UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of July 2017

Commission File Number: 001-36059

Controladora Vuela Compañía de Aviación, S.A.B. de C.V.
(Name of Registrant)

Av. Antonio Dovalí Jaime No. 70, 13 Floor, Tower B
Colonia Zedec Santa Fe
United Mexican States, Mexico City 01210
+(52) 55-5261-6400
(Address of Principal Executive Offices)

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

Form 20-F Q Form 40-F £

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes £ No Q

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes £ No Q

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 Q

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- __________

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Controladora Vuela Compañía de Aviación, S.A.B. de C.V. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Controladora Vuela Compañía de Aviación, S.A.B. de C.V.

Date: July 21, 2017

By:	/s/ Fernando Suárez
Name:	Fernando Suárez
Title:	Chief Financial Officer
By:	/s/ Jaime Pous
Name:	Jaime Pous
Title:	General Counsel

EXHIBIT INDEX

The following exhibit is filed as part of this Form 6-K:

Exhibit	Description
99.68	Second quarter 2017 financial statements and press release dated July 21, 2017

Exhibit 99.68

Analyst Coverage

Firm	Analyst
Banorte	José Itzamna Espitia
Barclays	Gilberto Garcia
Bradesco BBI - Equity Research	Victor Mizusaki
BX+	Jose Maria Flores
Citi	Stephen Trent
Cowen Securities	Helane Becker
Deutsche Bank	Michael Linenberg
Evercore Partners	Duane Pfennigwerth
GBM	Mauricio Martinez
HSBC	Ricardo Rezende
Intercam Casa de Bolsa	Alejandra Marcos
Itaù Unibanco	Renata Faber
Morgan Stanley	Joshua Milberg
Santander	Ulises Argote
UBS	Rogerio Araujo
Vector	Marco Antonio Montañez

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION, S.A.B. DE C.V.

Consolidated statements of financial position

Consolidated

Ticker: VLRS/ VOLAR Quarter: 2 Year: 2017

	As of June 30, 2017	As of December 31, 2016
Statement of financial position		
Assets		
Current assets		
Cash and cash equivalents	5,981,016	7,071,251
Other accounts receivable	775,531	769,751
Recoverable income tax	349,147	192,967
Financial assets	168,371	543,528
Inventories	260,574	243,884
Current biological assets	0	0
Other current non-financial assets	2,369,044	2,729,735
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	9,903,683	11,551,116
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	0	0
Total current assets	9,903,683	11,551,116
Non-current assets		
Trade and other non-current receivables	0	0
Current tax assets, non-current	0	0
Non-current inventories	0	0
Non-current biological assets	0	0
Non-current financial assets	79,207	324,281
Investments accounted for using equity method	0	0
Investments in subsidiaries, joint ventures and associates	0	0
Rotable spare parts, furniture and equipment, net	3,116,657	2,525,008
Investment property	0	0
Goodwill	0	0
Intangible assets, net	145,189	114,041
Deferred income taxes	580,994	559,083
Other non-current non-financial assets	6,024,988	6,708,242
Total non-current assets	9,947,035	10,230,655
Total assets	19,850,718	21,781,771
Liabilities and equity		
Liabilities		
Short-term liabilities		
Trade and other current payables	5,687,432	4,556,636
Income taxes payable	32,546	196,242
Other current financial liabilities	1,291,915	1,065,381
Accrued liabilities	1,679,123	1,785,439
Short-term liabilities		
Current provisions for employee benefits	0	0
Other liabilities	299,650	284,200
Total short-term liabilities	299,650	284,200
Total short-term liabilities other than liabilities included in disposal groups classified as held for sale	8,990,666	7,887,898
Liabilities included on disposal groups classified as held for sale	0	0
Total short-term liabilities	8,990,666	7,887,898
Long-term liabilities		
Trade and other non-current payables	0	0
Long-term tax liabilities, non-current	0	0
Other non-current financial liabilities	783,665	943,046
Accrued liabilities	137,782	169,808
Long-term liabilities		
Employee benefits	14,982	13,438
Other liabilities	155,683	136,555
Total liabilities	170,665	149,993
Deferred income taxes	1,170,282	1,836,950
Total long-term liabilities	2,262,394	3,099,797
Total liabilities	11,253,060	10,987,695

Equity		
Capital stock	2,973,559	2,973,559
Additional paid-in capital	1,804,918	1,800,613
Treasury shares	83,365	83,365
Retained earnings	3,793,946	5,927,576
Accumulated other comprehensive income	108,600	175,693
Total equity attributable to owners of parent	8,597,658	10,794,076
Non-controlling interests	0	0
Total equity	8,597,658	10,794,076
Total liabilities and equity	19,850,718	21,781,771

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION, S.A.B. DE C.V.

Consolidated statements of operations

Consolidated

Ticker: VLRS/ VOLAR

Quarter: 2 Year: 2017

	For the six months ended June 30, 2017	For the six months ended June 30, 2016	For the three months ended June 30, 2017	For the three months ended June 30, 2016
Income or loss				
Income (loss)				
Operating revenues	11,637,397	10,312,527	5,981,630	5,130,677
Cost of sales	0	0	0	0
Gross income	11,637,397	10,312,527	5,981,630	5,130,677
Sales, marketing and distribution expenses	744,211	594,836	386,530	299,823
Administrative expenses	0	0	0	0
Other operating income	10,821	369,455	10,281	174,083
Other operating expenses	11,637,396(1)	8,863,518(2)	5,566,607(3)	4,616,917(4)
Operating (loss) income	(733,389)	1,223,628	38,774	388,020
Finance income	42,804	986,359	21,489	942,619
Finance cost	1,745,631	15,035	580,144	7,860
Share of profit (loss) of associates and joint ventures accounted for using equity method	0	0	0	0
(Loss) income before tax	(2,436,216)	2,194,952	(519,881)	1,322,779
Income tax (benefit) expense	(555,514)	658,483	0	388,110
(Loss) income from continuing operations	(1,880,702)	1,536,469	(519,881)	934,669
Income from discontinued operations	0	0	0	0
Net (loss) income	(1,880,702)	1,536,469	(519,881)	934,669
Income (loss), attributable to:				
(Loss) income, attributable to owners of parent	(1,880,702)	1,536,469	(519,881)	934,669
Profit, attributable to non-controlling interests	0	0	0	0
Earnings per share				
Earnings per share				
Earnings per share				
Basic earnings per share				
Basic (loss) earnings per share from continuing operations	(1.86)	1.52	(0.51)	0.92
Basic earnings per share from discontinued operations	0	0	0	0
Total basic (loss) earnings per share	(1.86)	1.52	(0.51)	0.92
Diluted earnings per share				
Diluted (loss) earnings per share from continuing operations	(1.86)	1.52	(0.51)	0.92
Diluted earnings per share from discontinued operations	0	0	0	0
Total diluted (loss) earnings per share	(1.86)	1.52	(0.51)	0.92

(1) Includes the following expenses: i) Fuel by Ps.3,585,820, ii) Aircraft and engine rent expenses by Ps.3,077,087, iii) Landing, take-off and navigation expenses by Ps.2,040,481, iv) salaries and benefits by Ps.1,413,140, v) maintenance by Ps.713,309, vi) other operating expenses by Ps.539,834, and vii) depreciation and amortization by Ps.267,725.

(2) Includes the following expenses: i) Fuel by Ps.2,373,669, ii) Aircraft and engine rent expenses by Ps.2,512,731, iii) Landing, take-off and navigation expenses by Ps.1,514,355, iv) Salaries and benefits by Ps.1,143,463, v) Maintenance by Ps.645,508, vi) Other operating expenses by Ps.415,886, and vii) Depreciation and amortization by Ps.257,906.

(3) Includes the following expenses: i) Fuel by Ps.1,693,791, ii) Aircraft and engine rent expenses by Ps.1,377,897, iii) Landing, take-off and navigation expenses by Ps.1,005,769, iv) Salaries and benefits by Ps.717,362, v) Maintenance by Ps.361,895, vi) Other operating expenses by Ps.270,539, and vii) Depreciation and amortization by Ps.139,354.

(4) Includes the following expenses: i) Fuel by Ps.1,360,198, ii) Aircraft and engine rent expenses by Ps.1,293,294, iii) Landing, take-off and navigation expenses by Ps.723,851, iv) Salaries and benefits by Ps.579,835, v) Maintenance by Ps.305,561, vi) Other operating expenses by Ps.216,192, and vii) Depreciation and amortization by Ps.137,986.

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION,
S.A.B. DE C.V.

Consolidated statement of comprehensive income

Consolidated

Ticker: VLRS/ VOLAR Quarter: 2 Year: 2017

	For the six months ended June 30, 2017	For the six months ended June 30, 2016	For the three months ended June 30, 2017	For the three months ended June 30, 2016
Statement of comprehensive income				
Net (loss) income for the period	(1,880,702)	1,536,469	(519,881)	934,669
Other comprehensive income (loss):				
Other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax				
Other comprehensive income, net of tax, gains (losses) from investments in equity instruments	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on revaluation	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	0	0	0	0
Other comprehensive income, net of tax, change in fair value of financial liability attributable to change in credit risk of liability	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on hedging instruments that hedge investments in equity instruments	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss, net of tax	0	0	0	0
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	0	0	0	0
Other comprehensive income that will be reclassified to profit or loss, net of tax				
Exchange differences on translation				
Gains on exchange differences on translation, net of tax	4,468	0	5,972	0
Reclassification adjustments on exchange differences on translation, net of tax	0	0	0	0
Exchange differences on translation of foreign operations	4,468	0	5,972	0
Available-for-sale financial assets				
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	0	0	0	0
Reclassification adjustments on available-for-sale financial assets, net of tax	0	0	0	0
Other comprehensive income, net of tax, available-for-sale financial assets	0	0	0	0
Cash flow hedges				
Gains (losses) on cash flow hedges, net of tax	2,506	11,882	(5,965)	5,459
Reclassification adjustments on cash flow hedges, net of tax	0	0	0	0
Amounts removed from equity and included in carrying amount of non-financial asset (liability) whose acquisition or incurrence was hedged highly probable forecast transaction, net of tax	0	0	0	0
Other comprehensive income (loss), net of tax, cash flow hedges	2,506	11,882	(5,965)	5,459
Hedges of net investment in foreign operations				
Gains (losses) on hedges of net investments in foreign operations, net of tax	0	0	0	0
Reclassification adjustments on hedges of net investments in foreign operations, net of tax	0	0	0	0
Other comprehensive income, net of tax, hedges of net investments in foreign operations	0	0	0	0
Change in value of time value of options				
(Losses) gains, on change in value of time value of options, net of tax	(326,995)	239,766	(106,557)	189,378
Reclassification adjustments on change in value of time value of options, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of time value of options	(326,995)	239,766	(106,557)	189,378
Change in value of forward elements of forward contracts				
Gains (losses) on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Reclassification adjustments on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of forward elements of forward contracts	0	0	0	0
Change in value of foreign currency basis spreads				
Gains (losses) on change in value of foreign currency basis spreads, net of tax	0	0	0	0
Reclassification adjustments on change in value of foreign currency basis spreads, net of tax	0	0	0	0

Other comprehensive income, net of tax, change in value of foreign currency basis spreads	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss, net of tax	0	0	0	0
Total other comprehensive income that will be reclassified to (loss) or income, net of tax	(320,021)	251,648	(106,550)	194,837
Total other comprehensive (loss) income	(320,021)	251,648	(106,550)	194,837
Total comprehensive (loss) income	(2,200,723)	1,788,117	(626,431)	1,129,506
Comprehensive income attributable to:				
Comprehensive (loss) income, attributable to owners of parent	(2,200,723)	1,788,117	(626,431)	1,129,506
Comprehensive income, attributable to non-controlling interests	0	0	0	0

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION, S.A.B. DE C.V.

Consolidated statement of cash flows

Ticker: VLRS/ VOLAR

Consolidated
Quarter: 2 Year: 2017

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Statement of cash flows		
Cash flows from (used in) provided by operating activities		
Net (loss) income	(1,880,702)	1,536,469
Adjustments to reconcile income (loss)		
Discontinued operations	0	0
Adjustments for income tax (benefit) expense	(555,514)	658,483
Adjustments for finance cost	724,609	(663,988)
Depreciation and amortization	267,725	257,906
Impairment loss (reversal of impairment loss) recognised in profit or loss	0	0
Provisions	0	0
Unrealised foreign exchange losses (gains)	0	0
Management incentive and long-term incentive plans	4,305	1,233
Fair value losses (gains)	0	0
Undistributed profits of associates	0	0
Net losses (gains) on disposal of rotable spare parts for furniture and equipment and gain on sale of aircraft	261	(360,749)
Participation in associates and joint ventures	0	0
Increase in inventories	(16,690)	(21,999)
Increase in trade accounts receivable	(1,686)	(39,451)
Increase in other operating receivables	(174,072)	(117,986)
Suppliers	(54,864)	(108,096)
Increase in other taxes and fees payables	464,850	188,711
Other adjustments for non-cash items	(38,803)	(34,995)
Other adjustments for which cash effects are investing or financing cash flow	0	0
Straight-line rent adjustment	0	0
Amortization of lease fees	0	0
Setting property values	0	0
Other adjustments to reconcile income	2,020,655	759,739
Total adjustments to reconcile income	2,640,776	518,808
Net cash flows from provided by operations	760,074	2,055,277
Dividends paid	0	0
Dividends received	0	0
Interest paid	0	0
Interest received	42,804	53,876
Income taxes paid	548,605	585,846
Other inflows (outflows) of cash	0	0
Net cash flows provided by operating activities	254,273	1,523,307
Cash flows (used in) provided by investing activities		
Cash flows from losing control of subsidiaries or other businesses	0	0
Cash flows used in obtaining control of subsidiaries or other businesses	0	0
Other cash receipts from sales of equity or debt instruments of other entities	0	0
Other cash payments to acquire equity or debt instruments of other entities	0	0
Other cash receipts from sales of interests in joint ventures	0	0
Other cash payments to acquire interests in joint ventures	0	0
Proceeds from disposals of rotable spare parts furniture and equipment and pre-delivery payments	101,261	1,267,381
Acquisitions of rotable spare parts, furniture and equipment	889,263	477,866
Proceeds from sales of intangible assets	0	0
Acquisitions of intangible assets	56,064	23,345
Proceeds from sales of other long-term assets	0	0
Purchase of other long-term assets	0	0
Proceeds from government grants	0	0
Cash advances and loans made to other parties	0	0
Cash receipts from repayment of advances and loans made to other parties	0	0
Cash payments for future contracts, forward contracts, option contracts and swap contracts	0	0
Cash receipts from future contracts, forward contracts, option contracts and swap contracts	0	0
Dividends received	0	0
Interest paid	0	0

Interest received	0	0
Income taxes refund (paid)	0	0
Other inflows (outflows) of cash	0	0
Net cash flows from (used in) provided by investing activities	(844,066)	766,170
Cash flows provided by (used in) financing activities		
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
Payments from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
Proceeds from issuing shares	0	0
Proceeds from issuing other equity instruments	0	0
Payments to acquire or redeem entity's shares	0	0
Payments of other equity instruments	0	0
Proceeds from financial debt	802,068	231,017
Payments of financial debt	493,085	1,123,145
Payments of finance lease liabilities	0	0
Proceeds from government grants	0	0
Dividends paid	0	0
Interest paid	44,047	23,392
Income taxes refund (paid)	0	0
Other outflows of cash	0	(3,315)
Net cash flows from provided by (used in) financing activities	264,936	(918,835)
Net (decrease) increase in cash and cash equivalents before effect of exchange rate changes	(324,857)	1,370,642
Effect of exchange rate changes on cash and cash equivalents		
Net foreign exchange difference on the cash balance	(765,378)	401,888
Net (decrease) increase in cash and cash equivalents	(1,090,235)	1,772,530
Cash and cash equivalents at beginning of period	7,071,251	5,157,313
Cash and cash equivalents at end of period	5,981,016	6,929,843

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION, S.A.B. DE C.V.

Consolidated statement of changes in equity - Accumulated Current

Consolidated

Ticker: VLRS/ VOLAR Quarter: 2 Year: 2017

	Statements of changes in equity								
	Capital stock	**Additional paid in capital**	**Treasury shares**	**Retained earnings**	**Revaluation surplus**	**Exchange differences on translation of foreign operations**	**Cash flow hedges**	**Reserve of gains and losses on hedging instruments that hedge investments in equity instruments**	**Change in value of time value of options**
Statement of changes in equity									
Equity at beginning of period	2,973,559	1,800,613	83,365	5,927,576	0	(4,756)	(7,815)	0	152,627
Changes in equity									
Comprehensive income									
Net loss for the period	0	0	0	(1,880,702)	0	0	0	0	0
Other comprehensive income (loss)	0	0	0	0	0	4,468	2,506	0	(326,995)
Total comprehensive (loss) income	0	0	0	(1,880,702)	0	4,468	2,506	0	(326,995)
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Increase through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
(Decrease) through other changes, equity	0	0	0	(252,928)	0	0	0	0	0
Increase through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Long-term incentive plan cost	0	4,305	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	4,305	0	(2,133,630)	0	4,468	2,506	0	(326,995)
Equity at end of period	2,973,559	1,804,918	83,365	3,793,946	0	(288)	(5,309)	0	(174,368)

	Statements of changes in equity								
	Reserve of change in value of forward elements of forward contracts	Reserve of change in value of foreign currency basis spreads	Reserve of gains and losses on remeasuring available-for-sale financial assets	Reserve of share-based payments	Remeasurement of employee benefits	Amount recognized in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale	Reserve of gains and losses from investments in equity instruments	Reserve of change in fair value of financial liability attributable to change in credit risk of liability	Reserve for catastrophe
Statement of changes in equity									
Equity at beginning of period	0	0	0	0	(2,614)	0	0	0	0
Changes in equity									
Comprehensive income									
Net income for the period	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	0	0	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognized as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase in equity	0	0	0	0	0	0	0	0	0
Equity at end of period	0	0	0	0	(2,614)	0	0	0	0

	Statements of changes in equity						
	Reserve for equalisation	**Reserve of discretionary participation features**	**Other comprehensive income**	**Other reserves**	**Equity attributable to owners of parent**	**Non-controlling interests**	**Total equity**
Statement of changes in equity							
Equity at beginning of period	0	0	38,251(1)	175,693	10,794,076	0	10,794,076
Changes in equity							
Comprehensive income							
Net loss for the period	0	0	0	0	(1,880,702)	0	(1,880,702)
Other comprehensive loss	0	0	0	(320,021)	(320,021)	0	(320,021)
Total comprehensive loss	0	0	0	(320,021)	(2,200,723)	0	(2,200,723)
Issue of equity	0	0	0	0	0	0	0
Dividends recognized as distributions to owners	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0
Increase through other changes, equity	0	0	252,928	252,928	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0
Increase through share-based payment transactions, equity	0	0	0	0	4,305	0	4,305
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	252,928	(67,093)	(2,196,418)	0	(2,196,418)
Equity at end of period	0	0	291,179	108,600	8,597,658	0	8,597,658

(1) Includes legal reserve and contributions for future capital increases.

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION, S.A.B. DE C.V.

Consolidated statement of changes in equity - Accumulated Previous

Ticker: VLRS/ VOLAR

Consolidated
Quarter: 2 Year: 2017

	Statements of changes in equity								
	Capital Stock	**Additional paid in capital premium**	**Treasury shares**	**Retained earnings**	**Revaluation surplus**	**Exchange differences on translation of foreign operations**	**Cash flow hedges**	**Reserve of gains and losses on hedging instruments that hedge investments in equity instruments**	**Change in value of time value of options**
Statement of changes in equity									
Equity at beginning of period	2,973,559	1,791,040	91,328	2,408,087	0	0	0	0	0
Changes in equity									
Comprehensive income									
Net income for the period	0	0	0	1,536,469	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	1,536,469	0	0	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Long-term incentive plan cost	0	1,148	3,230	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or									

firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase in equity	0	1,148	3,230	1,536,469	0	0	0	0	0
Equity at end of period	2,973,559	1,792,188	94,558	3,944,556	0	0	0	0	0

	Statements of changes in equity								
	Reserve of change in value of forward elements of forward contracts	**Reserve of change in value of foreign currency basis spreads**	**Reserve of gains and losses on remeasuring available-for-sale financial assets**	**Reserve of share-based payments**	**Remeasurement of employee benefits**	**Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale**	**Reserve of gains and losses from investments in equity instruments**	**Reserve of change in fair value of financial liability attributable to change in credit risk of liability**	**Reserve for catastrophe**
Statement of changes in equity									
Equity at beginning of period	0	0	0	0	0	0	0	0	0
Changes in equity									
Comprehensive income									
Net income (loss) for the period	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	0	0	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Long-term incentive plan cost	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-									

financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	0	0	0	0	0	0
Equity at end of period	0	0	0	0	0	0	0	0	0

Statements of changes in equity

	Reserve for equalisation	Reserve of discretionary participation features	Other comprehensive income	Other reserves	Equity attributable to owners of parent	Non-controlling interests	Total Equity
Statement of changes in equity							
Equity at beginning of period	0	0	(256,527)	(256,527)	6,824,831	0	6,824,831
Changes in equity							
Comprehensive income							
Net income for the period	0	0	0	0	1,536,469	0	1,536,469
Other comprehensive income	0	0	251,648	251,648	251,648	0	251,648
Total comprehensive income	0	0	251,648	251,648	1,788,117	0	1,788,117
Issue of equity	0	0	0	0	0	0	0
Dividends recognized as distributions to owners	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0
Long-term incentive plan cost	0	0	0	0	(2,082)	0	(2,082)
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0
Total increase in equity	0	0	251,648	251,648	1,786,035	0	1,786,035
Equity at end of period	0	0	(4,879)	(4,879)	8,610,866	0	8,610,866

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION, S.A.B. DE C.V.

Informative data about the Statements of financial position

Ticker: VLRS/ VOLAR

Consolidated
Quarter: 2 Year: 2017

	As of June 30, 2017	As of December 31, 2016
Informative data of the Statement of Financial Position		
Capital stock	2,973,559	2,973,559
Restatement of capital stock	0	0
Plan assets for pensions and seniority premiums	0	0
Number of executives	0	0
Number of employees	4,948	4,550
Number of workers	0	0
Outstanding shares	1,011,876,677	1,011,876,677
Repurchased shares	0	0
Restricted cash	0	0
Guaranteed debt of associated companies	0	0

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION,
S.A.B. DE C.V.

Informative data about the Statement of Operations

Consolidated

Ticker: VLRS/ VOLAR

Quarter: 2 Year: 2017

	For the six months ended June 30, 2017	For the six months ended June 30, 2016	For the three months ended June 30, 2017	For the three months ended June 30, 2016
Informative data of the Statement of Operations				
Depreciation and amortization	267,725	257,906	139,354	137,986

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION, S.A.B. DE C.V.

Informative data - Statement of Operations for 12 months

Consolidated

Ticker: VLRS/ VOLAR

Quarter: 2 Year: 2017

	As of June 30, 2017	As of June 30, 2016
Informative data - Statement of Operations for 12 months		
Operating revenues	24,837,321	20,624,734
Operating income	782,674	3,038,900
Net income	102,318	3,342,468
Income, attributable to owners of parent	102,318	3,342,468
Depreciation and amortization	546,362	486,570

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION, S.A.B. DE C.V.

Breakdown of credits

Consolidated

Ticker: VLRS/ VOLAR Quarter: 2 Year: 2017

					Credits in domestic currency											
					Domestic currency Time interval						Foreign currency Time interval					
Credit type / institution	**Foreign institution (yes/no)**	**Contract signing date**	**Expiration date**	**Interest rate**	**Current year**	**Until 1 year**	**Until 2 years**	**Until 3 years**	**Until 4 years**	**Until 5 years or more**	**Current year**	**Until 1 year**	**Until 2 years**	**Until 3 years**	**Until 4 years**	**Until 5 years or more**
Banks																
Foreign trade																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Banks – secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Commercial Banks																
Banco Nacional de México (1)	NO	2017-02-22	2017-08-22	TIIE +% 0.8	207,469											
Banco Nacional de México (2)	NO	2017-06-14	2017-11-14	TIIE +% 0.8	200,710											
Banco Santander - Bancomext (1)	NO	2011-07-27	2021-05-31	LIBOR% + 1.99	0	0	0	0	0	0	435,085	438,086				
Banco Santander - Bancomext (2)	NO	2011-07-27	2021-05-31	LIBOR% + 2.25	0	0	0	0	0	0			589,772	125,460	68,433	
TOTAL					408,179	0	0	0	0	0	435,085	438,086	589,772	125,460	68,433	0
Other Banks																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total Banks																
TOTAL					408,179	0				0	435,085	438,086	589,772	125,460	68,433	0
Stock market																
Listed on stock exchange - unsecured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Listed on stock exchange - secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Private placements – unsecured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Private placements – secured																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total listed on stock exchanges and private placements																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Other current and non-current liabilities with cost																
Other current and non-current liabilities with cost																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Total other current and non-current liabilities with cost																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0
Suppliers																
Suppliers																
Landing, take off and navigation expenses	NO				218,174											
Fuel	NO				138,725											
Administrative expenses	NO				50,401											
Sales, marketing and distribution expenses	NO				32,167											
Technology and communication	NO				19,724											
Maintenance expenses	NO				10,920											
Other services	NO				3,177											
Maintenance expenses USD	YES										119,811					
Aircraft and engine rent expenses USD	YES										66,788					
Technology and communication USD	YES										69,022					
Landing, take off and navigation expenses USD	YES										31,218					
Administrative expenses USD	YES										10,875					
Sales, marketing and distribution expenses USD	YES										10,294					
Fuel USD	YES										1,624					
Other services USD	YES										59					
TOTAL					473,288	0	0	0	0	0	309,691	0	0	0	0	0
Total suppliers																
TOTAL					473,288	0	0	0	0	0	309,691	0	0	0	0	0
Other current and non-current liabilities																
Other current and non-current liabilities																
TOTAL					0	0	0	0	0	0	0	0	0	0	0	0

Total other current and non-current liabilities												
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total credits												
TOTAL	**881,467**	**0**	**0**	**0**	**0**	**0**	**744,776**	**438,086**	**589,772**	**125,460**	**68,433**	**0**

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION,
S.A.B. DE C.V.

Annex - Monetary foreign currency position

Consolidated

Ticker: VLRS/ VOLAR

Quarter: 2 Year: 2017

U.S. dollar amounts at June 30, 2017 have been included solely for the convenience of the reader and are translated from mexican pesos, using an exchange rate of Ps.17.8973 per U.S. dollar, as reported by the Mexican Central Bank (Banco de Mexico) as the ride for the payment of obligations denominated in foreign currency payable in Mexico in effect on June 30, 2017.

	Monetary foreign currency position				
	Dollars	**Dollar equivalent in pesos**	**Other currencies equivalent in dollars**	**Other currencies equivalent in pesos**	**Total pesos**
Foreign currency position					
Monetary assets					
Current monetary assets	374,774	6,707,443	0	0	6,707,443
Non-current monetary assets	333,501	5,968,767	0	0	5,968,767
Total monetary assets	708,275	12,676,210	0	0	12,676,210
Liabilities position					
Short-term liabilities	108,365	1,939,441	0	0	1,939,441
Long-term liabilities	43,787	783,665	0	0	783,665
Total liabilities	152,152	2,723,106	0	0	2,723,106
Net monetary foreign currency position	556,123	9,953,104	0	0	9,953,104

Annex - Distribution of Operating Revenues

	Domestic	International	Income of subsidiaries abroad	Total operating revenues
Operating revenues				
Domestic (Mexico)	8,333,913	0	0	8,333,913
International (United States of America and Central America)	0	3,303,484	0	3,303,484
TOTAL	8,333,913	3,303,484	0	11,637,397

Management's discussion about derivative financial instrument policies explaining whether these policies allow them to be used only for hedging or other purposes such as trading.

The Company´s activities are exposed to different financial risks resulting from exogenous variables that are not under its control, but whose effects can be potentially adverse. The Company's global risk management program is focused on existing uncertainty in the financial markets and is intended to minimize potential adverse effects on net earnings and working capital requirements. Volaris uses derivative financial instruments to mitigate part of these risks and does not acquire financial derivative instruments for speculative or trading purposes.

The Company has a Finance and Risk Management team which identifies and measures the exposure to different financial risks. It is also in charge of designing strategies to mitigate them. Accordingly, it has a Hedging Policy in place and procedures related thereto, on which those strategies are based. All policies, procedures and strategies are approved by different administrative entities based on the Corporate Governance.

The Hedging Policy establishes that derivative financial instrument transactions will be approved and implemented/monitored by certain committees. Compliance with the Hedging Policy and its procedures are subject to internal and external audits.

The Hedging Policy holds a conservative position regarding derivative financial instruments, since it only allows the Company to enter into positions that are correlated with the primary position to be hedged (in accordance with International Financial Reporting Standards *"IFRS"* , under which the Company prepares its financial information). The Company's objective is to apply hedge accounting treatment to all derivative financial instruments.

Volaris aims to transfer a portion of market risk to its financial counterparties through the use of derivative financial instruments, described as follows:

1. Fuel price fluctuation risk: Volaris' contractual agreements with its fuel suppliers are linked by reference to the market price index of the underlying asset; therefore, it is exposed to an increase in such price. Volaris enters into derivative financial instruments to hedge against significant increases in the fuel price. The instruments are traded on over-the-counter ("OTC") markets, with approved counterparties and within approved limits of the Hedging Policy. As of the date of this report, the Company uses Asian call options, being U.S. Gulf Coast Jet Fuel 54 the underlying asset. Asian instruments consider the monthly average price of the underlying asset, hence it matches the outflows of Volaris main fuel supplier. All derivative financial instruments qualified as hedge accounting.

2. Foreign currency risk: The Company's exposure to the risk fluctuations in foreign exchange rates is mainly related to the Company's activities (considering revenues and/or expenses denominated in a currency other than the Company's functional currency). Such exposure arises from expenses that are linked or/and denominated in U.S. dollars. To mitigate this risk, the Hedging Policy allows the Company to use foreign currency derivative financial instruments. As of the date of this report, the Company entered into foreign currency forward contracts.

3. Interest rate variation risk: The Company's exposure to the risk of changes in market interest rates is related primarily to the Company's flight equipment operating lease agreements and long-term debt obligations with floating interest rates. The Company enters into derivative financial instruments to hedge a portion of that exposure. As of the date of this report, the Company does not have any position.

Outstanding derivative financial instruments may require collateral to guarantee a portion of the mark-to-market prior to maturity. The amount of collateral delivered in pledge, is presented as part of non-current assets under guarantee deposits. It is assessed and adjusted accordingly on daily basis.

Trading markets and eligible counterparties

The Company only operates in over-the-counter ("OTC") markets. To minimize counterparty risk, the Company enters into ISDA agreements with counterparties with recognized financial capacity; therefore, significant risks of default on any of them are not foreseen. As of June 30, 2017, the Company has 7 ISDAs in place with different financial institutions and is active with 6 of them.

Those agreements have a Credit Support Annex ("CSA") section, which sets credit conditions and guidelines for margin calls that are stipulated therein, including minimum amounts and rounding off. Hedging positions are distributed among different counterparties with the purpose of diversifying our exposure, and thus, optimizing financial conditions of different CSA thresholds. Moreover, the Company has internal resources to meet the requirements related to derivative financial instruments.

Generic description of the valuation techniques, distinguishing instruments that are valued at cost or fair value, as well as valuation methods and techniques.

The designation of calculation agents is documented at the ISDAs whereby Volaris operates. The Company uses the valuations provided by the financial institutions of each derivative financial instrument. Afterwards, that fair value is compared with internally developed valuation techniques that use valid and recognized methodologies based on the assets listed on its respective market and using Bloomberg as the main source of information for the levels.

In accordance with International Financial Reporting Standards ("IFRS"), the Company prepares its financial statements, Volaris performs prospective effectiveness tests, as well as hedging records in which derivative financial instruments are classified in accordance with the type of underlying asset (monitored and updated constantly). As of the date of this report, all of the Company's financial derivative instruments are considered effective and, therefore, are recorded under hedge accounting assumptions.

Management discussion on internal and external sources of liquidity that could be used to meet the requirements related to derivative financial instruments

The Company only operates with financial counterparties with which it has an ISDA agreement. Those agreements have a Credit Support Annex ("CSA") section, which sets credit conditions and guidelines for margin calls that are stipulated therein, including minimum amounts and rounding off. Hedging positions are distributed among different counterparties with the purpose of diversifying our exposure, and thus, optimizing financial conditions of different CSA thresholds. Moreover, the Company has internal resources to meet the requirements related to derivative financial instruments.

Explanation of changes in exposure to the main risks identified and in managing them, as well as contingencies and events known or expected by management that can affect future reports.

The Company's activities are exposed to several market risks, such as fuel price, exchange rates and interest rates. During the second quarter of 2017, there was no evidence of significant changes that could modify the exposure to the risks described above, a situation that can change in the future.

Quantitative information

As of the date of this report, all the derivative financial instruments held by the Company qualified as hedge accounting; for this reason, the changes in their fair value will only be the result of changes in the price levels of the underlying asset, and it will not modify the objective of the hedge for which it was initially entered for.

Notes - Subclassifications of assets, liabilities and equities

	As of June 30, 2017	As of December 31, 2016
Subclassifications of assets, liabilities and equities		
Cash and cash equivalents		
Cash		
Cash on hand	4,393	4,814
Cash in banks	1,033,140	2,632,878
Total cash	1,037,533	2,637,692
Cash equivalents		
Short-term deposits, classified as cash equivalents	0	0
Short-term investments	4,943,483	4,433,559
Other banking arrangements, classified as cash equivalents	0	0
Total cash equivalents	4,943,483	4,433,559
Other cash and cash equivalents	0	0
Total cash and cash equivalents	5,981,016	7,071,251
Trade and other current receivables		
Current trade receivables	309,320	308,302
Current receivables due from related parties	0	0
Current prepayments		
Current advances to suppliers	0	0
Current prepaid expenses	0	0
Total current prepayments	0	0
Recoverable value added tax and others	344,926	342,348
Current value added tax receivables	0	0
Current receivables from sale of properties	0	0
Current receivables from rental of properties	0	0
Other current receivables	121,285	119,101
Total trade and other current receivables	775,531	769,751
Classes of current inventories		
Current raw materials and current production supplies		
Current raw materials	0	0
Current production supplies	0	0
Total current raw materials and current production supplies	0	0
Current merchandise	0	0
Current work in progress	0	0
Current finished godos	0	0
Spare parts and accesories of flight equipment	253,114	235,330
Property intended for sale in ordinary course of business	0	0
Miscellaneous supplies	7,460	8,554
Total inventories	260,574	243,884
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners		
Non-current assets or disposal groups classified as held for sale	0	0
Non-current assets or disposal groups classified as held for distribution to owners	0	0
Total non-current assets or disposal groups classified as held for sale or as held for distribution to owners	0	0
Trade and other non-current receivables		
Non-current trade receivables	0	0
Non-current receivables due from related parties	0	0
Non-current prepayments	0	0
Non-current lease prepayments	0	0
Non-current receivables from taxes other than income tax	0	0
Non-current value added tax receivables	0	0
Non-current receivables from sale of properties	0	0
Non-current receivables from rental of properties	0	0
Revenue for billing	0	0
Other non-current receivables	0	0
Total trade and other non-current receivables	0	0

Investments in subsidiaries, joint ventures and associates		
Investments in subsidiaries	0	0
Investments in joint ventures	0	0
Investments in associates	0	0
Total investments in subsidiaries, joint ventures and associates	0	0
Property, plant and equipment		
Land and buildings		
Land	0	0
Buildings	0	0
Total land and buildings	0	0
Machinery	0	0
Vehicles		
Ships	0	0
Aircraft	0	0
Motor vehicles	0	0
Total vehicles	0	0
Fixtures and fittings	0	0
Office equipment	18,539	17,657
Tangible exploration and evaluation assets	0	0
Mining assets	0	0
Oil and gas assets	0	0
Construction in progress	1,882,846	1,496,717
Construction prepayments	0	0
Other property, plant and equipment	1,215,272	1,010,634
Total property, plant and equipment	3,116,657	2,525,008
Investment property		
Investment property completed	0	0
Investment property under construction or development	0	0
Investment property prepayments	0	0
Total investment property	0	0
Intangible assets and goodwill		
Intangible assets other than goodwill		
Brand names	0	0
Intangible exploration and evaluation assets	0	0
Mastheads and publishing titles	0	0
Computer software	75,347	90,949
Licences	1,316	1,684
Copyrights, patents and other industrial property rights, service and operating rights	0	0
Recipes, formulae, models, designs and prototypes	0	0
Intangible assets under development	68,526	21,408
Other intangible assets	0	0
Total intangible assets other than goodwill	145,189	114,041
Goodwill	0	0
Total intangible assets and goodwill	145,189	114,041
Trade and other current payables		
Suppliers	782,979	861,805
Related parties	61,316	65,022

Accruals and deferred income classified as current		
Unearned transportation revenue	3,296,053	2,153,567
Rent deferred income classified as current	0	0
Accruals classified as current	0	0
Short-term employee benefits accruals	0	0
Total accruals and deferred income classified as current	3,296,053	2,153,567
Other taxes and fees payable	1,547,084	1,476,242
Current value added tax payables	0	0
Current retention payables	0	0
Other current payables	0	0
Total trade and other current payables	5,687,432	4,556,636
Other current financial liabilities		
Financial debt	1,281,350	1,051,237
Stock market loans current	0	0
Other current iabilities at cost	0	0
Other current liabilities no cost	0	0
Financial Instruments	10,565	14,144
Total other current financial liabilities	1,291,915	1,065,381
Trade and other non-current payables		
Non-current trade payables	0	0
Non-current payables to related parties	0	0
Accruals and deferred income classified as non-current		
Deferred income classified as non-current	0	0
Rent deferred income classified as non-current	0	0
Accruals classified as non-current	0	0
Total accruals and deferred income classified as non-current	0	0
Non-current payables on social security and taxes other than income tax	0	0
Non-current value added tax payables	0	0
Non-current retention payables	0	0
Other non-current payables	0	0
Total trade and other non-current payables	0	0
Other non-current financial liabilities		
Financial debt	783,665	943,046
Stock market loans non-current	0	0
Other non-current liabilities at cost	0	0
Other non-current liabilities no cost	0	0
Other non-current financial liabilities	0	0
Total other non-current financial liabilities	783,665	943,046
Other provisions		
Other liabilities long-term	155,683	136,555
Other liabilities short-term	299,650	284,200
Total other provisions	455,333	420,755
Other reserves		
Revaluation surplus	0	0
Reserve of exchange differences on translation	0	0
Reserve of cash flow hedges	0	0
Reserve of gains and losses on hedging instruments that hedge investments in equity instruments	0	0
Reserve of change in value of time value of options	0	0
Reserve of change in value of forward elements of forward contracts	0	0
Reserve of change in value of foreign currency basis spreads	0	0
Reserve of gains and losses on remeasuring available-for-sale financial assets	0	0
Reserve of share-based payments	0	0

Reserve of remeasurements of defined benefit plans	0	0
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale	0	0
Reserve of gains and losses from investments in equity instruments	0	0
Reserve of change in fair value of financial liability attributable to change in credit risk of liability	0	0
Reserve for catastrophe	0	0
Reserve for equalisation	0	0
Reserve of discretionary participation features	0	0
Reserve of equity component of convertible instruments	0	0
Contributions for future capital increases	1	1
Merger reserve	0	0
Legal reserve	291,178	38,250
Other comprehensive income	(182,579)	137,442
Total other reserves	108,600	175,693
Net assets (liabilities)		
Assets	19,850,718	21,781,771
Liabilities	11,253,060	10,987,695
Net assets	8,597,658	10,794,076
Net current assets (liabilities)		
Current assets	9,903,683	11,551,116
Short-term liabilities	8,990,666	7,887,898
Net current assets	913,017	3,663,218

Notes - Analysis of income and expense

	For the six months ended June 30, 2017	For the six months ended June 30, 2016	For the three months ended June 30, 2017	For the three months ended June 30, 2016
Analysis of income and expense				
Revenue				
Revenue from rendering of services	11,637,397	10,312,527	5,981,630	5,130,677
Revenue from sale of goods	0	0	0	0
Interest income	0	0	0	0
Royalty income	0	0	0	0
Dividend income	0	0	0	0
Rental income	0	0	0	0
Revenue from construction contracts	0	0	0	0
Other revenue	0	0	0	0
Total revenue	11,637,397	10,312,527	5,981,630	5,130,677
Finance income				
Interest income	42,804	53,876	21,489	19,534
Foreign exchange gain, net	0	932,483	0	923,085
Gains on change in fair value of derivatives	0	0	0	0
Gain on change in fair value of financial instruments	0	0	0	0
Other finance income	0	0	0	0
Total finance income	42,804	986,359	21,489	942,619
Finance cost				
Interest expense	0	0	0	0
Foreign exchange loss, net	1,703,107	0	558,245	0
Losses on change in fair value of derivatives	0	0	0	0
Loss on change in fair value of financial instruments	0	0	0	0
Other finance cost	42,524	15,035	21,899	7,860
Total finance cost	1,745,631	15,035	580,144	7,860
Tax income				
Current income tax	0	660,916	0	372,930
Deferred income tax	(555,514)	(2,433)	0	15,180
Total income tax (benefit) expense	(555,514)	658,483	0	388,110

Notes - List of accounting policies

Basis of preparation

Statement of compliance

The unaudited interim condensed consolidated financial statements, which include the consolidated statements of financial position as of June 30, 2017 and December 31, 2016 (audited), and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the six months period ended June 30, 2017 and 2016, have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and using the same accounting policies applied in preparing the annual financial statements, except as explained below.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2016 and 2015, and for the three years period ended December 31, 2016.

Basis of measurement and presentation

The accompanying consolidated financial statements have been prepared under the historical-cost convention, except for derivative financial instruments that are measured at fair value and investments in marketable securities measured at fair value through profit and loss ("FVTPL"). The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from those estimates.

a) Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
(ii) Exposure, or rights, to variable returns from its involvement with the investee.
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee.
(ii) Rights arising from other contractual arrangements.
(iii) The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

All intercompany balances, transactions, unrealized gains and losses resulting from intercompany transactions are eliminated in full.

On consolidation, the assets and liabilities of foreign operations are translated into Mexican pesos at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

b) Revenue recognition

Passenger revenues:

Revenues from the air transportation of passengers are recognized at the earlier of when the service is provided or when the non-refundable ticket expires at the date of the scheduled travel.

Ticket sales for future flights are initially recognized as liabilities under the caption unearned transportation revenue and, once the transportation service is provided by the Company or when the non-refundable ticket expires at the date of the scheduled travel, the earned revenue is recognized as passenger ticket revenues and the unearned transportation revenue is reduced by the same amount. All of the Company's tickets are non-refundable and are subject to change upon a payment of a fee. Additionally, the Company does not operate a frequent flier program.

Non-ticket revenues:

The most significant non-ticket revenues include revenues generated from: (i) air travel-related services (ii) revenues from non-air travel-related services and (iii) cargo services. Air travel-related services include but are not limited to fees charged for excess baggage, bookings through the call center or third-party agencies, advanced seat selection, itinerary changes, charters and airport passenger facility charges for no-show tickets. They are recognized as revenue when the related service is provided by the Company.

Revenues from non-air travel-related services include commissions charged to third parties for the sale of hotel rooms, trip insurance and rental cars. They are recognized as revenue at the time the service is provided. Additionally, services not directly related to air transportation include Volaris' sale of VClub membership and the sale of advertising spaces to third parties. VClub membership fees are recognized as revenues over the term of the membership. Revenue from the sale of advertising spaces is recognized over the period in which the space is provided.

Revenues from cargo services are recognized when the cargo transportation is provided (upon delivery of the cargo to destination).

c) Cash and cash equivalents

Cash and cash equivalents are represented by bank deposits and highly liquid investments with maturities of 90 days or less at the original purchase date.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term investments as defined above.

d) Financial instruments

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term investments as defined above.

Adoption of IFRS 9 (2013)

On October 1, 2014 the Company elected to early adopt IFRS 9 (2013) *Financial Instruments* , which comprises aspects related to classification and measurement of financial assets and financial liabilities, as well as hedge accounting treatment. This early adoption of IFRS 9 (2013) did not require retrospective adjustments to the Company.

Under IFRS 9 (2013), the FVTPL category used under IAS 39 remains permissible, although new categories of financial assets are introduced. These new categories are based on the characteristics of the instruments and the business model under which these are held, to either be measured at fair value or at amortized cost.

For financial liabilities, categories provided under IAS 39 are kept. As a result, there was no difference in valuation and recognition of the financial assets under IFRS 9 (2013), since those financial assets categorized under IAS 39 as FVTPL remain in that same category under IFRS 9 (2013). In the case of trade receivables, these were not affected in terms of valuation model by this version of IFRS 9 (2013), since they are carried at amortized cost and continued to be accounted for as such.

Also, the hedge accounting section of IFRS 9 (2013) requires for options that qualify and are formally designated as hedging instruments, the intrinsic value of the option to be defined as the hedging instrument, thus allowing for the exclusion of changes in fair value attributable to extrinsic value (time value and volatility), to be accounted, under the transaction-related method, separately as a cost of hedging that needs to be initially recognized in OCI and accumulated in a separate component of equity, since the hedged item is a portion of the forecasted jet fuel consumption. The extrinsic value is recognized in the consolidated statement of operations when the hedged item is recognized in income.

IFRS 9 requires the Company to record expected credit losses on all trade receivables, either on a 12 month or lifetime basis. The Company recorded lifetime expected losses on all trade receivables.

e) Financial assets

Classification of financial assets

The Company determines the classification and measurement of financial assets, in accordance with the new categories introduced by IFRS 9 (2013), which are based on both: the characteristics of the contractual cash flows of these assets and the business model objective for holding them.

Financial assets include those carried at FVTPL, whose objective to hold them is for trading purposes (short-term investments), or at amortized cost, for accounts receivables held to collect the contractual cash flows, which are characterized by solely payments of principal and interest (“SPPI”). Derivative financial instruments are also considered financial assets when these represent contractual rights to receive cash or another financial asset.

Initial recognition

All the Company's financial assets are initially recognized at fair value, including derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their initial classification, as is described below:

1. Financial assets at FVTPL which include financial assets held for trading.
2. Financial assets at amortized cost, whose characteristics meet the SPPI criterion and were originated to be held to collect principal and interest in accordance with the Company's business model.
3. Derivative financial instruments are designated for hedging purposes under the cash flow hedge ("CFH") accounting model and are measured at fair value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

a) The rights to receive cash flows from the asset have expired;

b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or

c) When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

ii) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. Receivables are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer, the risk characteristic of the financial project and indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For trade receivables, the Company assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If there is objective evidence that an impairment loss is expected, the amount of the loss is measured as the present value of estimated future cash flows (future expected credit losses that have not yet been incurred).

Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

iii) Financial liabilities

Classification of financial liabilities

Financial liabilities under IFRS 9 (2013) are classified at amortized cost or at FVTPL.

Derivative financial instruments are also considered financial liabilities when these represent contractual obligations to deliver cash or another financial asset.

Initial recognition

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company's financial liabilities include accounts payable to suppliers, unearned transportation revenue, other accounts payable, financial debt and financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at amortized cost

Accounts payable are subsequently measured at amortized cost and do not bear interest or result in gains and losses due to their short-term nature.

After initial recognition at fair value (consideration received), interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on issuance and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of operations. This amortized cost category generally applies to interest-bearing loans and borrowings.

Financial liabilities at FVTPL

FVTPL include financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities under the fair value option are classified as held for trading, if they are acquired for the purpose of selling them in the near future. This category includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IFRS 9 (2013). During the years ended December 31, 2016, 2015 and 2014 the Company has not designated any financial liability as at FVTPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of operations.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is:

(i) A currently enforceable legal right to offset the recognized amounts, and
(ii) An intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

f) Other accounts receivable

Other accounts receivables are due primarily from major credit card processors associated with the sales of tickets and are stated at cost less allowances made for doubtful accounts, which approximates fair value given their short-term nature.

g) Inventories

Inventories consist primarily of flight equipment expendable parts, materials and supplies, and are initially recorded at acquisition cost. Inventories are carried at the lower of cost and their net realization value. The cost is determined on the basis of the method of specific identification, and expensed when used in operations.

h) Intangible assets

Cost related to the purchase or development of computer software that is separable from an item of related hardware is capitalized separately and amortized over the period in which it will generate benefits not exceeding five years on a straight-line basis. The Company annually reviews the estimated useful lives and salvage values of intangible assets and any changes are accounted for prospectively.

The Company records impairment charges on intangible assets used in operations when events and circumstances indicate that the assets or related cash generating unit may be impaired and the carrying amount of a long-lived asset or cash generating unit exceeds its recoverable amount, which is the higher of (i) its fair value less cost to sell, and (ii) its value in use.

The value in use calculation is based on a discounted cash flow model, using our projections of operating results for the near future. The recoverable amount of long-lived assets is sensitive to the uncertainties inherent in the preparation of projections and the discount rate used in the calculation.

i) Guarantee deposits

Guarantee deposits consist primarily of aircraft maintenance deposits paid to lessors, deposits for rent of flight equipment and other guarantee deposits. Aircraft and engine deposits are held by lessors in U.S. dollars and are presented as current assets and non-current assets, based on the recovery dates of each deposit established in the related agreements.

Aircraft maintenance deposits paid to lessors

Most of the Company’s lease agreements require the Company to pay maintenance deposits to aircraft lessors to be held as collateral in advance of the Company’s performance of major maintenance activities. These lease agreements provide that maintenance deposits are reimbursable to the Company upon completion of the maintenance event in an amount equal to the lesser of (i) the amount of the maintenance deposits held by the lessor associated with the specific maintenance event, or (ii) the qualifying costs related to the specific maintenance event.

Substantially all of these maintenance deposits are calculated based on a utilization measure of the leased aircrafts and engines, such as flight hours or cycles, and are used solely to collateralize the lessor for maintenance time run off the aircraft and engines until the completion of the maintenance of the aircraft and engines.

Maintenance deposits expected to be recovered from lessors are reflected as guarantee deposits in the accompanying consolidated statement of financial position. The portion of prepaid maintenance deposits that is deemed unlikely to be recovered, primarily relating to the rate differential between the maintenance deposits and the expected cost for the next related maintenance event that the deposits serve to collateralize, is recognized as supplemental rent in the consolidated statements of operations. Thus, any excess of the required deposit over the expected cost of the major maintenance event is recognized as supplemental rent in the consolidated statements of operations starting from the period the determination is made.

Any usage-based maintenance deposits to be paid to the lessor, related with a major maintenance event that (i) is not expected to be performed before the expiration of the lease agreement, (ii) is nonrefundable to the Company and (iii) is not substantively related to the maintenance of the leased asset, is accounted for as contingent rent in the consolidated statements of operations. The Company records lease payment as contingent rent when it becomes probable and reasonably estimable that the maintenance deposits payments will not be refunded.

During the year ended December 31, 2016, the Company added seventeen new aircraft to its fleet. The lease agreements of some of these aircraft do not require the obligation to pay maintenance deposits to lessors in advance in order to ensure major maintenance activities, so the Company does not record guarantee deposits regarding these aircraft. However, some of these agreements provide the obligation to make a maintenance adjustment payment to the lessors at the end of the contract period. This adjustment covers maintenance events that are not expected to be made before the termination of the contract. The Company recognizes this cost as a contingent rent during the lease term of the related aircraft, in the consolidated statement of operations.

The Company makes certain assumptions at the inception of the lease and at each consolidated statement of financial position date to determine the recoverability of maintenance deposits. These assumptions are based on various factors such as the estimated time between the maintenance events, the date the aircraft is due to be returned to the lessor, and the number of flight hours the aircraft and engines is estimated to be utilized before it is returned to the lessor.

In the event that lease extensions are negotiated, any extension benefit is recognized as a deferred lease incentive. The aggregate benefit of extension is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

During the years ended December 31, 2016 and 2015, the Company extended the lease term of two and three aircraft agreements, respectively. These extensions made available to the Company maintenance deposits that were recognized in prior periods in the consolidated statements of operations as contingent rent. The maintenance event for which the maintenance deposits were previously expensed was scheduled to occur after the original lease term and as such the contingent rental payments were expensed. However, when the leases were amended the maintenance deposits amounts became probable of recovery due to the longer lease term and as such they are being recognized as an asset.

The effect of these lease extensions were recognized as a guarantee deposit and a deferred lease incentive in the consolidated statements of financial position at the time of lease extension.

Because the lease extension benefits are considered lease incentives, the benefits are deferred in the caption other liabilities and are being recognized on a straight-line basis over the remaining revised lease terms.

j) Aircraft and engine maintenance

The Company is required to conduct diverse levels of aircraft maintenance. Maintenance requirements depend on the type of aircraft, age and the route network over which it operates.

Fleet maintenance requirements may involve short cycle engineering checks, for example, component checks, monthly checks, annual airframe checks and periodic major maintenance and engine checks.

Aircraft maintenance and repair consists of routine and non-routine works, divided into three general categories: (i) routine maintenance, (ii) major maintenance and (iii) component service.

(i) Routine maintenance requirements consists of scheduled maintenance checks on the Company's aircraft, including pre-flight, daily, weekly and overnight checks, any diagnostics and routine repairs and any unscheduled tasks performed as required. This type of maintenance events is currently serviced by the Company mechanics and are primarily completed at the main airports that the Company currently serves. All other maintenance activities are sub-contracted to qualified maintenance business partner, repair and overhaul organizations. Routine maintenance also includes scheduled tasks that can take from seven to 14 days to accomplish and typically are required approximately every 22 months. All routine maintenance costs are expensed as incurred.

(ii) Major maintenance consist of a series of more complex tasks that can take up to eight weeks to accomplish and typically are required approximately every five to six years.

Major maintenance is accounted for under the deferral method, whereby the cost of major maintenance and major overhaul and repair is capitalized (leasehold improvements to flight equipment) and amortized over the shorter of the period to the next major maintenance event or the remaining contractual lease term. The next major maintenance event is estimated based on assumptions including estimated usage. The United States Federal Aviation Administration ("FAA") and the Mexican Civil Aeronautic Authority (*Dirección General de Aeronáutica Civil* , or "DGAC") mandate maintenance intervals and average removal times as suggested by the manufacturer.

These assumptions may change based on changes in the utilization of aircraft, changes in government regulations and suggested manufacturer maintenance intervals. In addition, these assumptions can be affected by unplanned incidents that could damage an airframe, engine, or major component to a level that would require a heavy maintenance event prior to a scheduled maintenance event. To the extent the planned usage increases, the estimated life would decrease before the next maintenance event, resulting in additional expense over a shorter period.

(iii) The Company has a power-by-the hour agreement for component services, which guarantees the availability of aircraft parts for the Company's fleet when they are required. It also provides aircraft parts that are included in the redelivery conditions of the contract (hard time) without constituting an additional cost at the time of redelivery. The monthly maintenance cost associated with this agreement is recognized as incurred in the consolidated statements of operations.

The Company has an engine flight hour agreement that guarantees a cost per overhaul, provides miscellaneous engines coverage, caps the cost of foreign objects damage events, ensures there is protection from annual escalations, and grants an annual credit for scrapped components. The cost associated with the miscellaneous engines coverage is recorded as incurred in the consolidated statements of operations.

k) Rotable spare parts, furniture and equipment, net

Rotable spare parts, furniture and equipment, are recorded at cost and are depreciated to estimated residual values over their estimated useful lives using the straight-line method.

Aircraft spare engines have significant parts with different useful lives; therefore, they are accounted for as separate items (major components) of rotable spare parts.

Pre-delivery payments refer to prepayments made to aircraft and engine manufacturers during the manufacturing stage of the aircraft.

The borrowing costs related to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset.

Depreciation rates are as follows:

	Annual depreciation rate
Aircraft parts and rotable spare parts	8.3-16.7%
Aircraft spare engines	4.0-8.3%
Standardization	Remaining contractual lease term
Computer equipment	25%
Communications equipment	10%
Office furniture and equipment	10%
Electric power equipment	10%
Workshop machinery and equipment	10%
Service carts on board	20%
Leasehold improvements to flight equipment	The shorter of: (i) remaining contractual lease term, or (ii) the next major maintenance event

The Company reviews annually the useful lives and salvage values of these assets and any changes are accounted for prospectively.

The Company records impairment charges on rotable spare parts, furniture and equipment used in operations when events and circumstances indicate that the assets may be impaired or when the carrying amount of a long-lived asset or related cash generating unit exceeds its recoverable amount, which is the higher of (i) its fair value less cost to sell and (ii) its value in use.

The value in use calculation is based on a discounted cash flow model, using our projections of operating results for the near future. The recoverable amount of long-lived assets is sensitive to the uncertainties inherent in the preparation of projections and the discount rate used in the calculation.

l) Foreign currency transactions and exchange differences

The Company's consolidated financial statements are presented in Mexican peso, which is the reporting and functional currency of the parent company. For each subsidiary, the Company determines the functional currency and items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements of foreign subsidiaries prepared under IFRS and denominated in their respective local currencies, are translated into the functional currency as follows:

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions.

All monetary assets and liabilities were translated at the exchange rate at the consolidated statement of financial position date.

All non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Equity accounts are translated at the prevailing exchange rate at the time the capital contributions were made and the profits were generated.

Revenues, costs and expenses are translated at the average exchange rate during the applicable period.

The financial statements of foreign subsidiaries prepared under IFRS and denominated in their respective functional currencies are translated into Mexican pesos as follows:

The exchange rates used to translate the above amounts to Mexican pesos at June 30, 2017 and December 31, 2016 were Ps.17.8973 and Ps.20.6640, respectively, per U.S. dollar.

Foreign currency differences arising on translation into functional currency are recognized in the consolidated statement of operations. Furthermore, foreign currency differences arising on translation into presentation currency are allocated in OCI.

m) Liabilities and provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

For the operating leases, the Company is contractually obligated to return the leased aircraft in a specific condition. The Company accrues for restitution costs related to aircraft held under operating leases throughout the term of the lease, based upon the estimated cost of satisfying the return condition criteria for each aircraft. These return obligations are related to the costs to be incurred in the reconfiguration of aircraft (interior and exterior), painting, carpeting and other costs, which are estimated based on current cost adjusted for inflation. The return obligation is estimated at the inception of each leasing arrangement and recognized over the term of the lease.

The Company records aircraft lease return obligation reserves based on the best estimate of the return obligation costs under each aircraft lease agreement.

The aircraft lease agreements of the Company also require that the aircraft and engines be returned to lessors under specific conditions of maintenance. The costs of return, which in no case are related to scheduled major maintenance, are estimated and recognized ratably as a provision from the time it becomes likely such costs will be incurred and can be estimated reliably. These return costs are recognized on a straight-line basis as a component of supplemental rent and the provision is included as part of other liabilities, through the remaining lease term. The Company estimates the provision related to airframe, engine overhaul and limited life parts using certain assumptions including the projected usage of the aircraft and the expected costs of maintenance tasks to be performed.

n) Employee benefits

i) Personnel vacations

The Company and its subsidiaries in Mexico and Central America recognize a reserve for the costs of paid absences, such as vacation time, based on the accrual method.

ii) Termination benefits

The Company recognizes a liability and expense for termination benefits at the earlier of the following dates:

a) When it can no longer withdraw the offer of those benefits; and

b) When it recognizes costs for a restructuring that is within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* , and involves the payment of termination benefits.

The Company is demonstrably committed to a termination when, and only when, it has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

iii) Seniority premiums

In accordance with Mexican Labor Law, the Company provides seniority premium benefits to the employees which rendered services to its Mexican subsidiaries under certain circumstances. These benefits consist of a one-time payment equivalent to 12 days' wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit.

Obligations relating to seniority premiums other than those arising from restructurings, are recognized based upon actuarial calculations and are determined using the projected unit credit method.

Remeasurement gains and losses are recognized in full in the period in which they occur in OCI. Such remeasurement gains and losses are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation using a discount rate based on government bonds (*Certificados de la Tesorería de la Federación* , or "CETES" in Mexico), less the fair value of plan assets out of which the obligations are to be settled.

For entities in Costa Rica and Guatemala; there is no obligation to pay seniority premium benefits.

iv) Incentives

The Company has a quarterly incentive plan for certain personnel whereby cash bonuses are awarded for meeting certain performance targets. These incentives are payable shortly after the end of each quarter and are accounted for as a short-term benefit under IAS 19, *Employee Benefits* . A provision is recognized based on the estimated amount of the incentive payment.

During the year ended December 31, 2015, the Company adopted a new short-term benefit plan for certain key personnel whereby cash bonuses are awarded when certain Company's performance targets are met. These incentives are payable shortly after the end of each year and also are accounted for as a short-term benefit under IAS 19, *Employee Benefits* . A provision is recognized based on the estimated amount of the incentive payment.

v) Long-term retention plan ("LTRP")

During 2010, the Company adopted an employee LTRP, the purpose of which is to retain high performing employees within the organization by paying incentives contingent on meeting certain Company's performance targets. Incentives under this plan were payable in three equal annual installments, following the provisions for other long-term benefits under IAS 19.

During 2014, this plan was restructured and it was renamed Long-term incentive plan ("LTIP"). This new plan consists of a share purchase plan (equity-settled) and a share appreciation rights "SARs" plan (cash settled).

See below for accounting for share-based payments.

vi) Share-based payments

a) LTIP

In April and October 2016, extensions to the LTIP (equity and cash settled) were approved at the Annual Ordinary Shareholder's Meeting. These extensions were approved on the same terms as the original LTIP plan.

- Share purchase plan (equity-settled)

Certain key employees of the Company receive additional benefits through a share purchase plan denominated in Restricted Stock Units (“RSUs”), which has been classified as an equity-settled share-based payment. The cost of the equity-settled share purchase plan is measured at the grant date, taking into account the terms and conditions on which the share options were granted. The equity-settled compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits, over the requisite service period.

- SARs plan (cash settled)

The Company granted SARs to key employees, which entitle them to a cash payment after a service period. The amount of the cash payment is determined based on the increase in the share price of the Company between the grant date and the time of exercise. The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs, taking into account the terms and conditions on which the SARs were granted. The compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits, over the requisite service period.

b) Management incentive plan (“MIP”)

- MIP I

Certain key employees of the Company receive additional benefits through a share purchase plan, which has been classified as an equity-settled share-based payment. The equity-settled compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits, over the requisite service period.

- MIP II

On February 19, 2016, the Board of Directors of the Company authorized an extension to the MIP for certain key employees, this plan was named MIP II. In accordance with this plan, the Company granted SARs to key employees, which entitle them to a cash payment after a service period. The amount of the cash payment is determined based on the increase in the share price of the Company between the grant date and the time of exercise. The liability for the SARs is measured initially and at the end of each reporting period until settled at the fair value of the SARs, taking into account the terms and conditions on which the SARs were granted. The compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits, over the requisite service period.

vii) Employee profit sharing

For the years ended December 2016, 2015 and 2014, the Mexican Income Tax Law (“MITL”), establishes that the base for computing current year employee profit sharing shall be the taxpayer’s taxable income of the year for income tax purposes, including certain adjustments established in the Income Tax Law, at the rate of 10%. The cost of employee profit sharing earned for the current-year is presented as an expense in the consolidated statements of operations. Subsidiaries in Central America do not have such profit sharing benefit, as it is not required by local regulation.

o) Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Property and equipment lease agreements are recognized as finance leases if the risks and benefits incidental to ownership of the leased assets have been transferred to the Company when (i) the ownership of the leased asset is transferred to the Company upon termination of the lease; (ii) the agreement includes an option to purchase the asset at a reduced price; (iii) the term of the lease is for the major part of the economic life of the leased asset; (iv) the present value of minimum lease payments is at least substantially all of the fair value of the leased asset; or (v) the leased asset is of a specialized nature for the Company.

When the risks and benefits incidental to the ownership of the leased asset remain mostly with the lessor, they are classified as operating leases and rental payments are charged to results of operations on a straight-line over the term of the lease.

The Company’s lease contracts for aircraft, engines and components parts are classified as operating leases.

Sale and leaseback

The Company enters into sale and leaseback agreements whereby an aircraft or engine is sold to a lessor upon delivery and the lessor agrees to lease such aircraft or engine back to the Company. Leases under sale and leaseback agreements meet the conditions for treatment as operating leases.

Profit or loss related to a sale transaction followed by an operating lease, is accounted for as follows:

(i) Profit or loss is recognized immediately when it is clear that the transaction is established at fair value.

(ii) If the sale price is at or below fair value, any profit or loss is recognized immediately. However, if the loss is compensated for by future lease payments at below market price, such loss is recognized as an asset in the consolidated statements of financial position, and amortized to the consolidated statements of operations in proportion to the lease payments over the contractual lease term.

(iii) If the sale price is above fair value, the excess of the price above the fair value is deferred and amortized to the consolidated statements of operations over the asset’s expected lease term, including probable renewals, with the amortization recorded as a reduction of rent expense.

p) Taxes and fees payable

The Company is required to collect certain taxes and fees from customers on behalf of government agencies and airports and to remit these to the applicable governmental entity or airport on a periodic basis. These taxes and fees include federal transportation taxes, federal security charges, airport passenger facility charges, and foreign arrival and departure fees. These charges are collected from customers at the time they purchase their tickets, but are not included in passenger revenue. The Company records a liability upon collection from the customer and discharges the liability when payments are remitted to the applicable governmental entity or airport.

q) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except, in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any available tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and available tax losses can be utilized, except, in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction in OCI.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The charge for income taxes incurred is computed based on tax laws approved in Mexico, Costa Rica and Guatemala at the date of the consolidated statement of financial position.

r) Derivative financial instruments and hedge accounting

The Company mitigates certain financial risks, such as volatility in the price of jet fuel, adverse changes in interest rates and exchange rate fluctuations, through a risk management program that includes the use of derivative financial instruments.

In accordance with IFRS 9 (2013), derivative financial instruments are recognized in the consolidated statement of financial position at fair value. At inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting; as well as, the risk management objective and strategy for undertaking the hedge. The documentation includes the hedging strategy and objective, identification of the hedging instrument, the hedged item or transaction, the nature of the risks being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk(s).

Only if such hedges are expected to be effective in achieving offsetting changes in fair value or cash flows of the hedge item(s) and are assessed on an ongoing basis to determine that they actually have been effective throughout the financial reporting periods for which they were designated, hedge accounting treatment can be used.

Under the CFH accounting model, the effective portion of the hedging instrument's changes in fair value is recognized in OCI, while the ineffective portion is recognized in current year earnings. During the years ended December 31, 2016 and 2015, there was no ineffectiveness with respect to derivative financial instruments. The amounts recognized in OCI are transferred to earnings in the period in which the hedged transaction affects earnings.

The realized gain or loss of derivative financial instruments that qualify as CFH is recorded in the same caption of the hedged item in the consolidated statement of operations.

Accounting for the time value of options

The Company accounts for the time value of options in accordance with IFRS 9 (2013), which requires all derivative financial instruments to be initially recognized at fair value. Subsequent measurement for options purchased and designated as CFH requires that the option's changes in fair value be segregated into its intrinsic value (which will be considered the hedging instrument's effective portion in OCI) and its correspondent changes in extrinsic value (time value and volatility). The extrinsic value changes will be considered as a cost of hedging (recognized in OCI in a separate component of equity) and accounted for in income when the hedged items also is recognized in income.

Outstanding derivative financial instruments may require collateral to guarantee a portion of the unsettled loss prior to maturity. The amount of collateral delivered in pledge, is presented as part of non-current assets under the caption guarantee deposits, and the amount of the collateral is reviewed and adjusted on a daily basis based on the fair value of the derivative position.

s) Financial instruments – Disclosures

IFRS 7 requires a three-level hierarchy for fair value measurement disclosures and requires entities to provide additional disclosures about the relative reliability of fair value measurements.

t) Treasury shares

The Company's equity instruments that are reacquired (treasury shares), are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Any difference between the carrying amount and the consideration received, if reissued, is recognized in additional paid in capital.

Share-based payment options exercised during the reporting period are settled with treasury shares.

u) Operating segments

The Company is managed as a single business unit that provides air transportation and related services, accordingly it has only one operating segment.

The Company has two geographic areas identified as domestic (Mexico) and international (United States of America and Central America).

v) Current versus non-current classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is: (i) expected to be realized or intended to be sold or consumed in normal operating cycle, (ii) expected to be realized within twelve months after the reporting period, or, (iii) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: (i) it is expected to be settled in normal operating cycle, (ii) it is due to be settled within twelve months after the reporting period, or, (iii) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

w) Convenience translation

U.S. dollar amounts at June 30, 2017 shown in the unaudited interim condensed consolidated financial statements have been included solely for the convenience of the reader and are translated from Mexican pesos, using an exchange rate of Ps.17.8973 per U.S. dollar, as reported by the Mexican Central Bank (Banco de México) as the rate for the payment of obligations denominated in foreign currency payable in Mexico in effect on June 30, 2017. Such translation should not be construed as a representation that the peso amounts have been or could be converted into U.S. dollars at this or any other rate. The referred information in U.S. dollars is solely for information purposes and does not represent the amounts are in accordance with IFRS or the equivalent in U.S. dollars in which the transactions were conducted or in which the amounts presented in Mexican pesos can be translated or realized.

CONTROLADORA VUELA COMPA Ñ Í A DE AVIACION,
S.A.B. DE C.V.

Notes - Interim financial reporting

CONTROLADORA VUELA COMPAÑÍA DE AVIACIÓN, S.A.B. DE C.V. AND SUBSIDIARIES
(d.b.a. VOLARIS)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

At June 30, 2017 and December 31, 2016

(In thousands of Mexican pesos and thousands of U.S. dollars,
except when indicated otherwise)

1. Description of the business and summary of significant accounting policies

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. ("Controladora" or the "Company") was incorporated in Mexico in accordance with Mexican Corporate laws on October 27, 2005.

Controladora is domiciled in Mexico City at Av. Antonio Dovali Jaime No. 70, 13th Floor, Tower B, Colonia Zedec Santa Fe, Mexico City.

The Company, through its subsidiary Concesionaria Vuela Compañía de Aviación, S.A.P.I. de C.V. ("Concesionaria"), has a concession to provide air transportation services for passengers, cargo and mail throughout Mexico and abroad.

Concesionaria's concession was granted by the Mexican federal government through the Mexican Communications and Transportation Ministry (*Secretaría de Comunicaciones y Transportes or "SCT"*) on May 9, 2005 initially for a period of five years and was extended on February 17, 2010 for an additional period of ten years.

Concesionaria made its first commercial flight as a low-cost airline on March 13, 2006. The Company operates under the trade name of "Volaris". On June 11, 2013, Controladora Vuela Compañía de Aviación, S.A.P.I. de C.V. changed its corporate name to Controladora Vuela Compañía de Aviación, S.A.B. de C.V.

On September 23, 2013, the Company completed its dual listing Initial Public Offering ("IPO") on the New York Stock Exchange ("NYSE") and on the Mexican Stock Exchange (*Bolsa Mexicana de Valores, or "BMV"*), and on September 18, 2013 its shares started trading under the ticker symbol "VLRS" and "VOLAR", respectively.

On November 16, 2015, certain shareholders of the Company completed a secondary follow-on equity offering on the NYSE.

On November 10, 2016, the Company, through its subsidiary Vuela Aviación, S.A. ("Volaris Costa Rica"), obtained from the Costa Rican civil aviation authorities an air operator certificate to provide air transportation services for passengers, cargo and mail, in scheduled and non-scheduled flights for an initial period of five years.

The accompanying unaudited interim condensed consolidated financial statements and notes were authorized for their issuance by the Company's Chief Executive Officer, Enrique Beltranena, and Chief Financial Officer, Fernando Suárez, on July 20, 2017. Subsequent events have been considered through that date.

Relevant events

Operations in Central America

On December 1, 2016, the Company's subsidiary Vuela Aviación, started operations in Costa Rica.

Secondary follow-on equity offering

On November 16, 2015; the Company completed a secondary follow-on equity offering, in which certain shareholders sold 108,900,000 of the Company's Ordinary Participation Certificates (*Certificados de Participación Ordinarios or "CPOs"*), in the form of American Depositary Shares, or "ADSs", in the United States and other countries outside Mexico. No CPOs or ADSs were sold by the Company and the selling shareholders received all of the proceeds from this offering.

2. Basis of preparation

The unaudited interim condensed consolidated financial statements, which include the consolidated statements of financial position as of June 30, 2017 and December 31, 2016 (audited), an d the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the six months period ended June 30, 2017 and 2016, have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and using the same accounting policies applied in preparing the annual financial statements, except as explained below .

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2016 and 2015, and for the three years period ended December 31, 2016.

Basis of consolidation

The accompanying unaudited interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries. At June 30, 2017 and December 31, 2016, for accounting purposes the companies included in the unaudited interim condensed consolidated financial statements are as follows:

Name	Principal Activities	Country	% Equity interest June 30, 2017	December 31, 2016
Concesionaria	Air transportation services for passengers, cargo and mail throughout Mexico and abroad	Mexico	**100%**	100%
Volaris Costa Rica	Air transportation services for passengers, cargo and mail in Costa Rica and abroad	Costa Rica	**100%**	100%
Vuela, S.A. (“Vuela”)*	Air transportation services for passengers, cargo and mail in Guatemala and abroad	Guatemala	**100%**	100%
Comercializadora Volaris, S.A. de C.V.	Merchandising of services	Mexico	**100%**	100%
Servicios Earhart, S.A.	Recruitment and payroll	Guatemala	**100%**	100%
Servicios Corporativos Volaris, S.A. de C.V. (“Servicios Corporativos”)	Recruitment and payroll	Mexico	**100%**	100%
Servicios Administrativos Volaris, S.A. de C.V (“Servicios Administrativos”)	Recruitment and payroll	Mexico	**100%**	100%
Operaciones Volaris, S.A. de C.V (“Servicios Operativos”) (1)	Purchase and sale of goods and services	Mexico	**100%**	100%
Deutsche Bank México, S.A., Trust 1710	Pre-delivery payments financing	Mexico	**100%**	100%
Deutsche Bank México, S.A., Trust 1711	Pre-delivery payments financing	Mexico	**100%**	100%
Irrevocable Administrative Trust number F/307750 “Administrative Trust”	Share administration trust	Mexico	**100%**	100%
Irrevocable Administrative Trust number F/745291	Share administration trust	Mexico	**100%**	100%

*The Company has not started operations in Guatemala.

(1) With effect from August 3, 2016, the name of the Company was changed from Servicios Operativos Terrestres Volaris, S.A. de C.V. to Operaciones Volaris, S.A. de C.V.

New and amended standards and interpretations

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements for the year ended December 31, 2016, except for the adoption of new standards and interpretations effective as of January 1, 2017. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the unaudited interim condensed consolidated financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 7 – Statement of cash flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Company is not required to provide additional disclosures in its unaudited interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended December 31, 2017.

Amendments to IAS 12 – Income Taxes: Recognition of Deferred Tax Assets for Unrecognized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference.

Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The application of these amendments have no effect on the Company's financial position and performance as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

IFRS 9 (2014) Financial Instruments

The Company adopted IFRS 9 (2013) in connection with its 2014 unaudited interim condensed consolidated financial statements. IFRS 9 (2014) requires entities to apply an expected credit loss (ECL) model that replaces the IAS 39's incurred loss model. The ECL model applies to debt instruments accounted for at amortized cost or at fair value through OCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 *Revenue from Contracts with Customers* and lease receivables under IAS 17 *Leases* or IFRS 16 *Leases* .

IFRS 9 (2014) is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers, which may require more judgement and estimates than with the revenue recognition process that are required under the existing IAS 18 *Revenue Recognition* . Under IFRS 15, revenue is accounted for an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or providing services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. The standard permits two adoption methods: retrospectively to each reporting period presented (full retrospective method), or retrospectively with the cumulative effect recognized at the date of initial application (the cumulative catch-up transition method). IFRS 15 is required to be adopted for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Company plans to adopt the new standard on the required effective date, and currently anticipates utilizing the full retrospective method, in order to provide for comparative results in all periods presented.

While the Company is still evaluating the impact of the new standard, it expects the new standard to impact the timing of recognition of certain air travel-related services and non air-travel related services which under current accounting are recognized when the service is provided. Under the new standard, such services will likely be recognized when the air travel service is provided.

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and increase the volume of disclosures required in the Company's unaudited interim condensed consolidated financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2017, the Company will develop and start testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

Furthermore, the Company will monitor and assess any further developments issued by the IASB and the transition resource group. The Company continues to monitor and assess the potential impact of changes to IFRS 15 and related implementation guidance as they become available.

IFRS 16 Leases

IFRS 16 was issued in January 2016; and it replaces IAS 17 *Leases* , IFRIC 4 *Determining Whether an Arrangement Contains a Lease* , SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* . IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires lessees to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Company is in process to complete an IFRS 16 assessment. The adoption of this standard will have a significant impact on the accounting for leased aircraft, engines and other lease agreements, requiring the presentation of those leases with durations of greater than twelve months on the unaudited interim condensed consolidated statement of financial position. The Company anticipates adopting the new standard using the full retrospective method, see Note 12 for more information on the Company's lease agreements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively. The adoption of this amendment to IAS 19 did not have any impact on the unaudited interim condensed consolidated financial statements, since the discount rates of the Company's obligations for seniority premiums in Mexico are already determined using government bonds (*Certificados de la Tesorería de la Federación* , or "CETES" in Mexico).

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the unaudited interim condensed consolidated financial statements or incorporated by cross-reference between the unaudited interim condensed consolidated financial statements and wherever they are included within the interim financial report. The other information within the interim financial report must be available to users on the same terms as the unaudited interim condensed consolidated financial statements and at the same time. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Company.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: (a) the materiality requirements in IAS 1; (b) that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated; (c) that entities have flexibility as to the order in which they present the notes to financial statements; and (d) that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statements of profit or loss and OCI.

The adoption of this amendment did not have any significant impact on the presentation and disclosures in these unaudited interim condensed consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

In June 2016, the IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled; share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company is assessing the potential effect of the amendments on its unaudited interim condensed consolidated financial statements.

3. Significant accounting judgments, estimates and assumptions

The preparation of these unaudited interim condensed consolidated financial statements in accordance with IAS 34 requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities at the date of the Company's unaudited interim condensed consolidated financial statements.

4. Convenience translation

U.S. dollar amounts at June 30, 2017 shown in the unaudited interim condensed consolidated financial statements have been included solely for the convenience of the reader and are translated from Mexican pesos, using an exchange rate of Ps.17.8973 per U.S. dollar, as reported by the Mexican Central Bank (Banco de México) as the rate for the payment of obligations denominated in foreign currency payable in Mexico in effect on June 30, 2017. Such translation should not be construed as a representation that the peso amounts have been or could be converted into U.S. dollars at this or any other rate. The referred information in U.S. dollars is solely for information purposes and does not represent the amounts are in accordance with IFRS or the equivalent in U.S. dollars in which the transactions were conducted or in which the amounts presented in Mexican pesos can be translated or realized.

5. Seasonality of operations

The results of operations for any interim period are not necessarily indicative of those for the entire year because the business is subject to seasonal fluctuations. The Company expect demand to be greater during the summer in the northern hemisphere, in December and around Easter, which can fall either in the first or second quarter, compared to the rest of the year. The Company and subsidiaries generally experience their lowest levels of passenger traffic in February, September and October, given their proportion of fixed costs, seasonality can affect their profitability from quarter to quarter. This information is provided to allow for a better understanding of the results, however management has concluded that this does not constitute "highly seasonal" as considered by IAS 34.

6. Risk management

Financial risk management

The Company's activities are exposed to different financial risks derived from exogenous variables which are not under its control but whose effects might be potentially adverse such as: (i) market risk, (ii) credit risk, and (iii) liquidity risk. The Company's global risk management program is focused on uncertainty in the financial markets and tries to minimize the potential adverse effects on the net earnings and working capital requirements. The Company uses derivative financial instruments to hedge part of these risks. The Company does not enter into derivatives for trading or speculative purposes.

The sources of these financial risks exposures are included in both "on balance sheet" exposures, such as recognized financial assets and liabilities, as well as in "off-balance sheet" contractual agreements and on highly expected forecasted transactions. These on and off-balance sheet exposures, depending on their profiles, do represent potential cash flow variability exposure, in terms of receiving less inflows or facing the need to meet outflows which are higher than expected, therefore increase the working capital requirements.

Also, since adverse movements erode the value of recognized financial assets and liabilities, as well some other off-balance sheet financial exposures such as operating leases, there is a need for value preservation, by transforming the profiles of these fair value exposures.

The Company has a Finance and Risk Management team, which identifies and measures financial risk exposures, in order to design the strategies to mitigate or transform the profile of certain risk exposures, which are taken up to the corporate governance level for approval.

Market risk

a) Jet fuel price risk

Since the contractual agreements with jet fuel suppliers include reference to jet fuel index, the Company is exposed to fuel price risk which might have an impact on the forecasted consumption volumes. The Company's jet fuel risk management policy aims to provide the Company with protection against increases in jet fuel prices. In an effort to achieve the aforesaid, the risk management policy allows the use of derivative financial instruments available on over the counter ("OTC") markets with approved counterparties and within approved limits. Aircraft jet fuel consumed in the six months ended June 30, 2017 and 2016 represented 29% and 26%, of the Company's operating expenses, respectively. Additionally, the aircraft jet fuel consumed in the three months ended June 30, 2017 and 2016 represented 29% and 29%, of the Company's operating expenses, respectively.

During the six months period ended June 30, 2017 and 2016, the Company entered into US Gulf Coast Jet Fuel 54 Asian call options designated to hedge 61,143 and 102,218 thousand gallons, respectively. Such hedges represent a portion of the projected consumption for the for the next nine and eighteen months, respectively.

During the three months period ended June 30, 2017 and 2016, the Company entered into US Gulf Coast Jet Fuel 54 Asian call options designated to hedge 15,462 and 20,855 thousand gallons, respectively. Such hedges represent a portion of the projected consumption for the next six months, per year.

The Company decided to early adopt IFRS 9 (2013), beginning on October 1, 2014, which allows the Company to separate the intrinsic value and time value of an option contract and to designate as the hedging instrument only the change in the intrinsic value of the option. Because the external value (time value) of the Asian call options are related to a "transaction related hedged item," it is required to be segregated and accounted for as a "cost of hedging" in OCI and accrued as a separate component of stockholders' equity until the related hedged item affects profit and loss.

The hedged item (jet fuel consumption) of the options held by the Company represents a non-financial asset (energy commodity), which is not in the Company's inventory. Instead, it is directly consumed by the Company's aircraft at different airport terminals. Therefore, although a non-financial asset is involved, its initial recognition does not generate a book adjustment in the Company's inventories. Rather, it is initially accounted for in the Company's OCI and a reclassification adjustment is made from OCI toward the profit and loss and recognized in the same period or periods during which the hedged item is expected to be allocated to profit and loss. Furthermore, the Company hedges its forecasted jet fuel consumption month after month, which is congruent with the maturity date of the monthly serial Asian call options.

As of June 30, 2017 and December 31, 2016, the fair value of the outstanding US Gulf Coast Jet Fuel Asian call options was a gain of Ps.247,578 and Ps.867,809, respectively, and is presented as part of the financial assets in the consolidated statement of financial position.

The amount of cost of hedging derived from the extrinsic value changes of these options as of June 30, 2017 recognized in OCI totals Ps.249,099 (the positive cost of hedging as of December 31, 2016 totals Ps.218,038), and will be recycled to the fuel cost throughout 2017 and until 2018, as these options expire on a monthly basis.

During the three months period ended June 30, 2017 and 2016, the net cost of these options recycled to the fuel cost was Ps.73,036 and Ps.71,427, respectively.

During the six months period ended June 30, 2017 and 2016, the net cost of these options recycled to the fuel cost was Ps.132,482 and Ps.123,213, respectively.

The following table includes the notional amounts and strike prices of the derivative financial instruments outstanding as of the end of the period:

	Position as of June 30, 2017 Jet fuel Asian call option contracts maturities									
Jet fuel risk		**2H17**		**2017 Total**		**1H18**		**2H18**		**2018 Total**
Notional volume in gallons (thousands)*		**63,362**		**63,362**		**69,518**		**61,863**		**131,381**
Strike price agreed rate per gallon (U.S. dollars)**	**US$**	**1.4182**	**US$**	**1.4182**	**US$**	**1.6861**	**US$**	**1.8106**	**US$**	**1.7447**
Approximate percentage of hedge (of expected consumption value)		**58%**		**58%**		**50%**		**40%**		**45%**

* US Gulf Coast Jet Fuel 54 as underlying asset
** Weighted average

	Position as of December 31, 2016 Jet fuel Asian call option contracts maturities											
Jet fuel risk		1H17		2H17		2017 Total		1H18		3Q18		2018 Total
Notional volume in gallons (thousands)*		55,436		63,362		118,798		62,492		7,746		70,238
Strike price agreed rate per gallon (U.S. dollars)**	US$	1.6245	US$	1.4182	US$	1.5145	US$	1.6508	US$	1.5450	US$	1.6392
Approximate percentage of hedge (of expected consumption value)		51%		53%		52%		45%		10%		24%

* US Gulf Coast Jet Fuel 54 as underlying asset
** Weighted average

b) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities; when revenue or expense is denominated in a different currency from the Company's functional currency (including the amounts payable arising from U.S. dollar denominated expenses and U.S. dollars linked expenses and payments). To mitigate this risk, the Company may use foreign exchange derivative financial instruments.

The Company's revenue is mostly generated in Mexican pesos, however, for the six months ended June 30, 2017 and 2016, the U.S. dollar denominated revenues from operations in the United States of America and Central America accounted for 28% and 32%, respectively.

For the three months ended June 30, 2017 and 2016, the U.S. dollar denominated revenues from operations in the United States of America and Central America accounted for 30% and 29%, respectively.

The Company's U.S. dollar denominated cash collections as of June 30, 2017 and December 31, 2016 accounted for 41% and 38%, respectively.

The Company's foreign exchange on and off-balance sheet exposure as of June 30, 2017 and December 31, 2016 is as set forth below:

	Thousands of U.S. dollars			
		June 30, 2017		December 31, 2016
Assets:				
Cash and cash equivalents	**US$**	**292,437**	US $	297,565
Other accounts receivable		**11,634**		11,619
Aircraft maintenance deposits paid to lessors		**362,803**		343,787
Deposits for rental of flight equipment		**27,567**		30,025
Derivative financial instruments		**13,834**		41,996
Total assets		**708,275**		724,992
Liabilities:				
Financial debt		**92,575**		76,789
Foreign suppliers		**49,672**		56,109
Taxes and fees payable		**9,315**		6,874
Derivative financial instruments		**590**		684
Total liabilities		**152,152**		140,456
Net foreign currency position	**US$**	**556,123**	US $	584,536

The exchange rates used to translate the above amounts to Mexican pesos at June 30, 2017 and December 31, 2016 were Ps.17.8973 and Ps.20.6640, respectively, per U.S. dollar.

	Thousands of U.S. dollars			
		2017		2016
Off-balance sheet transactions exposure:				
Aircraft and engine operating lease payments (Note 12)	**US$**	**1,622,870**	US $	1,727,644
Aircraft and engine commitments (Note 16)		**284,742**		315,326
Total foreign currency	**US$**	**1,907,612**	US$	2,042,970

During the three months period ended June 30, 2017, the Company entered into foreign currency forward contracts in U.S. dollars to hedge approximately 9% of the aircraft rental expenses during the second half of 2017.

As of June 30, 2017, the unrealized loss of Ps.10,565 relating to the foreign currency forward contracts is included in OCI.

As of December 31, 2016, the Company did not enter into foreign exchange rate derivatives financial instruments.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations and flight equipment operating lease agreements with floating interest rates.

The Company's results are affected by fluctuations in certain benchmark market interest rates due to the impact that such changes may have on operational lease payments indexed to the *London Inter Bank Offered Rate* ("LIBOR"). The Company uses derivative financial instruments to reduce its exposure to fluctuations in market interest rates and accounts for these instruments as an accounting hedge. In most cases, when a derivative can be tailored within the terms and it perfectly matches the cash flows of a leasing agreement, it may be designated as a CFH and the effective portion of fair value variations are recorded in equity until the date the cash flow of the hedged lease payment is recognized in unaudited interim condensed consolidated statements of operations.

As of December 31, 2016, the Company had outstanding hedging contracts in the form of interest rate swaps with a notional amount of US$70,000 and fair value of Ps.14,144, recorded in liabilities. All of the Company's position matured on April 30, 2017.

For the three months ended June 30, 2017 and 2016, the loss on the interest rate swaps was Ps.2,041 and Ps.11,973, respectively, which was recognized as part of rental expense in the consolidated statements of operations.

For the six months ended June 30, 2017 and 2016, the reported loss on the interest rate swaps was Ps.13,827 and Ps.24,798, respectively, which was recognized as part of rental expense in the consolidated statements of operations.

d) Liquidity risk

Liquidity risk represents the risk that the Company has insufficient funds to meet its obligations.

Because of the cyclical nature of the business, the operations, and its investment and financing needs related to the acquisition of new aircraft and renewal of its fleet, the Company requires liquid funds to meet its obligations.

The Company attempts to manage its cash and cash equivalents and its financial assets, relating the term of investments with those of its obligations. Its policy is that the average term of its investments may not exceed the average term of its obligations. This cash and cash equivalents position is invested in highly-liquid short-term instruments through financial entities.

The Company has future obligations related to maturities of bank borrowings and derivative contracts. The Company's off-balance sheet exposure represents the future obligations related to operating lease contracts and aircraft purchase contracts. The Company concluded that it has a low concentration of risk since it has access to alternate sources of funding.

The table below presents the Company's contractual principal payments required on its financial liabilities and the derivative financial instruments fair value:

	June 30, 2017		
	Within one year	**One to five years**	**Total**
Interest-bearing borrowings:			
Pre-delivery payments facilities (Note 8)	**Ps. 865,311**	**Ps. 783,665**	**Ps. 1,648,976**
Working capital facilities (Note 8)	**407,100**	**-**	**407,100**
Derivative financial instruments:			
Foreign currency forward contracts	**10,565**	**-**	**10,565**
Total	**Ps. 1,282,976**	**Ps. 783,665**	**Ps. 2,066,641**

	December 31, 2016		
	Within one year	One to five years	Total
Interest-bearing borrowings:			
Pre-delivery payments facilities (Note 8)	Ps. 328,845	Ps. 943,046	Ps. 1,271,891
Short-term working capital facilities (Note 8)	716,290	-	716,290
Derivative financial instruments:			
Interest rate swaps contracts	14,144	-	14,144
Total	Ps. 1,059,279	Ps. 943,046	Ps. 2,002,325

e) Credit risk

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments including derivatives.

Financial instruments that expose the Company to credit risk involve mainly cash equivalents and accounts receivable. Credit risk on cash equivalents relate to amounts invested with major financial institutions.

Credit risk on accounts receivable relates primarily to amounts receivable from the major international credit card companies.

The Company has a high receivable turnover; hence management believes credit risk is minimal due to the nature of its businesses, which have a large portion of their sales settled in credit cards.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Some of the outstanding derivative financial instruments expose the Company to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not expect any of its counterparties to fail to meet their obligations. The amount of such credit exposure is generally the unrealized gain, if any, in such contracts. To manage credit risk, the Company selects counterparties based on credit assessments, limits overall exposure to any single counterparty and monitors the market position with each counterparty. The Company does not purchase or hold derivative financial instruments for trading purposes. At June 30, 2017, the Company concluded that its credit risk related to its outstanding derivative financial instruments is low, since it has no significant concentration with any single counterparty and it only enters into derivative financial instruments with banks with high credit-rating assigned by international credit-rating agencies.

f) Capital management

Management believes that the resources available to the Company are sufficient for its present requirements and will be sufficient to meet its anticipated requirements for capital expenditures and other cash requirements for the 2017 fiscal year.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximize the shareholder's value. No changes were made in the objectives, policies or processes for managing capital during the six months ended June 30, 2017. The Company is not subject to any externally imposed capital requirement, other than the legal reserve.

7. Fair value measurements

The only financial assets and liabilities recognized at fair value on a recurring basis are the derivative financial instruments.

Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Set out below, is a comparison by class of the carrying amounts and fair values of the Company's financial instruments, other than those for which carrying amounts are reasonable approximations of fair values:

	Carrying amount		**Fair value**	
	June 30, 2017	December 31, 2016	**June 30, 2017**	December 31, 2016
Assets				
Derivative financial instruments	**Ps. 247,578**	Ps. 867,809	**Ps. 247,578**	Ps. 867,809
Liabilities				
Financial debt*	**(2,056,076)**	(1,988,181)	**(1,677,278)**	(1,331,931)
Derivative financial instruments:				
Interest rate swaps contracts	**-**	(14,144)	**-**	(14,144)
Foreign currency forward contracts	**(10,565)**	-	**(10,565)**	-
Total	**Ps. (1,819,063)**	Ps. (1,134,516)	**Ps. (1,440,265)**	Ps. (478,266)

*Floating rate borrowing

The following table summarizes the fair value measurements at June 30, 2017:

	Fair value measurement			
	Quoted prices in active markets Level 1	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**	**Total**
Assets				
Derivatives financial instruments:				
Jet fuel Asian call options contracts*	**Ps. -**	**Ps. 247,578**	**-**	**Ps. 247,578**
Liabilities				
Derivatives financial instruments:				
Foreign currency forward contracts	**-**	**(10,565)**	**-**	**(10,565)**
Liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings**	**-**	**(1,677,278)**	**-**	**(1,677,278)**
Net	**Ps. -**	**Ps. (1,440,265)**	**-**	**Ps. (1,440,265)**

* Jet fuel forwards levels and FX Ps./US$ curve.
** LIBOR curve.
There were no transfers between level 1 and level 2 during the period.

The following table summarizes the fair value measurements at December 31, 2016:

	Fair value measurement			
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Assets				
Derivatives financial instruments:				
Jet fuel Asian call options contracts*	Ps. -	Ps. 867,809	Ps. -	Ps. 867,809
Liabilities				
Derivatives financial instruments:				
Interest rate swap contracts**	-	(14,144)	-	(14,144)
Liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings**	-	(1,331,931)	-	(1,331,931)
Net	Ps. -	Ps. (478,266)	Ps. -	Ps. (478,266)

* Jet fuel forwards levels and LIBOR curve.
** LIBOR curve.
There were no transfers between level 1 and level 2 during the period.

The following table summarizes the loss from derivatives financial instruments recognized in the consolidated statements of operations for the three months period ended June 30, 2017 and 2016:

Consolidated statements of operations

Instrument	**Financial statements line**	**2017**	2016
Jet fuel Asian call options contracts	Fuel	**Ps. (73,036)**	Ps. (71,427)
Interest rate swap contracts	Aircraft and engine rent expenses	**(2,041)**	(11,973)
Total		**Ps. (75,077)**	Ps. (83,400)

The following table summarizes the loss from derivatives financial instruments recognized in the consolidated statements of operations for the six months period ended June 30, 2017 and 2016:

Consolidated statements of operations

Instrument	Financial statements line	2017	2016
Jet fuel Asian call options contracts	Fuel	**Ps. (132,482)**	Ps. (123,213)
Interest rate swap contracts	Aircraft and engine rent expenses	**(13,827)**	(24,798)
Total		**Ps. (146,309)**	Ps. (148,011)

The following table summarizes the net (loss) gain on CFH before taxes recognized in the consolidated statements of comprehensive income for the three months ended June 30, 2017 and 2016:

Consolidated statements of other comprehensive income

Instrument	Financial statements line	June 30, 2017	June 30, 2016
Jet fuel Asian call options contracts	OCI	**Ps. (152,224)**	Ps. 270,541
Interest rate swap contracts	OCI	**2,043**	7,799
Foreign currency forward contracts	OCI	**(10,565)**	-
Total		**Ps. (160,746)**	Ps. 278,340

The following table summarizes the net (loss) gain on CFH before taxes recognized in the consolidated statements of comprehensive income for the six months ended June 30, 2017 and 2016:

Consolidated statements of other comprehensive income

Instrument	Financial statements line	June 30, 2017	June 30, 2016
Jet fuel Asian call options contracts	OCI	**Ps. (467,135)**	Ps. 342,524
Interest rate swap contracts	OCI	**14,144**	16,974
Foreign currency forward contracts	OCI	**(10,565)**	-
Total		**Ps. (463,556)**	Ps. 359,498

8. Financial assets and liabilities

At June 30, 2017 and December 31, 2016, the Company's financial assets are represented by cash and cash equivalents, trade and other accounts receivable, accounts receivable with carrying amounts that approximate their fair value.

a) Financial assets

	June 30, 2017	December 31, 2016
Derivative financial instruments designated as cash flow hedges (effective portion recognized within OCI)		
Jet fuel Asian call options	**Ps. 247,578**	Ps. 867,809
Total financial assets	**Ps. 247,578**	Ps. 867,809
Presented on the consolidated statements of financial position as follows:		
Current	**Ps. 168,371**	Ps. 543,528
Non-current	**Ps. 79,207**	Ps. 324,281

b) Financial debt

(i) As of June 30, 2017 and December 31, 2016, the Company's short-term and long-term debt consists of the following:

	June 30, 2017	December 31, 2016
I. Revolving line of credit with Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander ("Santander") and Banco Nacional de Comercio Exterior, S.N.C. ("Bancomext"), in U.S. dollars, to finance pre-delivery payments, maturing on May 31, 2021, bearing annual interest rate at the three-month LIBOR plus a spread according to the contractual conditions of each disbursement in a range of 1.99 to 2.25 percentage points.	**Ps. 1,648,976**	Ps. 1,271,891
II. The Company entered into a short-term working capital facility with Banco Nacional de México S.A. ("Citibanamex") in Mexican pesos, bearing annual interest rate at TIIE 28 days plus 0.80 percentage points.	**407,100**	406,330
III. In December 2016, the Company entered into a short-term working capital facility, with Bank of America México S.A. Institución de Banca Múltiple ("Bank of America") in U.S. dollars, bearing annual interest rate at the one-month LIBOR plus 1.60 percentage points, which the Company terminated in March 2017.	**-**	309,960
IV. Accrued interest	**8,939**	6,102
	2,065,015	1,994,283
Less: Short-term maturities	**1,281,350**	1,051,237
Long-term	**Ps. 783,665**	Ps. 943,046

(ii) The following table provides a summary of the Company's contractual payments of financial debt and accrued interest at June 30, 2017:

	Within one year	July 2018 - June 2019	July 2019 - June 2020	July 2020 - June 2021	Total
Finance debt					
Santander/Bancomext	**Ps. 873,171**	**Ps. 589,772**	**Ps. 125,460**	**Ps. 68,433**	**Ps. 1,656,836**
Citibanamex	**408,179**	**-**	**-**	**-**	**408,179**
Total	**Ps. 1,281,350**	**Ps. 589,772**	**Ps. 125,460**	**Ps. 68,433**	**Ps. 2,065,015**

The "Santander/Bancomext" loan agreement provides for certain covenants, including limits to the ability to, among others:

i) Incur debt above a specified debt basket unless certain financial ratios are met.
ii) Create liens.
iii) Merge with or acquire any other entity without the previous authorization of the Banks.
iv) Dispose of certain assets.
v) Declare and pay dividends, or make any distribution on the Company's share capital unless certain financial ratios are met.

At June 30, 2017 and December 31, 2016, the Company was in compliance with the covenants under the above-mentioned loan agreement.

For purposes of financing the pre-delivery payments, Mexican trust structures were created whereby, the Company assigned its rights and obligations under the Airbus Purchase Agreement with Airbus S.A.S. ("Airbus"), including its obligation to make pre-delivery payments to the Mexican trusts, and the Company guaranteed the obligations of the Mexican trusts under the financing agreement (Deutsche Bank Mexico, S.A. Trust 1710 and 1711).

c) Financial liabilities

	June 30, 2017	December 31, 2016
Derivative financial instruments designated as CFH (effective portion recognized within OCI):		
Interest rate swap contracts	**Ps. -**	Ps. 14,144
Foreign currency forward contracts	**10,565**	-
Total financial liabilities	**Ps. 10,565**	Ps. 14,144
Presented on the consolidated statements of financial position as follows:		
Current	**Ps. 10,565**	Ps. 14,144
Non-current	**Ps. -**	Ps. -

9. Related parties

a) An analysis of balances due from/to related parties at June 30, 2017 and December 31, 2016 is provided below. All companies are considered affiliates, since the Company's primary shareholders or directors are also direct or indirect shareholders of the related parties:

Due to:	**Type of transactions**	**Country of origin**		**June 30, 2017**		December 31, 2016	**Terms**
One Link, S.A. de C.V. ("One Link")	Call center fees	El Salvador	**Ps.**	**41,239**	Ps.	33,775	30 days
Aeromantenimiento, S.A. ("Aeroman")	Aircraft and engine maintenance	El Salvador		**19,809**		30,627	30 days
SearchForce, Inc. ("SearchForce")	Internet services	Mexico		**268**		620	30 days
			Ps.	**61,316**	Ps.	65,022	

As of June 30, 2017 and December 31, 2016, the Company did not recognize any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

a) During the three months ended June 30, 2017 and 2016, the Company had the following transactions with related parties:

Related party transactions	**Country of origin**		**2017**		2016
Expenses:					
Maintenance	El Salvador	**Ps.**	**75,507**	Ps.	83,866
Fees	Mexico/El Salvador		**45,326**		39,717
Other	Mexico/El Salvador/Guatemala		**2,225**		2,116

During the three months ended June 30, 2017 and 2016, the Company had the following transactions with related parties:

Related party transactions	**Country of origin**		**2017**		2016
Expenses:					
Maintenance	El Salvador	**Ps.**	**130,780**	Ps.	137,520
Fees	Mexico/El Salvador		**96,421**		78,786
Other	Mexico/El Salvador/Guatemala		**4,216**		2,828

c) Servprot

Servprot S.A. de C.V. ("Servprot") is a related party because Enrique Beltranena, the Company's Chief Executive Officer, and Rodolfo Montemayor, a member of the board of directors, are shareholders of such company. Servprot provides security services for Mr. Beltranena and his family, as well as for Mr. Montemayor.

During the three months ended June 30, 2017 and 2016 the Company expensed Ps.420 and Ps.445, respectively for this concept.

During the six months ended June 30, 2017 and 2016 the Company expensed Ps.842 and Ps.619, respectively for this concept.

d) Aeroman

Aeroman is a related party because Roberto José Kriete Ávila, a member of the Company's board of directors, and members of his immediate family are shareholders of Aeroman. We entered into an aircraft repair and maintenance service agreement with Aeroman on March 6, 2007. This agreement provides that we have to use Aeroman, exclusively for aircraft repair and maintenance services, subject to availability. Under this agreement, Aeroman provides inspection, maintenance, repair and overhaul services for aircraft. The Company makes payments under this agreement depending on the services performed. This agreement is for a 10 year term.

As of June 30, 2017 and December 31, 2016, the balances due under the agreement with Aeroman were Ps.19,809 and Ps.30,627, respectively.

For the three months ended June 30, 2017 and 2016, the Company incurred expenses under this agreement of Ps.76,212 and Ps.84,559, respectively.

For the six months ended June 30, 2017 and 2016, the Company incurred expenses under this agreement of Ps.132,343 and Ps.138,925, respectively.

e) Human Capital International

The Company entered into a professional services agreement with Human Capital International HCI, S.A. de C.V., or Human Capital International, on February 25, 2015, for the selection and hiring of executives. Rodolfo Montemayor Garza, a member of the Company's board of directors, is a founder and chairman of the board of directors of Human Capital International.

For the three months period ended June 30, 2017 and 2016, the Company accrued an expense under this agreement of Ps.260 and Ps.948, respectively.

For the six months period ended June 30, 2017 and 2016, the Company accrued an expense under this agreement of Ps.796 and Ps.1,023, respectively.

f) One Link

One Link is a related party because Marcho Baldochi, an alternate member of the board; is a director of the Company.

At June 30, 2017 and December 31, 2016, the balance in this agreement was Ps.41,239 and Ps.33,775, respectively.

The Company accrued an expense under this agreement of Ps.44,646 and Ps.38,324 for the three months period ended June 30, 2017 and 2016, respectively.

The Company accrued an expense under this agreement of Ps.94,783 and Ps.77,144 for the six months period ended June 30, 2017 and 2016, respectively.

g) SearchForce

SearchForce is a related party because William Dean Donovan, an alternate member of the board, is a director of the Company.

As of June 30, 2017 and December 31, 2016, the balance due under this agreement was Ps.268 and Ps.620, respectively.

For the three months period ended June 30, 2017 and 2016, the Company accrued an expense under this agreement of Ps.527 and Ps.1,423, respectively.

For the six months period ended June 30, 2017 and 2016, the Company accrued an expense under this agreement of Ps.1,418 and Ps.1,423, respectively.

h) Directors and officers

During the three months ended June 30, 2017 and 2016, all of the Company's senior managers received an aggregate compensation of short and long-term benefits of Ps.20,986 and Ps.31,339, respectively.

During the six months ended June 30, 2017 and 2016, all of the Company's senior managers received an aggregate compensation of short and long-term benefits of Ps.66,710 and Ps.75,762, respectively.

For the six months ended June 30, 2017 and 2016 the cost of the share-based payments transactions (MIP and LTIP) were Ps.6,606 and Ps.1,886, respectively. Cash-settled payments transactions SARs were Ps.29,900 and Ps.57,280, respectively.

During the three months ended June 30, 2017 and 2016, the chairman and the independent members of the Company's board of directors received an aggregate compensation of approximately Ps.2,095 and Ps.1,854, respectively, and the rest of the directors received a compensation of Ps.1,584 and Ps.1,993, respectively.

During the six months ended June 30, 2017 and 2016, the chairman and the independent members of the Company's board of directors received an aggregate compensation of approximately Ps.4,131 and Ps.3,322, respectively, and the rest of the directors received a compensation of Ps.3,411 and Ps.3,113, respectively.

11. Intangible assets, net

a) Acquisitions

During the six months period ended June 30, 2017 and for the year ended December 31, 2016, the Company acquired intangible assets by an amount of Ps.56,064 and Ps.60,792, respectively.

b) Amortization expense

Software amortization expense for the six months ended June 30, 2017 and 2016 was Ps.24,609 and Ps.18,788, respectively. Software amortization expense for the three months ended June 30, 2017 and 2016 was Ps.12,319 and Ps.11,373, respectively. These amounts were recognized in depreciation and amortization in the unaudited interim condensed consolidated statements of operations.

12. Operating leases

The most significant operating leases are as follows:

Aircraft and engine rent. At June 30, 2017, the Company leases 66 aircraft (69 as of December 31, 2016) and 8 spare engines under operating leases (11 as of December 31, 2016) that have maximum terms through 2030. Rents are guaranteed by deposits in cash or letters of credit. The aircraft lease agreements contain certain covenants to which the Company is bound. The most significant covenants include the following:

(i) Maintain the records, licenses and authorizations required by the competent aviation authorities and make the corresponding payments.
(ii) Provide maintenance services to the equipment based on the approved maintenance program.
(iii) Maintain insurance policies on the equipment for the amounts and risks stipulated in each agreement.
(iv) Periodic submission of financial and operating information to the lessors.
(v) Comply with the technical conditions relative to the return of aircraft.

As of June 30, 2017 and December 31, 2016, the Company was in compliance with the covenants under the above mentioned aircraft lease agreements.

Composition of the fleet, operating leases*:

Aircraft Type	Model	**At June 30, 2017**	At December 31, 2016
A319	132	**6**	6
A319	133	**6**	9
A320	233	**39**	39
A320	232	**4**	4
A320NEO	271N	**1**	1
A321	231	**10**	10
		66	69

Engine Type	Model	**At June 30, 2017**	At December 31, 2016
V2500	V2527M-A5	**3**	3
V2500	V2527E-A5	**4**	4
V2500	V2527-A5	**1**	4
		8	11

* Certain of the Company's aircraft and engine lease agreements include an option to extend the lease term period. Terms and conditions are subject to market conditions at the time of renewal.

During the six months ended June 30, 2017, the Company did not incorporate any aircraft to its fleet. Also the Company returned three aircraft to the lessors and extended the lease term of one A319CEO aircraft (effective from 2018) and one spare engine, (effective from July 2017).

During the year ended December 31, 2016, the Company incorporated 17 aircraft to its fleet (eight of them based on the terms of the Airbus purchase agreement and nine from a lessor's aircraft order book). These new aircraft lease agreements were accounted for as operating leases. Also, the Company returned four aircraft to their respective lessors. All the aircraft incorporated through the lessor's aircraft order book were not subject to sale and leaseback transactions.

Additionally, during 2016 the Company extended the lease term of two aircraft and entered into certain agreements with different lessors to lease five aircraft spare engines which were already been received during the same period. Such leases were accounted as operating leases and were not subject to sale and leaseback transactions.

On September 19, 2016, the Company received its first A320NEO.

During the year ended December 31, 2015, the Company incorporated seven aircraft to its fleet (five of them based on the terms of the Airbus purchase agreement and two from a lessor's aircraft order book), and returned one aircraft to a lessor. These new aircraft lease agreements were accounted for as operating leases. Additionally, during August 2015 the Company extended the lease term of three A319CEO, one effective from 2015 and the other two effective from 2016.

As of June 30, 2017 and December 31, 2016, all of the Company's aircraft and spare engines lease agreements were accounted for as operating leases.

Provided below is an analysis of future minimum aircraft and engine rent payments in U.S. dollars and its equivalent to Mexican pesos:

	Aircraft operating leases		Engine operating leases	
	in U.S. dollars	**in Mexican pesos (1)**	**in U.S. dollars**	**in Mexican pesos (1)**
2017	**US$ 112,613**	**Ps. 2,015,469**	**US$ 2,715**	**Ps. 48,591**
2018	**230,901**	**4,132,504**	**4,336**	**77,603**
2019	**216,359**	**3,872,242**	**3,986**	**71,339**
2020	**211,752**	**3,789,789**	**3,366**	**60,242**
2021 and thereafter	**829,009**	**14,837,023**	**7,833**	**140,190**
Total	**US$ 1,600,634**	**Ps. 28,647,027**	**US$ 22,236**	**Ps. 397,965**

(1) Exchange rate used as of June 30, 2017 of Ps.17.8973.

Such amounts are determined based on stipulated rent contained within the agreements without considering renewals and on the prevailing exchange rate and interest rates as of June 30, 2017.

During the six months ended June 30, 2017, the Company did not enter into sale and leaseback transactions.

During the three months ended June 30, 2016, the Company entered into sale and leaseback transactions, resulting in a gain of Ps.166,567, this gain was recorded under the caption other income in the consolidated statement of operations.

During the six months ended June 30, 2016, the Company entered into sale and leaseback transactions, resulting in a gain of Ps.361,411, this gain was recorded under the caption other income in the consolidated statement of operations.

During the year ended December 31, 2011, the Company entered into sale and leaseback transactions, which resulted in a loss of Ps.30,706. This loss was deferred on the consolidated statements of financial position and is being amortized over the contractual lease term. As of June 30, 2017 and December 31, 2016, the current portion of the loss on sale amounts to Ps.3,047 and Ps.3,047, respectively, which are recorded in the caption of prepaid expenses and other current assets, and the non-current portion amounts to Ps.12,936 and Ps.14,460, respectively, which are recorded in the caption of other assets.

For the three months ended June 30, 2017 and 2016, the Company amortized a loss of Ps.762, and Ps.762, respectively, as additional aircraft rental expense.

For the six months ended June 30, 2017 and 2016, the Company amortized a loss of Ps.1,524, and Ps.1,524, respectively, as additional aircraft rental expense.

13. Current and non-current liabilities

At June 30, 2017, the Company had the following other obligations of the current and non-current liabilities, including, unearned transportation revenue, related parties, accrued liabilities, employee benefits and other liabilities:

Domestic currency

	Liabilities in Domestic Currency Time interval				
	Until 1 year	Until 2 years	Until 3 Years	Until 4 years	Until 5 years or more
Liabilities	Ps. 4,470,437	Ps. 79,317	Ps. 34,224	Ps. 23,499	Ps. 15,724

Foreign currency

	Liabilities in Foreign Currency Time interval				
	Until 1 year	Until 2 years	Until 3 years	Until 4 years	Until 5 years or more
Liabilities	Ps. 876,270	Ps. -	Ps. 7,511	Ps. 3,142	Ps. 145,030

14. Equity

As of June 30, 2017, the total number of authorized shares was 1,011,876,677; represented by common registered shares, issued and with no par value, fully subscribed and paid, comprised as follows:

	Shares		
	Fixed Class I	Variable Class II	Total shares
Series A shares	**3,224**	**877,852,982**	**877,856,206**
Series B shares	**20,956**	**133,999,515**	**134,020,471**
	24,180	**1,011,852,497**	**1,011,876,677**
Treasury shares	**-**	**(13,175,905)**	**(13,175,905)**
	24,180	**998,676,592**	**998,700,772**

All shares representing the Company's capital stock, either Series A shares or Series B shares, grant the holders the same economic rights and there are no preferences and/or restrictions attaching to any class of shares on the distribution of dividends and the repayment of capital. Holders of the Company's Series A common stock and Series B common stock are entitled to dividends when, and if, declared by a shareholder resolution. The Company's revolving line of credit with Santander and Bancomext limits the Company's ability to declare and pay dividends in the event that the Company fails to comply with the payment terms thereunder.

During the six months ended June 30, 2017 and for the year ended December 31, 2016, the Company did not declare any dividends.

a) Earnings per share

Basic earnings per share ("EPS") amounts are calculated by dividing the net income for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares, if any), by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (to the extent that their effect is dilutive).

The following tables show the calculations of the basic and diluted earnings per share for the three months ended June 30, 2017 and 2016:

		2017		2016
Net (loss) income for the period	**Ps.**	**(519,881)**	Ps.	934,669
Weighted average number of shares outstanding (in thousands):				
Basic		**1,011,877**		1,011,877
Diluted		**1,011,877**		1,011,877
EPS:				
Basic		**(0.514)**		0.924
Diluted		**(0.514)**		0.924

The following tables show the calculations of the basic and diluted earnings per share for the six months ended June 30, 2017 and 2016:

		2017		2016
Net (loss) income for the period	**Ps.**	**(1,880,702)**	**Ps.**	1,536,469
Weighted average number of shares outstanding (in thousands):				
Basic		**1,011,877**		1,011,877
Diluted		**1,011,877**		1,011,877
EPS:				
Basic		**(1.859)**		1.518
Diluted		**(1.859)**		1.518

15. Income tax

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the unaudited interim condensed statement of operations are:

Consolidated statement of operations

	For the three months ended June 30,			
		2017		2016
Current tax expense	**Ps.**	-	Ps.	(372,930)
Deferred income tax expense		-		(15,180)
Total income tax expense on profits	**Ps.**	-	Ps.	(388,110)

	For the six months ended June 30,			
		2017		2016
Current tax expense	**Ps.**	-	Ps.	(660,916)
Deferred income tax benefit		**555,514**		2,433
Total income tax benefit (expense) on profits	**Ps.**	**555,514**	Ps.	(658,483)

The Company's effective tax rate during the six months ended June 30, 2017 and 2016 was 22.8% and 30.0%, respectively.

16. Commitments and contingencies

Committed expenditures for aircraft purchase and related flight equipment related to the Airbus purchase agreement, including estimated amounts for contractual prices escalations and pre-delivery payments, will be as follows:

		Commitment expenditures in U.S. dollars		Commitment expenditures equivalent in Mexican pesos (1)
2017	US$	**47,611**	**Ps.**	**852,108**
2018		**119,883**		**2,145,582**
2019		**91,556**		**1,638,605**
2020		**25,692**		**459,817**
	US$	**284,742**	**Ps.**	**5,096,112**

(1) Using the exchange rate as of June 30, 2017 of Ps.17.8973.

All aircraft acquired by the Company through the Airbus Purchase Agreement at June 30, 2017 and December 31, 2016 have been subject to sale and leaseback transactions.

Litigation

a) The Company is a party to legal proceedings and claims that arise during the ordinary course of business. The Company believes the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

17. Operating segments

The Company is managed as a single business unit that provides air transportation services. The Company has two geographic segments identified below:

	During the three months period ended June 30,			
		2017		2016
Operating revenues:				
Domestic (Mexico)	**Ps.**	**4,206,129**	Ps.	3,634,059
International				
United States of America and Central America		**1,775,501**		1,496,618
Total operating revenues	**Ps.**	**5,981,630**	Ps.	5,130,677

	During the six months period ended June 30,			
		2017		2016
Operating revenues:				
Domestic (Mexico)	**Ps.**	**8,333,913**	Ps.	7,269,301
International				
United States of America and Central America		**3,303,484**		3,043,226
Total operating revenues	**Ps.**	**11,637,397**	Ps.	10,312,527

Revenues are allocated by geographic segments based upon the origin of each flight. The Company does not have material non-current assets located in foreign countries.

The breakdown of our non-ticket revenues for the three months period ended June 30, 2017 and 2016 is as follows:

		2017		2016
Non-ticket revenues				
Air travel-related services	**Ps.**	**1,539,515**	Ps.	1,191,003
Non-air travel-related services		**151,766**		82,597
Cargo		**38,537**		42,940
Total non-ticket revenues	Ps.	**1,729,818**	Ps.	1,316,540

The breakdown of our non-ticket revenues for the six months period ended June 30, 2017 and 2016 is as follows:

		2017		2016
Non-ticket revenues				
Air travel-related services	**Ps.**	**2,996,574**	Ps.	2,311,098
Non-air travel-related services		**284,599**		197,905
Cargo		**79,633**		83,824
Total non-ticket revenues	**Ps.**	**3,360,806**	Ps.	2,592,827

18. Subsequent events

Subsequent to June 30, 2017 and through July 20, 2017:

a) On July 7, 2017, the Company incorporated one A320NEO aircraft to its fleet.

Volaris Reports Second Quarter 2017 Results: 26% Adjusted EBITDAR Margin.

- **Non-Ticket Revenues Reached 29%**

Mexico City, Mexico, July 21, 2017 – Volaris* (NYSE: VLRS and BMV: VOLAR), the ultra-low-cost airline serving Mexico, the United States and Central America, today announced its financial results for the second quarter 2017.

The following financial information, unless otherwise indicated, is presented in accordance with International Financial Reporting Standards (IFRS).

Second Quarter 2017 Highlights

- Total operating revenues reached Ps.5,982 million for the second quarter, an increase of 16.6% year over year.
- Non-ticket revenues were Ps.1,730 million for the second quarter, an increase of 31.4% year over year. Non-ticket revenues per passenger were Ps.426 for the second quarter, increasing 17.7% year over year. Non-ticket revenues now represent 29% of the total operating revenues.
- Total operating revenues per available seat mile (TRASM) were Ps.128.9 cents for the second quarter, at the same level than the same period of the previous year.
- Operating expenses per available seat mile (CASM) were Ps.128.1 cents for the second quarter, an increase of 7.5% year over year; with an average economic fuel cost per gallon of Ps.32.1, increasing 13.2% year-on-year, and an average exchange rate of Ps.18.60, a year-on-year increase of 3.0%.
- Adjusted EBITDAR was Ps.1,556 million for the second quarter, a decrease of 14.5% year over year. Adjusted EBITDAR margin was 26.0% for the second quarter, a decrease in margin of 9.5 percentage points.
- Operating income was Ps.38.8 million for the second quarter, with an operating margin of 0.6%, equal to a year over year operating margin decrease of 6.9 percentage points.
- At the end of the second quarter, the Mexican peso appreciated 6.4% against the U.S. dollar with respect to the end of period exchange rate of the previous quarter. The Company booked a foreign exchange loss of Ps.558 million as a consequence of our U.S. dollar net monetary asset position. Net loss was Ps.520 million (Ps.0.51 per share / US$0.29 per ADS) for the second quarter, with a net margin of -8.7%.
- Net cash flow used in operating activities was Ps.215 million for the second quarter. As of June 30, 2017, cash and cash equivalents were Ps.5,981 million.

Volaris´ CEO Enrique Beltranena commented: "During the second quarter, we continued to face challenging international market conditions, although sequentially improving. Volaris responded by prudently managing capacity and executing its ULCC model to continue stimulating market demand based on a resilient domestic market and a slow but sustained recovery in international travel. We remain cautiously optimistic of recently improving market conditions and thus we will continue managing capacity accordingly. Going forward, we believe that the Company's fundamentals remain strong and our solid financial position will enable us to continue executing our long-term growth plans."

Stable Macroeconomics and Domestic Consumer Demand, Offset by Exchange Rate and Fuel Price Pressures

- Stable macroeconomics and domestic consumer demand: The macroeconomic indicators in Mexico continue to be solid, with same store sales increasing 5% [1] during June, remittances increasing 5% [2] year over year in April and May and domestic consumer confidence recovering strength towards the end of the quarter.

- Air traffic volume increase: The Mexican DGAC reported overall passenger volume growth for Mexican carriers of 16% year over year in April and May; domestic overall passenger volume increased 13%, while international overall passenger volume increased 25%.

- Exchange rate volatility: The Mexican peso depreciated 3.0% year over year against the U.S. dollar, from an average exchange rate of Ps.18.05 pesos per US dollar in the second quarter 2016 to Ps.18.60 pesos per U.S. dollar during the second quarter 2017.

- Higher fuel prices: The average economic fuel cost per gallon increased 13.2%, year over year, to Ps.32.1 per gallon (US$1.79) in the second quarter 2017.

Strengthened ULCC Model with Further Non-Ticket Revenue Expansion

- **Passenger traffic stimulation:** Volaris booked 4.1 million passengers in the second quarter of 2017, up 11.6% year over year. Volaris traffic (measured in terms of revenue passenger miles, or RPMs) increased 15.9% for the same period. System load factor during the quarter decreased 0.4 percentage points year over year to 85.7%.

- **Weak and competitive market environment pressured yields partially offset by volume and non-ticket revenue:** For the second quarter of 2017, yield decreased 3.8% year over year, load factor was stable at 86%, while TRASM remained at the same level as last year, despite the seasonality effect from the shift of Holy and Easter weeks to the second quarter of this year. During the second quarter, domestic capacity, in terms of ASMs, increased 8.5% year over year, while international capacity increased 36.1% year over year.

- **Non-ticket revenue growth:** Non-ticket revenues and non-ticket revenues per passenger for the second quarter of 2017 increased 31.4% and 17.7% year over year, respectively. Non-ticket revenue generation continues to grow with improved revenues from excess baggage, co-branded credit card and better uptakes of ancillary combos. We also increased our commission revenues from travel related products, such as a new hotel selection step in the purchasing process. Non-ticket revenues now represent 29% of the total operating revenues.

- **New routes:** In the second quarter 2017, Volaris began operations in six new international routes (Managua, Nicaragua – San Jose, Costa Rica; Leon, Guanajuato – Ontario, California; Guatemala City, Guatemala - Mexico City; Los Angeles, California – Queretaro; Midway, Chicago – Queretaro; and Los Angeles, California – Oaxaca).

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[1] Source: Asociación Nacional de Tiendas de Autoservicio y Departamentales, A. C. (ANTAD)
[2] Source: Banco de México (BANXICO)

Exchange Rate and Fuel Price Pressure

In the second quarter 2017, Volaris continued to experience pressure in U.S. dollar denominated costs, such as aircraft and engine rent expenses, international airport costs, and maintenance expenses due to the depreciation of the Mexican peso by 3.0%, year over year. CASM for the second quarter was Ps.128.1 cents, a 7.5% increase compared to second quarter 2016, mainly driven by higher fuel prices and foreign exchange rate pressures. However, at the end of the second quarter, the Mexican peso appreciated 4.8% with respect to the end of previous quarter, leading to a net exchange rate loss of Ps.558 million as result of our U.S. dollar net monetary asset position.

Youngest and Most Fuel Efficient Fleet in Mexico

During the second quarter 2017, the Company did not incorporate any additional aircraft and two aircraft were redelivered. As of June 30, 2017, Volaris fleet was composed of 66 aircraft (12 A319s, 44 A320s and 10 A321s), with an average age of 4.4 years, the youngest fleet among Mexican carriers. At the end of the second quarter 2017, Volaris' fleet had an average of 180 seats, 63% of which were in sharklet-equipped aircraft.

Solid Balance Sheet and Good Liquidity

Net cash flow used in operating activities was Ps.215 million for the second quarter. As of June 30, 2017, cash and cash equivalents were Ps.5,981 million. Volaris registered negative net debt (or a positive net cash position) of Ps.3,916 million and total equity of Ps.8,598 million.

Active in Fuel Risk Management

Volaris remains active in its fuel risk management program. Volaris utilized call options to hedge 54% of its second quarter 2017 fuel consumption, at an average strike price of US $1.61 per gallon, which combined with the 46% unhedged consumption, resulted in a blended average economic fuel cost of US$1.79 per gallon.

Investors are urged to carefully read the Company's periodic reports filed with or furnished to the Securities and Exchange Commission, for additional information regarding the Company.

volaris

Conference Call/Webcast Details:

Presenters for the Company:	Mr. Enrique Beltranena, CEO Mr. Fernando Suárez, CFO
Date:	Friday, July 21, 2017
Time:	10:00 am U.S. EDT (9:00 am Mexico City Time)
United States dial in (toll free):	1-800-311-9408
Mexico dial in (toll free):	0-1-800-847-7666
Brazil dial in (toll free):	0800-282-5781
International dial in:	+1-334-323-7224
Participant entry number:	83342
Webcast will be available at:	https://www.webcaster4.com/Webcast/Page/1174/2 1510

About Volaris:
*Controladora Vuela Compañía de Aviación, S.A.B. de C.V. ("Volaris" or the "Company") (NYSE: VLRS and BMV: VOLAR), is an ultra-low-cost carrier, with point-to-point operations, serving Mexico, the United States and Central America. Volaris offers low base fares to build its market, providing quality service and extensive customer choice. Since beginning operations in March 2006, Volaris has increased its routes from five to more than 164 and its fleet from four to 66 aircraft. Volaris offers more than 306 daily flight segments on routes that connect 40 cities in Mexico and 28 cities in the United States and Central America with the youngest fleet in Mexico. Volaris targets passengers who are visiting friends and relatives, cost-conscious business people and leisure travelers in Mexico and to select destinations in the United States and Central America. Volaris has received the ESR Award for Social Corporate Responsibility for eight consecutive years. For more information, please visit: www.volaris.com

Forward-looking Statements:
Statements in this release contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this release, the words "expects," "estimates," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook," "may," "will," "should," "seeks," "targets" and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe the Company's objectives, plans or goals, or actions the Company may take in the future, are forward-looking statements. Forward-looking statements include, without limitation, statements regarding the Company's intentions and expectations regarding the delivery schedule of aircraft on order, announced new service routes and customer savings programs. All forward-looking statements in this release are based upon information available to the Company on the date of this release. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to a number of factors that could cause the Company's actual results to differ materially from the Company's expectations, including the competitive environment in the airline industry; the Company's ability to keep costs low; changes in fuel costs; the impact of worldwide economic conditions on customer travel behavior; the Company's ability to generate non-ticket revenues; and government regulation. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings.

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Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Financial and Operating Indicators

Unaudited (In Mexican pesos, except otherwise indicated)	Three months ended June 30, 2017 (US Dollars)*	Three months ended June 30, 2017	Three months ended June 30, 2016	Variance (%)
Total operating revenues (millions)	334	5,982	5,131	16.6%
Total operating expenses (millons)	332	5,943	4,743	25.3%
EBIT (millions)	2	39	388	(90.0%)
EBIT margin	0.6%	0.6%	7.6%	(7.0)pp
Adjusted EBITDA (millions)	10	178	526	(66.1%)
Adjusted EBITDA margin	3.0%	3.0%	10.3%	(7.3)pp
Adjusted EBITDAR (millions)	87	1,556	1,819	(14.5%)
Adjusted EBITDAR margin	26.0%	26.0%	35.5%	(9.5)pp
Net (loss) income (millions)	(29)	(520)	935	NA
Net (loss) income margin	(8.7%)	(8.7%)	18.2%	(26.9)pp
Earnings per share:				
Basic (pesos)	(0.03)	(0.51)	0.92	NA
Diluted (pesos)	(0.03)	(0.51)	0.92	NA
Earnings per ADS:				
Basic (pesos)	(0.29)	(5.14)	9.24	NA
Diluted (pesos)	(0.29)	(5.14)	9.24	NA
Weighted average shares outstanding:				
Basic	-	1,011,876,677	1,011,876,677	0.0%
Diluted	-	1,011,876,677	1,011,876,677	0.0%
Available seat miles (ASMs) (millions)(1)	-	4,639	3,980	16.6%
Domestic	-	3,059	2,819	8.5%
International	-	1,580	1,161	36.1%
Revenue passenger miles (RPMs) (millions)(1)	-	3,973	3,428	15.9%
Domestic	-	2,715	2,421	12.1%
International	-	1,257	1,007	24.9%
Load factor(2)	-	85.7%	86.1%	(0.4)pp
Domestic	-	88.8%	85.9%	2.9pp
International	-	79.5%	86.7%	(7.2)pp
Total operating revenue per ASM (TRASM) (cents)(1)	7.2	128.9	128.9	0.0%
Passenger revenue per ASM (RASM) (cents)(1)	5.1	91.7	95.8	(4.4%)
Passenger revenue per RPM (Yield) (cents)(1)	6.0	107.0	111.3	(3.8%)
Average fare(2)	59	1,051	1,052	(0.1%)
Non-ticket revenue per passenger (1)	23.8	426	362	17.7%
Operating expenses per ASM (CASM) (cents)(1)	7.2	128.1	119.2	7.5%
Operating expenses per ASM (CASM) (US cents)(1)	-	7.2	6.3	13.6%
CASM ex fuel (cents)(1)	5.1	91.6	85.0	7.8%
CASM ex fuel (US cents)(1)	-	5.1	4.5	13.9%
Booked passengers (thousands)(1)	-	4,063	3,640	11.6%
Departures(1)	-	26,429	24,919	6.1%
Block hours(1)	-	72,035	65,520	9.9%
Fuel gallons consumed (millions)	-	52.8	48.0	10.0%
Average economic fuel cost per gallon	1.79	32.1	28.3	13.2%
Aircraft at end of period	-	66	64	3.1%
Average aircraft utilization (block hours)	-	12.8	12.5	2.4%
Average exchange rate	-	18.60	18.05	3.0%
End of period exchange rate	-	17.90	18.91	(5.4%)

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only
(1) Includes schedule + chárter
(2) Includes Schedule

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Financial and Operating Indicators

Unaudited (In Mexican pesos, except otherwise indicated)	Six months ended June 30, 2017 (US Dollars)*	Six months ended June 30, 2017	Six months ended June 30, 2016	Variance (%)
Total operating revenues (millions)	650	11,637	10,313	12.8%
Total operating expenses (millons)	691	12,371	9,089	36.1%
EBIT (millions)	(41)	(733)	1,224	NA
EBIT margin	(6.3%)	(6.3%)	11.9%	(18.2)pp
Adjusted EBITDA (millions)	(26)	(466)	1,482	NA
Adjusted EBITDA margin	(4.0%)	(4.0%)	14.4%	(18.4)pp
Adjusted EBITDAR (millions)	146	2,611	3,994	(34.6%)
Adjusted EBITDAR margin	22.4%	22.4%	38.7%	(16.3)pp
Net (loss) income (millions)	(105)	(1,881)	1,536	NA
Net (loss) income margin	(16.2%)	(16.2%)	14.9%	(31.1)pp
Earnings per share:				
Basic (pesos)	(0.10)	(1.86)	1.52	NA
Diluted (pesos)	(0.10)	(1.86)	1.52	NA
Earnings per ADS:				
Basic (pesos)	(1.04)	(18.59)	15.18	NA
Diluted (pesos)	(1.04)	(18.59)	15.18	NA
Weighted average shares outstanding:				
Basic	-	1,011,876,677	1,011,876,677	0.0%
Diluted	-	1,011,876,677	1,011,876,677	0.0%
Available seat miles (ASMs) (millions)(1)	-	9,186	7,872	16.7%
Domestic	-	6,139	5,549	10.6%
International	-	3,047	2,323	31.2%
Revenue passenger miles (RPMs) (millions)(1)	-	7,756	6,735	15.2%
Domestic	-	5,313	4,739	12.1%
International	-	2,443	1,996	22.4%
Load factor(2)	-	84.5%	85.6%	(1.1)pp
Domestic	-	86.5%	85.4%	1.1pp
International	-	80.2%	85.9%	(5.7)pp
Total operating revenue per ASM (TRASM) (cents)(1)	7.1	126.7	131.0	(3.3%)
Passenger revenue per ASM (RASM) (cents)(1)	5.0	90.1	98.1	(8.1%)
Passenger revenue per RPM (Yield) (cents)(1)	6.0	106.7	114.6	(6.9%)
Average fare(2)	58	1,036	1,095	(5.5%)
Non-ticket revenue per passenger (1)	23.4	419	367	14.2%
Operating expenses per ASM (CASM) (cents)(1)	7.5	134.7	115.5	16.6%
Operating expenses per ASM (CASM) (US cents)(1)	-	7.5	6.1	23.2%
CASM ex fuel (cents)(1)	5.3	95.6	85.3	12.1%
CASM ex fuel (US cents)(1)	-	5.3	4.5	18.5%
Booked passengers (thousands)(1)	-	8,028	7,070	13.5%
Departures(1)	-	53,183	48,980	8.6%
Block hours(1)	-	143,837	130,389	10.3%
Fuel gallons consumed (millions)	-	103.8	93.8	10.6%
Average economic fuel cost per gallon	1.93	34.6	25.3	36.6%
Aircraft at end of period	-	66	64	3.1%
Average aircraft utilization (block hours)	-	12.7	12.8	(0.8%)
Average exchange rate	-	19.49	18.03	8.1%
End of period exchange rate	-	17.90	18.91	(5.4%)

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.
(1) Includes schedule + charter
(2) Includes schedule

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Operations

Unaudited (In millions of Mexican pesos)	**Three months ended June 30, 2017 (US Dollars)***	**Three months ended June 30, 2017**	**Three months ended June 30, 2016**	**Variance (%)**
Operating revenues:				
Passenger	238	4,252	3,814	11.5%
Non-ticket	97	1,730	1,317	31.4%
	334	**5,982**	**5,131**	**16.6%**
Other operating income	(1)	(10)	(174)	(94.1%)
Fuel	95	1,694	1,360	24.5%
Aircraft and engine rent expense	77	1,378	1,293	6.5%
Landing, take-off and navigation expenses	56	1,006	724	38.9%
Salaries and benefits	40	717	580	23.7%
Sales, marketing and distribution expenses	22	387	300	28.9%
Maintenance expenses	20	362	306	18.4%
Other operating expenses	15	271	216	25.1%
Depreciation and amortization	8	139	138	1.0%
Operating expenses	**332**	**5,943**	**4,743**	**25.3%**
Operating income	**2**	**39**	**388**	**(90.0%)**
Finance income	1	21	20	10.0%
Finance cost	(1)	(22)	(8)	>100%
Exchange (loss) gain, net	(31)	(558)	923	NA
Comprehensive financing result	**(31)**	**(559)**	**935**	**NA**
(Loss) income before income tax	**(29)**	**(520)**	**1,323**	**NA**
Income tax expense	-	-	(388)	NA
Net (loss) income	**(29)**	**(520)**	**935**	**NA**

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

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Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Operations

Unaudited (In millions of Mexican pesos)	**Six months ended June 30, 2017 (US Dollars)***	**Six months ended June 30, 2017**	**Six months ended June 30, 2016**	**Variance (%)**
Operating revenues:				
Passenger	462	8,277	7,720	7.2%
Non-ticket	188	3,361	2,593	29.6%
	650	**11,637**	**10,313**	**12.8%**
Other operating income	(1)	(11)	(369)	(97.1%)
Fuel	200	3,586	2,374	51.1%
Aircraft and engine rent expense	172	3,077	2,513	22.5%
Landing, take-off and navigation expenses	114	2,040	1,514	34.7%
Salaries and benefits	79	1,413	1,143	23.6%
Sales, marketing and distribution expenses	42	744	595	25.1%
Maintenance expenses	40	713	646	10.5%
Other operating expenses	30	540	416	29.8%
Depreciation and amortization	15	268	258	3.8%
Operating expenses	**691**	**12,371**	**9,089**	**36.1%**
Operating (loss) income	**(41)**	**(733)**	**1,224**	**NA**
Finance income	2	43	54	(20.6%)
Finance cost	(2)	(43)	(15)	>100%
Exchange (loss) gain, net	(95)	(1,703)	932	NA
Comprehensive financing result	**(95)**	**(1,703)**	**971**	**NA**
(Loss) income before income tax	**(136)**	**(2,436)**	**2,195**	**NA**
Income tax benefit (expense)	31	556	(658)	NA
Net (loss) income	**(105)**	**(1,881)**	**1,536**	**NA**

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Adjusted EBITDAR Reconciliation

The Company is providing a reconciliation of GAAP financial information to non-GAAP financial information as it believes that non-GAAP financial measures provide management and investors the ability to measure the performance of the Company on a consistent basis. These non-GAAP financial measures have limitations as an analytical tool.

Unaudited (In millions of Mexican pesos)	**Three months ended June 30, 2017 (US Dollars)***	**Three months ended June 30, 2017**	**Three months ended June 30, 2016**	**Variance (%)**
Reconciliation:				
Net (loss) income	(29)	(520)	935	NA
Plus (minus):				
Finance cost	1	22	8	>100%
Finance income	(1)	(21)	(20)	10.0%
Provision for income tax	-	-	388	NA
Depreciation and amortization	8	139	138	1.0%
EBITDA	**(21)**	**(380)**	**1,449**	**NA**
Exchange loss (gain), net	31	558	(923)	NA
Adjusted EBITDA	**10**	**178**	**526**	**(66.1%)**
Aircraft and engine rent expense	77	1,378	1,293	6.5%
Adjusted EBITDAR	**87**	**1,556**	**1,819**	**(14.5%)**

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only

Unaudited (In millions of Mexican pesos)	**Six months ended June 30, 2017 (US Dollars)***	**Six months ended June 30, 2017**	**Six months ended June 30, 2016**	**Variance (%)**
Reconciliation:				
Net (loss) income	(105)	(1,881)	1,536	NA
Plus (minus):				
Finance cost	2	43	15	>100%
Finance income	(2)	(43)	(54)	(20.6%)
Provision for income tax	(31)	(556)	658	NA
Depreciation and amortization	15	268	258	3.8%
EBITDA	**(121)**	**(2,169)**	**2,414**	**NA**
Exchange loss (gain), net	95	1,703	(932)	NA
Adjusted EBITDA	**(26)**	**(466)**	**1,482**	**NA**
Aircraft and engine rent expense	172	3,077	2,513	22.5%
Adjusted EBITDAR	**146**	**2,611**	**3,994**	**(34.6%)**

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only

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Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Financial Position

(In millions of Mexican pesos)	**June 30, 2017 Unaudited (US Dollars)***	**June 30, 2017 Unaudited**	**December 31, 2016 Audited**
Assets			
Cash and cash equivalents	334	5,981	7,071
Accounts receivable	63	1,125	963
Inventories	15	261	244
Prepaid expenses and other current assets	71	1,272	1,563
Financial instruments	9	168	544
Guarantee deposits	61	1,097	1,167
Total current assets	**553**	**9,904**	**11,551**
Rotable spare parts, furniture and equipment, net	174	3,117	2,525
Intangible assets, net	8	145	114
Financial instruments	4	79	324
Deferred income taxes	32	581	559
Guarantee deposits	329	5,891	6,560
Other assets	7	134	148
Total non-current assets	**556**	**9,947**	**10,231**
Total assets	**1,109**	**19,851**	**21,782**
Liabilities			
Unearned transportation revenue	184	3,296	2,154
Accounts payable	47	844	927
Accrued liabilities	94	1,679	1,785
Other taxes and fees payable	86	1,547	1,476
Income taxes payable	2	33	196
Financial instruments	1	11	14
Financial debt	72	1,281	1,051
Other liabilities	17	300	284
Total short-term liabilities	**502**	**8,991**	**7,888**
Financial instruments	-	-	-
Financial debt	44	784	943
Accrued liabilities	8	138	170
Other liabilities	9	156	137
Employee benefits	1	15	13
Deferred income taxes	65	1,170	1,837
Total long-term liabilities	**126**	**2,262**	**3,100**
Total liabilities	**629**	**11,253**	**10,988**
Equity			
Capital stock	166	2,974	2,974
Treasury shares	(5)	(83)	(83)
Contributions for future capital increases	-	-	-
Legal reserve	16	291	38
Additional paid-in capital	101	1,805	1,801
Retained earnings	212	3,794	5,928
Accumulated other comprehensive losses	(10)	(183)	137
Total equity	**480**	**8,598**	**10,794**
Total liabilities and equity	**1,109**	**19,851**	**21,782**
Total shares outstanding fully diluted		**1,011,876,677**	**1,011,876,677**

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Cash Flows – Cash Flow Data Summary

Unaudited (In millions of Mexican pesos)	**Three months ended June 30, 2017 (US Dollars)***	**Three months ended June 30, 2017**	**Three months ended June 30, 2016**
Net cash flow (used in) provided by operating activities	(12)	(215)	194
Net cash flow (used in) provided by investing activities	(28)	(502)	331
Net cash flow provided by (used in) financing activities	5	91	(370)
(Decrease) increase in cash and cash equivalents	**(35)**	**(625)**	**155**
Net foreign exchange differences	(13)	(232)	409
Cash and cash equivalents at beginning of period	382	6,839	6,366
Cash and cash equivalents at end of period	**334**	**5,981**	**6,930**

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only

Unaudited (In millions of Mexican pesos)	**Six months ended June 30, 2017 (US Dollars)***	**Six months endedJune 30, 2017**	**Six months ended June 30, 2016**
Net cash flow provided by operating activities	14	254	1,523
Net cash flow (used in) provided by investing activities	(47)	(844)	766
Net cash flow provided by (used in) financing activities	15	265	(919)
(Decrease) increase in cash and cash equivalents	**(18)**	**(325)**	**1,371**
Net foreign exchange differences	(43)	(765)	402
Cash and cash equivalents at beginning of period	395	7,071	5,157
Cash and cash equivalents at end of period	**334**	**5,981**	**6,930**

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only