**	(17,004)
	166,029	170,990

Changes in the allowance for inventory obsolescence is as follows:

	03/31/11	12/31/10
Balance at the beginning of the year	**(17,004)**	(8,602)
Additions	**(16,781)**	(44,426)
Disposals	**17,004**	36,024
Balance at the end of the year	**(16,781)**	(17,004)

9. Deferred and recoverable taxes

	03/31/11	12/31/10
Recoverable taxes:		
Current assets		
ICMS [(1)]	**7,570**	7,039
Prepaid IRPJ and CSSL [(2)]	**65,344**	35,186
IRRF [(3)]	**3,403**	8,548
Withholding tax of public institutions	**18,257**	17,334
Value-added taxes – IVA (4)	**4,147**	3,512
Import tax	**15,805**	15,805
Other recoverable taxes	**721**	719
Total recoverable taxes - current	**115,247**	88,143

Notes to the Interim Condensed Consolidated Financial Statements

Deferred taxes:		
Non-current assets		
Credits on accumulated income tax losses carryforward	**338,807**	340,055
Negative basis of social contribution	**121,971**	122,420
Temporary differences:		
Mileage program	**78,306**	70,603
Provision for doubtful accounts	**193,568**	190,664
Provision for judicial lawsuits	**55,750**	44,556
Return of aircraft	**3,805**	11,318
Others	**31,053**	37,929
Total deferred tax - non-current assets	**823,260**	817,545
Non-current liabilities		
Brands	**21,457**	21,457
Rights of flight	**190,686**	190,686
Maintenance deposits	**151,160**	155,266
Engine and rotable depreciation	**121,737**	115,098
Goodwill amortization reversal	**57,447**	51,064
Aircraft leasing operations	**106,790**	94,950
Others	**23,415**	13,664
Total deferred tax - non-current liabilities	**672,692**	642,185

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

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

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

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

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

The Company and its subsidiary have tax losses and negative bases of social contribution in the determination of the taxable profits, to be compensated with 30% of the annual taxable profits, with no expiration term, in the amounts described below:

	Parent Company (GLAI)		Subsidiary (VRG)	
	03/31/11	**12/31/10**	**03/31/11**	**12/31/10**
Accumulated income tax losses carryforward	**264,845**	264,920	**1,294,563**	1,299,555
Negative basis of social contribution	**264,845**	264,920	**1,294,563**	1,299,555

On March 31, 2011, tax credits resulting from tax losses and negative basis of social contribution were recorded based on the firm expectation for generation of future taxable profits of the Company and its subsidiaries, in accordance with the legal limitations.

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

Through its parent company, the Company total tax credit is R$90,047. However, the Company recognized an impairment of R$69,447 for the credits with no perspective to be realized in an immediate future.

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

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

Notes to the Interim Condensed Consolidated Financial Statements

	03/31/11	03/31/10
Income before Income Taxes	**52,704**	57,680
Combined tax rate	**34%**	34%
Income tax at combined tax rate	**(17,918)**	(19,612)
Adjustments for calculating the effective tax rate:		
Non-deductible income from subsidiaries	**(8,517)**	(3,594)
Nondeductible expenses (non taxable income) of subsidiaries	**2,098**	254
Income tax on permanent differences	**(3,002)**	(1,753)
Exchange variation on investments abroad	**6,569**	(9,054)
Income tax and social contribution expenses	**(20,770)**	(33,758)
Current income tax and social contribution	**(4,102)**	(32,440)
Deferred income tax and social contribution	**(16,668)**	(1,318)
	(20,770)	(33,758)

10. Prepaid expenses

	03/31/11	12/31/10
Deferred losses from sale-leaseback transactions (a)	61,231	63,574
Prepayments of hedge awards	18,554	23,334
Prepayments of leasing	35,561	33,322
Prepayments of insurance	13,043	27,860
Prepayments of commissions	9,745	16,628
Others	6,214	5,666
	144,348	170,383
Current	92,490	116,182
Non-current	51,858	54,201

(a) During the accounting periods of 2007, 2008 and 2009, the Company registered losses with sale-leaseback transactions performed by its subsidiary GAC Inc. for 9 aircrafts in the amount of R$89,337. These losses are being deferred and amortized proportionally to the payments of the respective leasing contracts during the contractual term of 120 months. Further information related to the sale-leaseback transactions are described in Note 25b. During the three months period ended on March 31,2011, there was no sale-leaseback transactions.

11. Deposits

Maintenance deposits

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

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

Notes to the Interim Condensed Consolidated Financial Statements

Based on regular analysis of deposit recoveries, Management believes that the values disclosed in the consolidated balance are recoverable, and there are no indicators of impairment of maintenance deposits, which balances on March 31, 2011 are classified in non-current assets and amount to R$444,589 (R$456,666 on December 31, 2010).

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

Deposits in guarantee for leasing contracts

As required by the leasing contracts, the Company makes guarantee deposits on behalf of the leasing companies, the refund of which occurs upon the contract expiration date. On March 31, 2011, the balance of guarantee deposits for leasing contracts, classified in non-current assets, is R$102,029 (R$127,963 on December 31, 2010).

Judicial deposits

Judicial deposits substantially represent guarantees of related to tax claims under judgment until such deposits will continue the resolution of conflicts related to them. The balances of judicial deposits on March 31, 2011, recorded in non-current assets totaled R$146,083 (R$130,748 on December 31, 2010).

12. Transactions with related parties

Graphic, consulting and transportation services

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

The Subsidiary VRG also holds contracts with related parties *Expresso União Ltda.*, *União Transporte de Encomendas e Comércio de Veículos Ltda.*, and *Serviços Gráficos Ltda.* for providing passenger and luggage transportation services between airports, transportation of express cargoes, transportation of employees and graphic services, respectively, with 12-month maturity terms without financial charges.

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

During the year ended on March 31,2011, VRG recognized total expense related to these services amounting to R$2,103 (R$2,776 for the three months period ended on March 31, 2010). All the entities previously mentioned belong to the same business group.

Notes to the Interim Condensed Consolidated Financial Statements

Operational lease

VRG is the lessee of the property located at Rua Tamoios, 246, São Paulo – SP, owned by *Patrimony Administradora de Bens*, controlled by *Comporte Participações S.A.*, company owned by the same shareholder of the Company, which contract expires annually on April 4, can be renewed at every 12 months by additional equal periods and includes clause of annual readjustment based on General Market Price Index (IGP-M) variation. During the period ended on March 31, 2011, VRG recognized total expense related to this rental amounting to R$218 (R$107 for for the three months period ended on March 31, 2010).

Commercial Agreement with Unidas Rent a Car

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

Accounts payable – current liabilities

On March 31,2011, balances payable to related companies amounting to R$467 (R$1,552 on March 31, 2010) are included in the suppliers' balances and substantially refers to the payment to *Breda Transportes e Serviços S.A.* for passenger transportation services.

Payments of key management personnel

	03/31/11	03/31/10
Salaries and benefits	**3,915**	2,780
Social charges	**1,437**	961
Share-based payments	**4,573**	3,427
Total	**9,925**	7,168

On March 31,2011, the Company did not offer post-employment benefits, and there are no benefits for breach of employment agreements or other long-term benefits for Management or other employees.

Share-based payments

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements

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

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

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

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

Changes in the stock options as of March 31,2011 are shown as follows:

	Stock options	**Average weighted purchase price**
Options in circulation as of December 31, 2010	3,476,684	20.56
Granted	**2,722,444**	**27.83**
Exercised	**(46,698)**	**15.40**
Adjust on lost rights estimative	**(619,751)**	**23.03**
Options in circulation as of March 31, 2011	**5,532,679**	**23.90**
Number of options exercisable as of December 31, 2010	**955,975**	**22.88**
Number of options exercisable as of March 31, 2011	**1,163,137**	**23.13**

The interval of the exercise prices and the average maturity of the outstanding options, as well as the intervals of the exercise prices for the exercisable options as of December 31, 2010, are summarized below:

	Options in circulation			Options exercisable	
Exercise price intervals	**Options in circulation as of Mar/2011**	**Remaining weighted average maturity**	**Weighted average exercise price**	**Options exercisable as of Mar/2011**	**Weighted average exercise price**
33.06	31,222	4	33.06	31,222	33.06
47.30	37,960	5	47.30	37,960	47.30
65.85	41,150	6	65.85	34,978	65.85
45.46	93,912	7	45.46	61,043	45.46
10.52	551,235	8	10.52	248,056	10.52
20.65	2,271,193	9	20.65	624,578	20.65
27.83	2,506,006	10	27.83	125,300	27.83
10.52-65.85	**5,532,679**	**9.2**	**23.90**	**1,163,137**	**23.13**

For the three months period ended on March 31,2011, the Company registered on the shareholder's equity an result with stock options in the amount of R$7,742 (R$3,621 for the three months period ended on March 31,2010), being the expense presented in the consolidated statements of operations as labor expenses.

Notes to the Interim Condensed Consolidated Financial Statements

13. Earnings per share

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

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

	03/31/11	**03/31/10**
Numerator		
Net income for the year	**31,934**	23,922
Denominator		
Weighed mean of shares in circulation related		
to basic earnings per share (in thousands)	**269,806**	265,288
Effects of titles deductible		
Executive option plan to purchase shares (in thousands)	**358**	160
Adjusted weighed mean of shares in circulation and presumed conversions related to the diluted earnings per share (in thousands)	**270,164**	265,448
Basic earnings per share	**0.12**	0.09
Diluted earnings per share	**0.12**	0.09

On March 31,2011, the diluted profit per share was computed by considering the instruments that may have potential dilutive effect in the future. On March 31,2011 the exercise price of vested stock options of the 2009 and 2010 plans are lower than the average market quotation of the period (in the money). The 2010 plan is in the money even when the vesting stock options expenses are included in the exercise price.

On March 31,2011 the total of 358,213 stock options have dilutive effect (272,641 stock options on March 31,2010).

14. Property, plant and equipment

		03/31/11			12/31/10
	Annual weighted depreciation	**Cost**	**Accumulated depreciation**	**Net value**	**Net value**
Flight equipment					
Aircraft under financial leases	11%	**2,553,145**	**(394,552)**	**2,158,593**	2,210,433
Sets of replacement parts and spare engines	4%	**806,468**	**(136,459)**	**670,009**	649,758
Aircraft reconfigurations	11%	**275,950**	**(84,246)**	**191,704**	86,992
Aircraft and safety equipment	20%	**1,287**	**(713)**	**574**	601
Tools	10%	**21,485**	**(5,772)**	**15,713**	14,465
		3,658,335	**(621,742)**	**3,036,593**	2,962,249

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Notes to the Interim Condensed Consolidated Financial Statements

	03/31/11				12/31/10
	Annual weighted depreciation	**Cost**	**Accumulated depreciation**	**Net value**	**Net value**
Property and equipment in use					
Vehicles	20%	**8,784**	**(5,746)**	**3,038**	3,309
Machinery and equipment	10%	**26,632**	**(8,183)**	**18,449**	15,744
Furniture and fixtures	10%	**17,966**	**(7,638)**	**10,328**	10,696
Computers and peripherals	20%	**39,692**	**(24,698)**	**14,994**	14,354
Communication equipment	10%	**2,669**	**(1,213)**	**1,456**	1,517
Facilities	10%	**4,346**	**(2,262)**	**2,084**	2,192
Maintenance center – Confins	7%	**105,384**	**(11,915)**	**93,469**	93,160
Improvements in third-part properties	20%	**31,560**	**(14,426)**	**17,134**	18,540
Works in progress	-	**16,058**	**-**	**16,058**	15,546
		253,091	**(76,081)**	**177,010**	175,058
		3,911,426	**(697,823)**	**3,213,603**	3,137,307
Advances for acquisition of aircraft	**-**	**368,268**	**-**	**368,268**	323,661
		4,279,694	**(697,823)**	**3,581,871**	3,460,968

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

	Property, plant and equipment under financial leasing	**Other flight equipment (A)**	**Advances for acquisition of property, plant and equipment**	**Other**	**Total**
On December 31, 2010	2,210,433	751,816	323,661	175,058	3,460,968
Additions	**-**	**151,769**	**56,594**	**7,055**	**215,418**
Disposals	-	**(155)**	**(11,987)**	**-**	**(12,142)**

Depreciation	**(51,840)**	**(25,430)**	-	**(5,103)**	**(82,373)**
On March 31, 2011	**2,158,593**	**878,000**	**368,268**	**177,010**	**3,581,871**

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

15. Intangible assets

	Goodwill	**Trade names**	**Airport operating rights**	**Software**	**Total**
Balance on December 31, 2010	542,302	63,109	560,842	100,924	1,267,177
Additions	-	-	-	**1,187**	**1,187**
Write offs	-	-	-	**(4,898)**	**(4,898)**
Amortizations	-	-	-	**(7,783)**	**(7,783)**
Balance on March 31, 2011	**542,302**	**63,109**	**560,842**	**89,430**	**1,255,683**

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

Notes to the Interim Condensed Consolidated Financial Statements

16. Short and Long Term Debt

	Maturity	Effective average interest rate (p,y,) 03/31/11	03/31/11	12/31/10
Short term debt				
Local currency:				
BNDES loan	Jul, 2012	**8.66%**	**13,987**	14,352
BNDES loan Safra	Mar, 2014	**11.46%**	**28,363**	27,550
BDMG loan	Jan, 2014	**8.05%**	**3,484**	3,376
Interest			**3,218**	19,721
			49,052	64,999
Foreign currency (in U.S. Dollars):				
Working Capital	Mar, 2012	**3.42%**	**82,704**	83,803
IFC loan	Jul, 2013	**4.15%**	**10,082**	13,885
FINIMP	Jun, 2011	**2.69%**	**2,695**	2,718
Interest			**28,461**	33,969
			123,942	134,375
			172,994	199,374
Financial Lease	Dec, 2021		**139,634**	146,634
Total short term debt			**312,628**	346,008
Long term debt				
Local currency:				
BNDES	Jul, 2012	**8.66%**	**4,784**	8,372
BNDES - intermediated by Banco Safra	Mar, 2014	**11.46%**	**63,709**	70,934
BDMG	Jan, 2014	**8.05%**	**27,346**	27,332
Debentures	Sep, 2015	**12.63%**	**594,018**	593,870
			689,857	700,508
Foreign currency (in U.S. Dollars)				
IFC loan	Jul, 2013	**4.15%**	**23,752**	27,770
Senior bonus I	Apr, 2017	**7.50%**	**340,183**	347,501
Senior bonus II	Jul, 2020	**9.25%**	**477,212**	487,887
Perpetual bonus	-	**8.75%**	**291,537**	297,944
			1,132,684	1,161,102
			1,822,541	1,861,610
Financial Lease	Dec, 2021		**1,470,045**	1,533,470
Total long term debt			**3,292,586**	3,395,080
			3,605,214	3,741,088

The maturities of long-term debt for the next periods, counted from April 1st to March 31 of the next year, are as follows:

	2012	**2013**	**2014**	**2015**	**After 2015**	**Total**
Local currency:						
BNDES loan	4,784	-	-	-	-	4,784
Loan – Safra	21,302	28,586	13,821	-	-	63,709
BDMG and BDMG II loan	2,523	6,543	4,512	4,236	9,532	27,346
Debentures	-	-	-	594,018	-	594,018
	28,609	35,129	18,333	598,254	9,532	689,857
Foreign currency (Dollars):						
IFC	7,917	15,835	-	-	-	23,752
Senior bonus I	-	-	-	-	340,183	340,183
Senior bonus II	-	-	-	-	477,212	477,212
Perpetual bonus	-	-	-	-	291,537	291,537
	7,917	15,835	-	-	1,108,932	1,132,684
Total	**36,526**	**50,964**	**18,333**	**598,254**	**1,118,464**	**1,822,541**

Notes to the Interim Condensed Consolidated Financial Statements

Fair values of senior and perpetual bonus, on March 31, 2011, reflecting the frequent readjustment of market quotations of these instruments, based on the exchange rate in effect on the balance sheet closing date, are shown below:

	Consolidated	
	Book	**Market**
Senior notes (I and II)	817,395	874,365
Perpetual bonus	291,537	288,143

Working capital

On March 21, 2011, the Company collected a working capital loan amounting R$85,000 (USD51,121), tax of 3.42% p.a. and maturity date on March 15,2012. The Company also contracted a swap operation, changing the effective cost of the loan to 118% of CDI-over, in local currency . On March 31,2011, the balance registered in current liabilities was R$82,704.

On March 31, 2011, the Company quit the amount of R$82,841 (USD50,000), related to working capital collected on September, 2010.

Finance leases

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

	03/31/11	**12/31/10**
2011	**169,340**	227,174
2012	**223,105**	227,174
2013	**222,076**	227,174
2014	**222,061**	227,174
2015	**214,634**	219,576
Beyond 2015	**951,396**	935,450

Total of minimum lease payments	**2,002,612**	2,063,722
Less: total interest	**(392,933)**	(383,618)
Present value of minimum leasing payments	**1,609,679**	1,680,104
Less: short-term installment	**(139,634)**	(146,634)
Long-term installment	**1,470,045**	1,533,470

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

The Company extended the maturity date of financing for some of its aircrafts leased during 15 years, by using the SOAR structure (mechanism for extending the amortization and financing payment), which enables performing calculated withdrawals to be made for settlement by payment in full at the end of the leasing contract. On March 31, 2011 the value of withdrawals performed for the integral payment on the expiration date of the leasing contract is R$39,824 (R$37,407 on December 31, 2010).

Restrictive covenants

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

Notes to the Interim Condensed Consolidated Financial Statements

The Company complied with the minimum parameters set with all financial institutions required for the indexes for the three months period ended March 31, 2011.

17. Advance ticket sales

On March 31, 2011, the balance of advance ticket sales in current liabilities of R$404,431 (R$517,006 on December 31, 2010) is represented by 2,784,799 tickets sold and not yet used with 68 days of average term of use (95 days on December 31, 2010).

18. Smiles deferred revenue

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

On March 31, 2011, the balance of Smiles deferred revenue is R$52,012 and R$151,703 classified in the current and non-current liabilities, respectively (R$26,200 and R$181,456 on December 31, 2010).

19. Advances from customers

On September 30, 2009, the Company, by its subsidiary VRG, completed a partnership with *Banco Bradesco S.A.* and *Banco do Brasil S.A.* by an operational agreement for issuing and managing credit cards in the “co-branded” format, related to the purchase of miles of the mileage program, access rights and utilization of the program customers database, and plus an additional based on variable remuneration conditioned by the right to access and use of customer credit cards by financial institutions and participation on the billing registered in the issued cards by the term of 5 years, totalizing approximately R$481 milion.

On March 31, 2011, the balance reported in the advances from customers caption in the current liabilities, related to this agreement, corresponds to R$16,212, and R$23,840 in non-current liabilities (R$16,484 and R$ 33,262 on December 31, 2010).

On June 08, 2010, the Company, through its wholly-owned subsidiary VRG signed commercial agreement with the Travel Operator and Agency CVC Tur Ltda, (“CVC”), amounting to R$50,000, to enable the sale of national and international chartered flights. On March 31,2011 the amount was totally utilized (R$8,097 registered on current liabilities on December 31, 2010).

Notes to the Interim Condensed Consolidated Financial Statements

20. Tax obligations

	03/31/11	**12/31/10**
PIS and COFINS	**107,631**	83,857
REFIS	**38,246**	38,166
IRRF on wages and benefits	**15,587**	20,895
ICMS	**3,761**	3,581
Import tax	**3,207**	3,712
CIDE	**404**	354
IOF	**117**	125
Others	**8,258**	7,222
	177,211	157,912
Current	**46,285**	58,197
Non-current	**130,926**	99,715

PIS and COFINS

With the start of the systematic of non-cumulative in the calculation of the PIS (Law no. 10637/02) and COFINS (Law no. 10833/03), the subsidiary VRG has implemented those rules as well as questioning the rate application for calculating these contributions. The provision recorded in the balance on March 31, 2011 in the amount of R$107,631 (R$83,857 on December 31, 2010) includes the portion not paid, monetarily restated by the SELIC rate. There are judicial deposits in the amount of R$72,688 (R$66,963 on December 31, 2010) to ensure the suspension of the tax credit.

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

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

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

The debts consolidation is scheduled for June, 2011, according with the resolution PGFN/RFB no. 2/2011, and upon such consolidation the Company and its subsidiary VRG will use part of their tax credits relating to tax loss carryforwards of social contribution to settle amounts related to interest and penalties amounting to R$1,645 and R$9,032 for GLAI and VRG, respectively.

21. Provisions

	Insurance provision	Aircraft return (a)	Onerous contracts	Litigation	Total
Balance on December 31, 2010	31,070	33,287	9,885	70,636	144,878
Additional provisions recognized	4,388	105,695	6,151	1,706	117,940
Utilized provisions	(29,773)	(21,499)	(2,014)	(21)	(53,307)
Balance on March 31, 2011	**5,685**	**117,483**	**14,022**	**72,321**	**209,511**

Current	5,685	7,801	9,696	-	23,182
Non-current	-	109,682	4,326	72,321	186,329
	5,685	**117,483**	**14,022**	**72,321**	**209,511**

Notes to the Interim Condensed Consolidated Financial Statements

(a) The additional provisions recognized in the period primarily represent the costs to reconfigure the aircraft with no purchase option when they return to lessor, whose counterpart is capitalized in the fixed assets, Note 14.

Insurance provision

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

Aircraft returns

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

Onerous contracts

On March 31,2011, the Company recorded a provision of R$14,022, with R$9,696 classified in current liabilities and R$4,326 in non-current liabilities (R$9,885 on December 31, 2010) for onerous operating lease contracts related to 2 Boeing 767-300 aircrafts that are out of operation and are maintained under operating lease. The provision represents the present value of the future lease payments that the Company is presently obligated to make under non-cancelable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, when applicable. The used premises are judged estimates and the liquidation of this transactions may result in values significantly different from that reported by the Company. The term of the leases contracts ranges from 3 to 4 years.

Litigation

On March 31,2011, the Company and its subsidiaries are involved in judicial lawsuits and administrative proceedings, totaling 20,751. The lawsuits and administrative suits are classified into Operation (those arising from the normal course of operations), and Succession (those arising from the application for recognition of succession by obligations of the former Varig S.A.). According to this classification, the quantity of processes on March 31,2011 are as follows:

	Operation	**Sucession**	**Total**
Civil judicial	13,211	627	**13,838**
Civil administrative	1,529	27	**1,556**
Civil miscelaneous	47	-	**47**
Labor judicial	1,279	3,944	**5,223**
Labor administrative	85	2	**87**
Total	**16,151**	**4,600**	**20,751**

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

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

Notes to the Interim Condensed Consolidated Financial Statements

	03/31/11	12/31/10
Civil	**31,386**	29,786
Labor	**40,935**	40,850
	72,321	70,636

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

There are other suits evaluated by Management and by lawyers as possible risk, in the estimated amount of R$12,781 for civil claims and R$7,758 for labor claims on March 31,2011 (R$10,681 and R$7,530 on December 31, 2010 respectively), which have no provisions recorded.

The Company is involved in 4 labor claims in France, resulting from debts of former Varig S.A.. During the three months period ended on March 31,2011, the Company had favorable decision (decision from trial court) in terms of non-succession. The value involved in the discussions (not provisioned) is approximately R$4,857 (corresponding to €2,1 million).

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

The estimated aggregated value of the judicial disputes in progress related to non-chargeable of ICMS tax on the above mentioned imports is R$197,218 on March 31,2011 (R$193,173 on December 31, 2010) monetarily adjusted, and not including arrears interests. Based on the evaluation of the subject by its legal counselors and supported on suits of the same nature judged favorably to the taxpayers by the High Court (STJ) and Supreme Federal Court (STF) in the second quarter of 2007. The Company understands that chances of loss are remote, and thus did not make provisions for the referred values.

Although the result from these suits and proceedings cannot be forecasted, and based on consultations made with its external legal counselors, the Company understands that the final judgment of these suits will not have any relevant adverse effect on the financial position, operating results and cash flow of the Company.

22. Shareholders' equity

a) Capital stock

On March 31,2011, the capital of the Company is represented by 270,371,386 shares, with 137,032,734 common shares and 133,338,652 preferred shares. The *Fundo de Investimento em Participações Volluto* is the Company's controlling fund which is equally controlled by Constantino de Oliveira Júnior, Henrique Constantino, Joaquim Constantino Neto and Ricardo Constantino.

Shareholding composition is shown below:

		03/31/11			**12/31/10**	
	Common	**Preferred**	**Total**	**Common**	**Preferred**	**Total**
Fundo Volluto	**100.00%**	**26.97%**	**64.98%**	100.00%	26.98%	63.99%
Others	**-**	**1.50%**	**0.74%**	-	1.42%	0.70%
Treasury shares	**-**	**0.34%**	**0.17%**	-	0.34%	0.17%
Free float	**-**	**71.19%**	**34.11%**	-	71.26%	35.14%
	100.00%	**100.00%**	**100.00%**	100.00%	100.00%	100.00%

Notes to the Interim Condensed Consolidated Financial Statements

The authorized capital stock on March 31,2011 is R$4 billion. Within the authorized limit, the Company can, with approval by the Board of Directors, increase the capital stock independently of statutory reform, by issuing shares, without preserving the proportion among the different kinds of shares. The Board of Directors will define the issuance conditions, including price and paid-in term.

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

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

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

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

The quotation of Gol Linhas Aéreas Inteligentes S.A. shares'on March 31,2011, in the São Paulo Stock Exchange – BOVESPA, corresponded to R$21.84, and US$13.73 in New York Stock Exchange – NYSE. The book value per share on March 31,2011 is R$11.22 (R$10.83 on December 31, 2010).

b) Retained earnings