2Q14 RESULTS

Moving towards our 2020 Vision

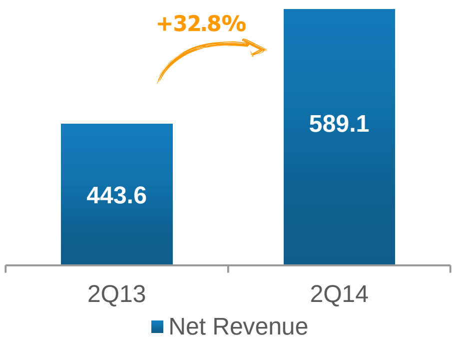
Student base records organic growth of 22%
EBITDA of R$106.0 million, up by 59%
EBITDA margin of 18.0%, a gain of 3.0 p.p.

Rio de Janeiro, August 7, 2014 –**Estácio Participações S.A.** – "Estácio or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTC: ECPCY) – announces its results for the second quarter of 2014 (2Q14) in comparison with the second quarter of 2013 (2Q13). The following accounting information is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

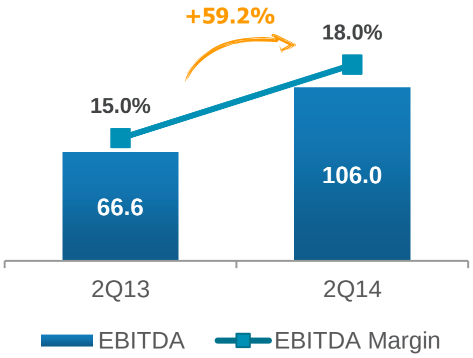
Quarter Highlights

(R$ million)

Net Revenue



EBITDA and EBITDA Margin



Highlights:

- Estácio closed 2Q14 with a **total base** of 383,000 students, 22.2% more than in 2Q13, 303,600 of whom enrolled in on-campus programs (19.2% up year-on-year, including acquisitions) and 79,400 in distance-learning programs (35.0% higher than in 2Q13).
- **Net operating revenue** came to R$589.1 million in 2Q14, 32.8% more than in 2Q13, due to the expansion of the student base, the increase in the average on-campus ticket and the beginning of the Pronatec courses.
- **EBITDA** totaled R$106.0 million in 2Q14, 59.2% up on the same period last year, with a margin gain of 3 p.p..
- **Net income** came to R$86.0 million in 2Q14 84.2% higher than in 2Q13, while **earnings per share** stood at R$0.29, up by 81.2%.
- **Operational cash flow** totaled R$79.0 million in 2Q14, a R$40.2 million YoY improvement. Including the change for the new FIES schedule for certificate transfer, **adjusted operational cash flow** came to R$97.5 million, up by R$58.7 million.
- **Cash and cash equivalents** closed 2Q14 at R$787.4 million.

ESTC3
(On August 6, 2014)

Price: R$28.64/share
Number of Shares: 315,247,615
Market Cap: R$9.0 billion
Free Float: 92%

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Key Indicators

Financial Highlights	Consolidated 2Q13	Consolidated 2Q14	Consolidated Change	Excluding acquisitions in the last 12 months 2Q13	Excluding acquisitions in the last 12 months 2Q14	Excluding acquisitions in the last 12 months Change
Net Revenue (R$ million)	443.6	589.1	32.8%	443.6	587.5	32.4%
Gross Profit (R$ milllion)	173.1	240.4	38.9%	173.1	240.4	38.9%
Gross Profit margin	*39.0%*	*40.8%*	*1.8 p.p.*	*39.0%*	*40.9%*	*1.9 p.p.*
EBIT (R$ million)	48.6	84.4	73.7%	48.6	84.3	73.5%
EBIT Margin	*11.0%*	*14.3%*	*3.3 p.p.*	*11.0%*	*14.3%*	*3.3 p.p.*
EBITDA (R$ million)	66.6	106.0	59.2%	66.6	105.9	59.0%
EBITDA Margin	*15.0%*	*18.0%*	*3.0 p.p.*	*15.0%*	*18.0%*	*3.0 p.p.*
Net Income (R$ milllion)	46.7	86.0	84.2%	46.7	85.8	83.7%
Net Income Margin	*10.5%*	*14.6%*	*4.1 p.p.*	*10.5%*	*14.6%*	*4.1 p.p.*

Financial Highlights	Consolidated 1H13	Consolidated 1H14	Consolidated Change
Net Revenue (R$ million)	856.8	1,127.3	31.6%
Gross Profit (R$ milllion)	343.7	469.9	36.7%
Gross Profit margin	*40.1%*	*41.7%*	*1.6 p.p.*
EBIT (R$ million)	117.6	194.4	65.3%
EBIT Margin	*13.7%*	*17.2%*	*3.5 p.p.*
EBITDA (R$ million)	153.6	235.5	53.3%
EBITDA Margin	*17.9%*	*20.9%*	*3.0 p.p.*
Net Income (R$ milllion)	113.3	211.7	86.8%
Net Income Margin	*13.2%*	*18.8%*	*5.6 p.p.*

Note: EBITDA calculated in accordance with CVM Instruction 527.

Message from Management

In 2013, after more than five years of this new management cycle in Estácio, we decided to come up with a new Vision for our Institution, which could better translate our feeling towards our future. So, we aimed at the year 2020, our long-term horizon for planning purposes, and decided that our Vision should change to: *"Be recognized as the best choice in Higher Education for students, employees, and shareholders".* In other words, we want to obtain the best returns for our three main stakeholders: our investors, our students, and our employees.

We believe that seeking the best return rates for these three groups, which at first may seem a bit contradictory, will gradually end up creating a virtuous cycle, where actions to meet the demands of one public will also benefit the other two. We know, however, that to get there and thus achieve the leadership we are interested in, we need to act with a lot of discipline and respect to several parameters, among which we include: (i) a relentless search for a balance between these driving forces; (ii) the pursue of a gradual expansion rate, which allows us not only to maintain, but also to increase our quality levels while keeping a good growth pace; and (iii) the building of elements of differentiation with long-term effects, which will certainly help us to create value to our stakeholders, but actually demand a lot of time, energy, and discipline to be implemented.

Thus, we are very pleased with these set of excelent results in 2Q14. Besides showing once again the expansion rate we saw in the first quarter of the year, our figures show we are indeed ready to promote growth while respecting the three parameters mentioned above.

That said, we closed yet another cycle buoyed by our operational results, as well as by the prospects for the coming ones.

We maintained an excellent student base growth pace, after successive record high intake processes. This quarter, the on-campus and distance-learning student base increased by 17% and 23%, respectively. It is also worth highlighting the substantial increase in the graduate student base, leveraged by organic growth and the higher capillarity of our partners network. As a result, the total student base moved up by 22%.

This growth, together with the beginning of the Pronatec courses and the increase in the consolidated average ticket, led to a substantial 32.8% increase in net revenue, which reached R$589.1 million in 2Q14. At the same time, we continued exercising tighter control over costs and expenses and, as a consequence, our EBITDA came to R$106.0 million, 59% up on 2Q13, with a margin of 18.0%, a 3.0 percentage point improvement. Net income climbed by 84.2% to R$86.0 million, generating earnings per share of R$0.29, 81% more than in 2Q13. Operational cash flow continues to evolve every quarter, reaching R$79.0 million in 2Q14, R$40.2 million up year-on-year. Including the adjustment for the new FIES schedule for the actual transfer of certificates, **adjusted operational cash flow** came to R$97.5 million, up by R$58.7 million.

Nonetheless, we know we have a lot to improve and, if that is a concern in one hand, on the other, it also presents opportunities in the medium and long terms. It became evident this quarter that we have a lot to improve when it comes to dropout rates, for example, as we explain the “Student Base” section of this release. We are also not pleased with our average days receivables for non-FIES students, and we know we need to put more effort and energy to improve such indicators. Lastly, we saw a decrease in the average distance-learning ticket, which although comes mainly from current strategic decisions, is not what we have envisaged for the future. Throughout the text, we will further detail these topics, so everyone can keep track of our actions.

In addition to the great results of our organic operation, CADE finally approved our acquisition of UniSEB, as subsequently did our shareholders at a Shareholders’ Meeting, allowing us to immediately begin the integration process, which is currently moving ahead at full speed. With the conclusion of the operation, we also welcomed Mr. Chaim Zaher, UniSEB’s founder, onto our Board of Directors, happy to know he has a lot to offer with his experience in the Education sector. Another piece of good news in relation to UniSEB was that the Ministry of Education (MEC) authorized the Ribeirão Preto University Center to offer a medical program. Medicine is a high added-value course, which will certainly generate healthy results for our on-campus operation, and at the same time will help us build a stronger brand in the city.

We also continued with our strategy of pursuing recognized small and mid-sized acquisitions in strategic locations. At the beginning of July, we acquired IESAM, in Belém, Pará, an institution with around 4,500 students which has important synergies with our own institution in the same city. It also puts us in a position to fight for the leadership of this market. We also announced today the acquisition of Literatus, in Manaus, entering yet another state of Brazil and once and for all setting our foot in the North region of our country. Our acquisition pipeline remains fertile and our focus to create value from moves such as these, as well as from greenfields, increases each quarter.

At the same time as we focus on today’s operations and current growth, we are also keeping an eye on Estácio’s long-term future and on building the foundations that will differentiate us from our peer competitors. The recently-launched *Espaço NAVE* is fully up and running and has just launched the “NAVE Start-up Program”, a start-up pre-accelerator created by Estácio to encourage entrepreneurship among our students and alumni through training programs and meetings with renowned professional in the entrepreneurship segment (mentors). Our Corporate University is already operating at a good pace, gathering professors and corporate staff in a new space entirely dedicated to people development and culture dissemination. In relation to Research, we were ranked in the first place of the “CWTS Brazilian Research Ranking 2014, published by the Centre for Science and Technology (CWTS), a respected interdisciplinary institute of Leiden University, in the Netherlands. The analysis of the ranking took into account not only the quantity of published scientific papers, but also their relevance to the scientific community. We also carried on with our Branding Project, setting the creation of an Integration Committee which will spend the next years working together with the Executive Officers in building the attributes that shall be perceived by our stakeholders until 2020. We are also discussing many innovations in Education, and we highlight the “Bring your own device” trend, so we will deliver our content to the students in their own devices starting in 2H14, and the initial tests with our “Touch TV”, a new technology developed by Estácio for which we already submitted a patent application. The “Touch TV” will help us implement many innovations in our nearly 4,000 classrooms.

Last but not least, we continued with our second-semester intake process, which is moving ahead at full steam. This year we had a different calendar due to the World Cup, but although the process is not yet complete, we see good signs of an increase in the number of new enrollments. Besides moving forward with our organic growth, the first UniSEB indicators are encouraging, demonstrating the potential we have for the next years through the integration process of the institution. This is Estácio stronger than ever towards its 2020 Vision.

Student Base

Estácio ended 2Q14 with a base of 383,000 students (22.2% more than in 2Q13), 303,600 of whom enrolled in on-campus programs and 79,400 in distance-learning programs. It is worth noting that the two important acquisitions that were concluded after 2Q14 will be incorporated only in July: UniSEB, headquartered in Ribeirão Preto/SP, and IESAM, located in Belém/PA.

It is also worth noting the substantial growth of the graduate student base, which ended 2Q14 with 35,500 students (on-campus and distance-learning), 72.3% up on 2Q13. Such growth is a result of the new management and restructuring initiatives coordinated by the Continuing Education Office, increasing the capacity of our partner network, which expanded our student base by around 8,600 (about 3,300 on-campus and 5,300 distance-learning students).

Table 1 – Total Student Base*

'000	2Q13	2Q14	Change
On-Campus	**254.6**	**302.7**	**18.9%**
Undergraduate	238.8	280.0	17.2%
Graduate	15.8	22.7	43.7%
Distance Learning	**58.8**	**79.4**	**35.0%**
Undergraduate	54.0	66.6	23.3%
Graduate	4.8	12.8	166.7%
Student Base - same shops	**313.4**	**382.1**	**21.9%**
Acquisitions in the last 12 months	-	0.9	N.A.
Total Student Base	**313.4**	**383.0**	**22.2%**
# Campuses	77	80	3.9%
On-Campus Students per Campus	**3,307**	**3,784**	**14.4%**
# Distance Learning Centers	52	52	0.0%
Distance Learning Students per Center	**1,131**	**1,527**	**35.0%**

Note: Acquisitions in the last 12 months refer to students from ASSESC only.

Estácio's **on-campus undergraduate base** totaled 280,900 students at the end of June, 17.6% more than at the end of 2Q13. Same-shop growth, excluding around 900 students of ASSESC, which was acquired in the last 12 months, remained at the same levels, with the base moving up by 17.2%.

Our dropout rate increased from 7.3% to 8.3%. If on one hand this can be explained by the increased share of newer students in the total mix (newer students have a higher probability of dropping out), on the other it shows we have not paid enough attention to this important issue, focusing more on what happens at the end of the semester, when the students decide if there are renewing their enrollment or not. For this reason, we believe we have here a huge internal opportunity, since, besides increasing revenues, an improvement in this indicator will allow us to graduate more students in the future, which is aligned with our mission. In this context, our teams are shifting their gears towards this matter for the first semester 2015, so we hope to see some improvement in the following cycles.

Table 2 – Evolution of On-Campus Undergraduate Student Base*

'000	2Q13	2Q14	Change
Students - Starting balance	**253.9**	**302.8**	**19.3%**
(+/-) Acquisitions in the last 12 months (until 1Q)	3.6	2.7	-25.0%
Renewable Base	**257.5**	**305.5**	**18.6%**
(-) Dropouts	(18.7)	(25.5)	36.4%
Students - same shops	**238.8**	**280.0**	**17.2%**
(+) Acquisitions in the last 12 months (until 2Q)	-	0.9	N.A.
Students - Ending Balance	**238.8**	**280.9**	**17.6%**

Our **distance-learning undergraduate base** grew by 23.3% over 2Q13 to 66,600 students. Intake in 2Q14 added 7,600 new students to our distance-learning base, 10.1% up on the same period last year.

(*) Figures not reviewed by the auditors

It is worth emphasizing the 1.2 p.p. improvement in the distance-learning renewal rate, which reached 81.7%, in line with our expectations, due to the natural maturation of the base as well as the evolution of our management of distance-learning dropouts, and the segment is showing a faster improvement rate if compared to the on-campus one.

Table 3 – Evolution of Distance Learning Undergraduate Student Base*

'000	2Q13	2Q14	Change
Students - Starting Balance	**59.4**	**73.0**	**22.9%**
(-) Graduates	(0.9)	(0.8)	-11.1%
Renewable Base	**58.5**	**72.2**	**23.4%**
(+) Enrollments	6.9	7.6	10.1%
(-) Dropouts	(11.4)	(13.2)	15.8%
Students - Ending Balance	**54.0**	**66.6**	**23.3%**

Pronatec

In 2Q14, we began offering vocational courses through Pronatec (*Bolsa Formação* modality), which provides students with government scholarships. We offered these courses in 23 units in the state of Rio de Janeiro for 24,000 students enrolled in the 1H14 admission process. By the end of the second quarter we had a dropout rate of around 37%, so that we ended the period with a **revenue-generating base** of 15,200 students. It is worth noting that this number is not included in the total post-secondary base detailed in the “Student Base” section.

The Pronatec courses generated gross revenue of R$9.8 million and net revenue of R$7.1 million in 2Q14. Only students from seven units had their revenue booked in May, since their classes began on April 28th. Revenue from students in the other units, whose classes began in May, was booked as of June. As a result, the average ticket on net revenue recorded in June (R$5.37 million) from 15,200 students was around R$353.

See at the end of this document, under “Key Material Facts”, more information on the results for the Pronatec’s enrollment cycle for the second semester of 2014.

Operating Revenue

Net operating revenue came to R$589,1 million in 2Q14, 32.8% up on 2Q13, due to the 22.2% expansion of the student base, the period increase in the average on-campus ticket, and the beginning of Pronatec classes, which recorded gross revenue of R$9.8 million in 2Q14, or around 1% of Estácio’s total gross revenue.

Table 4 – Operating Revenue

R$ MM	2Q13	2Q14	Change	1H13	1H14	Change
Gross Operating Revenue	**615.0**	**822.2**	**33.7%**	**1,228.8**	**1,615.9**	**31.5%**
Monthly Tuition Fees	608.4	805.6	32.4%	1,215.8	1,591.8	30.9%
Pronatec	-	9.8	N.A.		9.8	N.A.
Others	6.6	6.8	3.0%	12.9	14.3	10.9%
Gross Revenue Deductions	**(171.4)**	**(233.1)**	**36.0%**	**(372.0)**	**(488.6)**	**31.3%**
Scholarships and Discounts	(149.9)	(194.0)	29.4%	(330.5)	(417.8)	26.4%
Taxes	(18.0)	(25.1)	39.4%	(36.4)	(46.5)	27.7%
FGEDUC	(3.6)	(14.0)	288.9%	(5.2)	(24.3)	367.3%
% Scholarships and Discounts/ Gross Operating Revenue	*24.4%*	*23.6%*	*-0.8 p.p.*	*26.9%*	*25.9%*	*-1.0 p.p.*
Net Operating Revenue	**443.6**	**589.1**	**32.8%**	**856.8**	**1,127.3**	**31.6%**

(*) Figures not reviewed by the auditors

For the on-campus and distance learning average ticket calculations presented below, we included neither the revenues nor the student base of Grupo Phorte's graduate students, since the average ticket of the transfer made to Estácio is much lower than the one of our regular operation, so the comparison would end up distorted.

In 2Q14, the **average on-campus ticket** increased by 11.8%, in line with the 1Q14 increase and above expected annual inflation, reflecting our continuing capacity to increase prices in a sustainable manner. Once again, and for the same reasons as in the previous quarter, the increase was due to our policy of repositioning prices above-inflation in certain specific locations, as well as an improvement in the mix, as a result, among other factors, of FIES students opting for higher value-added courses, especially in the Engineering and Health fields.

Table 5 – Calculation of the Average Ticket in 2Q14 – On-Campus

'000	2Q13	2Q14	Change
On-Campus Undergraduate Student Base	238.8	280.9	17.6%
(+) On-Campus Graduate Student Base	15.8	19.4	22.8%
(=) Revenue Generating On-Campus Student Base	254.6	300.3	17.9%
On-Campus Gross Revenue	560.0	750.1	33.9%
On-Campus Deductions	(153.0)	(213.3)	39.4%
On-Campus Net Revenue (R$ million)	407.1	536.8	31.9%
On-Campus Average Ticket (R$)	533.0	595.9	11.8%

Note: Calculation of the average ticket does not include revenue from Academia do Concurso and Pronatec.

The **average distance learning ticket** fell by 2.3%, influenced by the substantial organic growth of the graduate student base (up 56% over 2Q13). There were also the recurring effects that we have been commenting on for a few quarters: our strategy of distance-learning price adjustments in certain locations, in order to align prices with the characteristics of each market, and the increase in the number of students in the "EAD Mais" program (an option which dilutes the course curriculum and, consequently, its value, over a further two semesters).

Table 6 – Calculation of the Average Ticket in 2Q14 – Distance Learning

'000	2Q13	2Q14	Change
Distance Learning Undergraduate Student Base	54.0	66.6	23.3%
(+) Distance Learning Graduate Student Base	4.8	7.5	56.3%
(=) Revenue Generating Distance Learning Student Base	58.8	74.1	26.0%
Distance Learning Gross Revenue	53.3	60.1	12.8%
Distance Learning Deductions	(18.2)	(16.9)	-7.1%
Distance Learning Net Revenue (R$ million)	35.1	43.2	23.1%
Distance Learning Average Ticket (R$)	199.0	194.4	-2.3%

Cost of Services

In 2Q14, the **cash cost to net revenue ratio** recorded a 1.5 p.p. improvement over 2Q13, mainly thanks to gains in the following lines:

(i) 1.1 p.p. in rentals, due to the dilution gains we have been pursuing in this item, now with our property base in a more comparable basis than the presented in 1Q14, when we were not so efficient in this account;

(ii) 0.6 p.p.in third-party services, due to the insourcing of security and surveillance services, with a corresponding increase in the salaries and payroll charges line.

The 0.2 p.p. gain in the salaries and payroll charges line, lower than in recent years, was due to:

(i) R$8.0 million bonus payment to faculty and campus staff and management for achieving targets, higher than the amount paid in 2Q13. It is important to notice we increased the percentage of faculty eligible to variable compensation from 20% to 25% this year;

(ii) personnel costs related to the Pronatec courses, which started to be accrued in May, representing an amount of R$3.3 million in 2Q14, while they did not occur in 2Q13, and without the recognition of the proportional revenue, as previously mentioned;

(iii) the effect of the insourcing of security and surveillance in our units, which represented R$0.7 million this quarter, impacting the "Salaries and payroll charges" account, with a corresponding decrease in "Third-party services".

Table 7 – Breakdown of Cost of Services

R$ MM	2Q13	2Q14	Change	1H13	1H14	Change
Cost of Services	**(258.6)**	**(333.6)**	**29.0%**	**(489.6)**	**(629.4)**	**28.6%**
Personnel	(191.4)	(254.9)	33.2%	(370.8)	(486.9)	31.3%
Salaries and Payroll Charges	(160.2)	(211.5)	32.0%	(307.9)	(402.9)	30.9%
Brazilian Social Security Institute (INSS)	(31.2)	(43.4)	39.1%	(62.9)	(84.1)	33.7%
Rentals / Real Estate Taxes Expenses	(35.0)	(39.9)	14.0%	(65.5)	(83.1)	26.9%
Textbooks Materials	(15.8)	(21.4)	35.4%	(22.9)	(28.0)	22.3%
Third-Party Services and Others	(16.4)	(17.4)	6.1%	(30.4)	(31.4)	3.3%

Table 8 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	2Q13	2Q14	Change	1H13	1H14	Change
Cost of Services	**-58.2%**	**-56.7%**	***1.5 p.p.***	**-57.1%**	**-55.8%**	***1.3 p.p.***
Personnel	-43.1%	-43.3%	*-0.2 p.p.*	-43.3%	-43.2%	*0.1 p.p.*
Salaries and Payroll Charges	-36.1%	-35.9%	*0.2 p.p.*	-35.9%	-35.7%	*0.2 p.p.*
Brazilian Social Security Institute (INSS)	-7.0%	-7.4%	*-0.4 p.p.*	-7.4%	-7.5%	*-0.1 p.p.*
Rentals / Real Estate Taxes Expenses	-7.9%	-6.8%	*1.1 p.p.*	-7.6%	-7.4%	*0.2 p.p.*
Textbooks Materials	-3.6%	-3.6%	*0.0 p.p.*	-2.7%	-2.5%	*0.2 p.p.*
Third-Party Services and Others	-3.6%	-3.0%	*0.6 p.p.*	-3.5%	-2.8%	*0.7 p.p.*

Table 9 – Cost Reconciliation

R$ MM	2Q13	2Q14	Change	1H13	1H14	Change
Cash Cost of Services	**(258.6)**	**(333.6)**	**29.0%**	**(489.6)**	**(629.4)**	**28.6%**
(+) Depreciation	(11.9)	(15.2)	27.7%	(23.5)	(28.1)	19.6%
Cost of Services	**(270.5)**	**(348.7)**	**28.9%**	**(513.1)**	**(657.5)**	**28.1%**

Gross Income

Table 10 – Statement of Gross Income

R$ MM	2Q13	2Q14	Change	1H13	1H14	Change
Net Operating Revenue	443.6	589.1	32.8%	856.8	1,127.3	31.6%
Cost of Services	(270.5)	(348.7)	28.9%	(513.1)	(657.5)	28.1%
Gross Profit	**173.1**	**240.4**	**38.9%**	**343.7**	**469.9**	**36.7%**
(-) Depreciation	11.9	15.2	27.7%	23.5	28.1	19.6%
Cash Gross Profit	**185.0**	**255.6**	**38.2%**	**367.2**	**498.0**	**35.6%**
Cash Gross Margin	*41.7%*	*43.4%*	*1.7 p.p.*	*42.9%*	*44.2%*	*1.3 p.p.*

Selling, General and Administrative Expenses

Selling expenses represented 13.7% of 2Q14 net revenue, representing a margin loss of 1.1 p.p. as a result of the 1.5 p.p. increase in the marketing line due to the anticipation of certain campaigns to avoid the overlap coincide with the World Cup. This loss more than offset the 0.4 p.p. gain in the PDA/net revenue ratio, reflecting the organic improvement in this line and the increasing penetration of FIES students in the student base. It is worth noting that we adopted a different strategy this year and decided not to sell the portfolio of receivables overdue more than 360 days, so that the real improvement is even higher than the one presented, since the PDA line was benefited by this procedure in 2Q13.

It is also worth noting that we have been consolidating the "Provisions for FIES" line under PDA since 4Q13, due to its decreasing importance with the organic growth of the FGEDUC base throughout 2013, and, especially, to the changes in the rules governing the contribution to the FGEDUC announced by the FNDE at the beginning of this year. As of February, the FIES default risk is covered by the FGEDUC, even for contracts with a guarantor (in the proportions between government and institutions already known). In exchange, we will be making a 5.63% contribution to all new students, with or without a guarantor, which has led to an increase in revenue deductions related to the FGEDUC.

At the end of 2Q14, FIES students were divided into 88% with FGEDUC and 12% with a guarantor. Further details on the way the provisions for students using this financing are recognized can be found in Exhibit I at the end of this release (page 23).

In 2Q14, **general and administrative expenses** corresponded to 11.7% of net revenue, 2.3 p.p. up on 2Q13, thanks to gains of 1.7 p.p. in personnel and a reversal of provisions for contingencies. This reversal was in turn due to a labor lawsuit, currently in the execution phase, whose amount was restated, resulting in a reversal of R$2.8 million from the previously constituted provisions.

Table 11 – Selling, General and Administrative Expenses

R$ MM	2Q13	2Q14	Change	1H13	1H14	Change
Selling, General and Administrative Cash Expenses	**(118.4)**	**(149.4)**	**26.2%**	**(213.5)**	**(262.4)**	**22.9%**
Selling Expenses	**(56.1)**	**(80.7)**	**43.9%**	**(99.0)**	**(129.3)**	**30.6%**
Provisions for Doubtful Accounts	(29.0)	(36.0)	24.1%	(44.8)	(52.4)	17.0%
Marketing	(27.1)	(44.7)	64.9%	(54.2)	(76.9)	41.9%
General and Administrative Expenses	**(62.3)**	**(68.7)**	**10.3%**	**(114.5)**	**(133.1)**	**16.2%**
Personnel	(33.6)	(34.0)	1.2%	(59.0)	(65.3)	10.7%
Salaries and Payroll Charges	(29.7)	(29.6)	-0.3%	(51.8)	(57.0)	10.0%
Brazilian Social Security Institute (INSS)	(3.9)	(4.4)	12.8%	(7.2)	(8.3)	15.3%
Others	(28.7)	(34.8)	21.3%	(55.5)	(67.8)	22.2%
Third-Party Services	(11.5)	(14.2)	23.5%	(24.3)	(29.4)	21.0%
Machinery rentals and leasing	(0.1)	(0.6)	500.0%	(0.6)	(1.0)	66.7%
Consumable Material	(0.5)	(0.6)	20.0%	(0.9)	(1.0)	11.1%
Provision for Contingencies	(1.7)	2.2	N.A.	(2.0)	2.3	-215.0%
Other Operating Renevue (expenses)	3.5	4.9	40.0%	7.0	8.1	15.7%
Others	(18.4)	(26.5)	44.0%	(34.6)	(46.7)	35.0%
Depreciation	**(6.1)**	**(6.4)**	**4.9%**	**(12.5)**	**(13.0)**	**4.0%**

Table 12 – Vertical Analysis of Selling, General and Administrative Expenses

% of Net Operating Revenue	2Q13	2Q14	Change	1H13	1H14	Change
Selling, General and Administrative Cash Expenses	**-26.7%**	**-25.4%**	***1.3 p.p.***	**-24.9%**	**-23.3%**	***1.6 p.p.***
Selling Expenses	**-12.6%**	**-13.7%**	***-1.1 p.p.***	**-11.6%**	**-11.5%**	***0.1 p.p.***
Provisions for Doubtful Accounts	-6.5%	-6.1%	*0.4 p.p.*	-5.2%	-4.6%	*0.6 p.p.*
Marketing	-6.1%	-7.6%	*-1.5 p.p.*	-6.3%	-6.8%	*-0.5 p.p.*
General and Administrative Expenses	**-14.0%**	**-11.7%**	***2.3 p.p.***	**-13.4%**	**-11.8%**	***1.6 p.p.***
Personnel	-7.6%	-5.8%	*1.8 p.p.*	-6.9%	-5.8%	*1.1 p.p.*
Salaries and Payroll Charges	-6.7%	-5.0%	*1.7 p.p.*	-6.0%	-5.1%	*0.9 p.p.*
Brazilian Social Security Institute (INSS)	-0.9%	-0.8%	*0.1 p.p.*	-0.9%	-0.7%	*0.2 p.p.*
Others	-6.4%	-5.9%	*0.5 p.p.*	-6.5%	-6.0%	*0.5 p.p.*
Third-Party Services	-2.6%	-2.4%	*0.2 p.p.*	-2.8%	-2.6%	*0.2 p.p.*
Machinery rentals and leasing	0.0%	-0.1%	*-0.1 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Provision for Contingencies	-0.4%	0.4%	*0.8 p.p.*	-0.2%	0.2%	*0.4 p.p.*
Other Operating Renevue (expenses)	0.8%	0.8%	*0.0 p.p.*	0.8%	0.7%	*-0.1 p.p.*
Others	-4.1%	-4.5%	*-0.4 p.p.*	-4.0%	-4.1%	*-0.1 p.p.*
Depreciation	**-1.4%**	**-1.1%**	***0.3 p.p.***	**-1.5%**	**-1.2%**	***0.3 p.p.***

EBITDA

EBITDA came to R$106.0 million in 2Q14, 59.2% up om 2Q13, with an **EBITDA margin** of 18.0%, up by 3.0 p.p., chiefly due to efficiency gains in SG&A expenses. We maintained the same margin gain pace as in the previous quarter, marking yet another year of sustainable growth without unpleasant surprises, in line with our expectations and our long-term view.

Table 13 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

R$ MM	2Q13	2Q14	Change	1H13	1H14	Change
Net Revenue	443.6	589.1	32.8%	856.8	1,127.3	31.6%
(-) Cash Cost of Services	(258.6)	(333.6)	29.0%	(489.6)	(629.4)	28.6%
(-) Selling, General and Administrative Cash Expenses	(118.4)	(149.4)	26.2%	(213.5)	(262.4)	22.9%
EBITDA	66.6	106.0	59.2%	153.6	235.5	53.3%
EBITDA Margin	*15.0%*	*18.0%*	*3.0 p.p.*	*17.9%*	*20.9%*	*3.0 p.p.*

Under the same-shop concept, excluding acquisitions in the last 12 months (ASSESC only), 2Q14 EBITDA remained at the same level, totaling R$105.9 million, up by 59.0%, with an EBITDA margin of 18.0%.

Table 14 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) – Same-shop

R$ MM	2Q13	2Q14 ex-acquisitions	Change
Net Revenue	443.6	587.5	32.4%
(-) Cash Cost of Services	(258.6)	(332.0)	28.4%
(-) Selling, General and Administrative Cash Expenses	(118.4)	(149.6)	26.4%
EBITDA	66.6	105.9	59.0%
EBITDA Margin	*15.0%*	*18.0%*	*3.0 p.p.*

Companies Acquired

The following chart shows the 2Q14 results of the companies acquired in the last 12 months (ASSESC). These details will be provided up to 12 months as of the acquisition date to enable follow-up of the Company's performance under the same-shop concept. The acquisitions prior to 12 months ago are already consolidated in our result. In subsequent quarters we will be detailing the numbers of those companies whose acquisitions were concluded in July (UniSEB and IESAM).

Table 15 – Key Indicators of Acquired Companies in 2Q14

R$ million	ASSESC
Net Revenue	1.6
Gross Profit	0.0
Gross Margin	*0.0%*
EBITDA	0.1
EBITDA Margin	*6.3%*
Net Income	0.1
Income Margin	*6.3%*

Financial Result

Table 16 – Breakdown of the Financial Result

R$ MM	2Q13	2Q14	Change	1H13	1H14	Change
Financial Revenue	**11.8**	**22.3**	**89.0%**	**23.1**	**62.8**	**171.9%**
Fines and interest charged	0.2	2.2	1000.0%	3.2	7.0	118.8%
Investments income	11.4	19.8	73.9%	19.6	38.6	96.9%
Other	0.2	0.3	23.0%	0.3	17.2	5633.3%
Financial Expenses	**(11.4)**	**(17.4)**	**52.6%**	**(24.4)**	**(32.6)**	**33.6%**
Bank charges	(1.7)	(3.5)	105.9%	(3.4)	(5.3)	55.9%
Interest and financial charges	(6.5)	(8.5)	30.8%	(12.6)	(17.0)	34.9%
Financial Discounts	(0.9)	(3.4)	291.7%	(4.7)	(5.9)	25.5%
Other	(2.4)	(2.0)	-17.0%	(3.8)	(4.4)	15.8%
Financial Result	**0.3**	**4.9**	**1533.3%**	**(1.3)**	**30.2**	**N.A.**

The 2Q14 financial result was positive by R$4.9 million, a R$4.6 million improvement over 2Q13, chiefly due to the R$8.4 million increase in income from financial investments, which more than offset the increase in financial discounts as a result of the specific campaigns in this quarter for the re-enrollment of former students, as we have mentioned in previous quarters.

Net Income

Table 17 – Reconciliation of EBITDA and Net Income

R$ MM	2Q13	2Q14	Change	1H13	1H14	Change
EBITDA	**66.6**	**106.0**	**59.2%**	**153.6**	**235.5**	**53.3%**
Financial Result	0.3	4.8	N.A.	(1.4)	30.2	N.A.
Depreciation	(17.9)	(21.6)	20.7%	(36.0)	(41.1)	14.2%
Social Contribution	(0.7)	(0.9)	28.6%	(0.9)	(3.4)	277.8%
Income Tax	(1.6)	(2.5)	56.3%	(2.1)	(9.5)	352.4%
Net Income	**46.7**	**86.0**	**84.2%**	**113.3**	**211.7**	**86.8%**
Number of shares	**293.7**	**297.4**	**1.3%**	293.7	297.4	1.3%
Earnings per share (R$)	**0.16**	**0.29**	**81.3%**	**0.39**	**0.71**	**82.1%**

Estácio posted 2Q14 **net income** of R$86.0 million, 84.2% more than in 2Q13, due to the more than 32% increase in net revenue and efficiency gains in the cost and expense lines, which led to EBITDA growth of 59%.

In 2Q14, **earnings per share** came to R$0.29, 81.3% up year-on-year.

FIES

The FIES student base closed 2Q14 at 110,400, 80.8% up year-on-year and 8.1% more than in 1Q13, representing 39.3% of our on-campus undergraduate student base.

We continued to use FIES in a responsible manner, recommending this type of financing to students with monthly tuition payment difficulties and making it an important tool for reducing the drop-out rate and ensuring the long-term sustainability of the program. As we have mentioned in previous cycles, FIES has not been a primary driver for attracting new students to Estácio, given its more natural use for students who, when arriving at the post-secondary stage of their education, discover that they may not have sufficient resources of their own to complete their course.

Table 18 – FIES Student Base FIES

('000)	2Q13	3Q13	4Q13	1Q14	2Q14	Change
On-campus undergraduate students	238.8	259.2	239.4	302.8	280.9	17.6%
FIES Student Base	**61.1**	**72.6**	**76.1**	**102.1**	**110.4**	**80.8%**
% of FIES Students	25.6%	28.0%	31.8%	33.7%	39.3%	*13.7 p.p.*

Accounts Receivable and Average Days Receivable

The number of **net student receivables days** (tuition and agreements), including FIES receivables and FIES net revenue, averaged 76 days, three less than in 2Q13 and eight less than in 1Q14. Excluding FIES net revenue and FIES receivables, the average receivables period was 89 days, virtually identical to the previous quarter and five days up on 2Q13.

Aiming at improving our average receivables period, we established, as of this semester, specific controls and targets for the collection from non-FIES receivables. This means we will seek not only to convert students in financial distress to FIES, but also to ensure the collection of non-FIES students. With these actions, together with our management discipline, we hope to improve our non-FIES average receivables days in the following cycles.

Table 19 – Accounts Receivable and Average Days Receivable

Accounts Receivable (R$ MM)	2Q13	3Q13	4Q13	1Q14	2Q14
Gross Accounts Receivable	**439.7**	**440.9**	**423.8**	**528.4**	**520.9**
FIES	77.3	100.2	78.9	147.2	128.6
Tuition monthly fees	307.7	263.3	289.4	305.3	329.0
Credit Cards receivable	23.8	31.4	25.3	32.9	28.3
Renegotiation receivables	30.9	46.0	30.2	43.0	35.0
Credits to identify	(3.6)	(1.9)	0.8	(1.3)	(4.1)
Provision for bad debts	(90.2)	(83.9)	(90.0)	(92.0)	(93.1)
Net Accounts Receivable	**345.9**	**355.1**	**334.6**	**435.2**	**423.7**
Net Revenue (last twelve months)	**1,568.1**	**1,656.7**	**1,731.0**	**1,856.0**	**2,001.5**
Days Receivables	**79**	**77**	**70**	**84**	**76**
Net Revenue Ex. FIES (last twelve months)	**1,153.1**	**1,162.1**	**1,162.0**	**1,173.2**	**1,191.7**
Days Receivables Ex. FIES and FIES Revenue	**84**	**79**	**79**	**88**	**89**

Table 20 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	2Q13	3Q13	4Q13	1Q14	2Q14
FIES Receivables	77,3	100,2	78,9	147,2	128,6
FIES Carry-Forward Credits	0,5	0,3	44,4	63,6	82,4
FIES Revenue (last twelve months)	424,2	512,7	593,9	716,5	853,9
FGEDUC Deduction (last twelve months)	(9,2)	(18,1)	(24,9)	(33,7)	(44,1)
FIES Net Revenue (last twelve months)	415,0	494,6	569,0	682,8	809,8
FIES Days Receivables	**67**	**73**	**78**	**111**	**94**
Adjusted FIES Days Receivables	**67**	**73**	**50**	**78**	**58**

Note: we report two calculations for the FIES average days receivables: with and without the adjustment for the new schedule for the transfer of the certificate buyback auction amounts. As a result, since 4Q13, we have included the carry-forward credits in the quarterly calculation of the adjusted FIES receivables period, which are effectively received in the opening days of the subsequent month.

In 2Q14, **FIES accounts receivable** fell by R$18.6 million over the previous quarter to R$128.6 million, accompanying the normalization of FIES contract amendments, which are concentrated at the beginning of the first semester.

FIES carry-forward credits increased by R$18.8 million over 2Q13 to R$82.4 million. It is worth noting that the FNDE formalized the new monthly buyback auction schedule that it had been effectively following since the end of 2013, meaning the amounts related to the buyback auctions held at the end of each month are only actually transferred to us in the opening days of the subsequent month. In this context, the balance of our carry-forward credits account is always higher at the end of the month, with the reception of the amounts in question only a few days later. In 2Q14, the amount pending for reception in July was R$81.4 million, versus R$63.1 million in 1Q14 and R$44.0 million in 4Q13. The FIES average days receivables, adjusted for the this new schedule, reached 58 days, one of the lowest levels ever recorded by Estácio.

Table 21 – Evolution of FIES Accounts Receivable*

FIES Accounts Receivable (R$ MM)	2Q13	3Q13	4Q13	1Q14	2Q14
Opening Balance	**82.2**	**77.3**	**100.2**	**78.9**	**147.2**
(+) FIES Net Revenue	152.2	167.2	171.4	225.7	289.6
(-) Transfer	153.2	135.3	180.9	146.5	293.8
(-) FIES PDA	4.2	9.4	11.1	10.8	14.5
(+) Acquisitions	0.3	0.4	-0.7	0.0	0.0
Ending Balance	**77.3**	**100.2**	**78.9**	**147.2**	**128.6**

Table 22 – Evolution of FIES Carry-Forward Credits*

FIES Carry-Forward Credits (R$ MM)	2Q13	3Q13	4Q13	1Q14	2Q14
Opening Balance	**0.4**	**0.5**	**0.3**	**44.4**	**63.6**
(+) Transfer	153.2	135.3	180.9	146.5	293.8
(-) Tax payment	59.9	52.2	50.7	40.5	70.8
(-) Repurchase auctions	93.2	83.3	86.2	86.8	204.3
Ending Balance	**0.5**	**0.3**	**44.4**	**63.6**	**82.4**

Table 23 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	2Q13	%	2Q14	%
FIES	77.3	18%	128.6	25%
Not yet due	78.4	18%	101.2	19%
Overdue up to 30 days	45.2	10%	47.1	9%
Overdue from 31 to 60 days	40.7	9%	42.6	8%
Overdue from 61 to 90 days	40.4	9%	46.1	9%
Overdue from 91 to 179 days	67.5	15%	62.2	12%
Overdue more than 180 days	90.2	21%	93.1	18%
TOTAL	**439.7**	**100%**	**520.9**	**100%**

Table 24 – Aging of Agreements Receivable[1]

Breakdown of Agreements by Age (R$ million)	2Q13	%	2Q14	%
Not yet due	12.4	40%	15.7	55%
Overdue up to 30 days	3.4	11%	3.5	10%
Overdue from 31 to 60 days	2.0	6%	2.9	7%
Overdue from 61 to 90 days	2.2	7%	2.9	6%
Overdue from 91 to 179 days	6.0	19%	5.3	11%
Overdue more than 180 days	4.9	16%	4.8	11%
TOTAL	**30.9**	**100%**	**35.0**	**100%**
% over Accounts Receivable	**7%**		**7%**	

*[1] Excludes credit card agreements

Thanks to the continuation of our rigorous debt renegotiation policies, in 2Q14 our percentage of agreements in relation to our receivables portfolio remained low, with only 7% of total receivables coming from renegotiations with students. In addition, the percentage of receivables from renegotiations overdue by more than 60 days accounted for 28% of total agreements, or just 2.5% of total accounts receivable.

Our criteria remain rigid, clear and objective, exemplified by the fact that we provision 100% of receivables overdue by more than 180 days, complemented by the FIES provisions. Tables 25 and 26 show how our PDA is constituted, and reconciles the balance sheet amounts with those in the income statement.

(*)Figures not reviewed by the auditors

Table 25 – Constitution of Provision for Doubtful Accounts in the Income Statement

R$ MM	12/31/2013	Gross increase in the provision for deliquency	Deliquency recover	Net provision effect	Write off	06/30/2014
Tuitions and fees	71.1	89.0	(41.3)	47.7	(43.1)	75.8
Acquired Companies	18.9	7.9	(5.1)	2.8	(4.4)	17.3
TOTAL	**90.0**	**96.9**	**(46.4)**	**50.5**	**(47.4)**	**93.1**

Table 26 – Reconciliation of the Provision for Doubtful Account Balances in the Balance Sheet

	06/30/2014
Additional Provision	50.5
Acquired companies at the time of acquisition	-
Total	**50.5**

Investments (CAPEX and Acquisitions)

Table 27 – CAPEX Breakdown

R$ million	2Q13	2Q14	Change	1H13	1H14	Change
Total CAPEX	**56.8**	**31.6**	**-44.4%**	**70.6**	**68.8**	**-2.5%**
Maintenance	**18.0**	**21.8**	**21.1%**	**26.3**	**44.1**	**67.7%**
Discretionary, Expansion and Acquisitions	**38.8**	**9.8**	**-74.7%**	**44.3**	**24.7**	**-44.2%**
Academic Model	2.1	1.5	-28.6%	4.0	3.3	-17.5%
New IT Architecture	4.1	3.1	-24.4%	5.6	5.0	-10.7%
Integration Processes	0.4	0.3	-25.0%	0.4	0.4	0.0%
Tablet Project	3.1	1.6	-48.4%	5.2	7.0	34.6%
Expansion	2.2	3.3	50.0%	2.2	8.2	272.7%
Acquisitions	26.9	-	-100.0%	26.9	0.8	-97.0%

Total CAPEX came to R$31.6 million, 44.4% less than in 2Q13, reflecting our initiatives to ensure greater CAPEX linearization throughout the year, as well as the absence of investments in acquisitions in 2Q14. We also continued gradually accelerating our expansion process in order to better accommodate the growth of our student base.

Maintenance CAPEX totaled R$21.8 million this quarter, 21.1% up on 2Q13, mostly allocated to upgrading software and hardware, as well as the modernization of equipment, libraries and laboratories in our units. We also invested around R$1.5 million in the **Academic Model** (creation of content and distance-learning development and production); R$1.6 million in the Tablet Project and R$3.1 million in the acquisition of hardware and licenses for our IT architecture revision project, which will replace our legacy academic systems and prepare our hardware for the Company's growth.

Investments in expansion projects, as well as the revitalization and improvement of units, totaled R$3.3 million in 2014 and refer to investments in existing units and new rooms

Capitalization and Cash

Table 28 – Capitalization and Cash

R$ MM	03/31/2013	12/31/2014	06/30/2014
Shareholders' Equity	1,371.3	1,647.1	1,752.0
Cash & Cash Equivalents	747.5	758.1	787.4
Total Gross Debt	(309.8)	(328.1)	(312.8)
Loans and Financing	(278.8)	(280.0)	(269.0)
Short Term	(14.0)	(43.7)	(16.2)
Long Term	(264.8)	(236.4)	(252.8)
Commitments to Pay	(22.8)	(40.0)	(36.0)
Taxes Paid in Installments	(8.1)	(8.0)	(7.9)
Cash / Net Debt	437.7	430.0	474.6

Cash and cash equivalents closed June at R$787.4 million, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, federal government bonds and certificates of deposit with top-tier Brazilian banks. Bank **debt** of R$269.0 million corresponded mainly to the Company's first local bond issue totaling R$200 million, the loan from the IFC (first loan of R$48.5 million and withdrawal of around R$20 million from the second line of funding) and the capitalization of equipment leasing expenses in compliance with Federal Law 11638. We have also included the commitments for future payments related to acquisitions made, totaling around R$36.0 million, as well as taxes payable in installments, to determine our **gross debt**, which came to R$312.8 million at the close of the quarter, R$15.3 million less than at the end of March. As a result, **net cash** closed 2Q14 at R$474.6 million.

Cash Flow

The table below shows the main lines of our cash flow statement, with and without adjustments for the new schedule for the transfer of the certificate buyback auction amounts, which was formalized by the FNDE in 2Q14. Under the new schedule, the amounts from the buyback auctions at the end of each month are received in the opening days of the subsequent month. As a result, the amount of certificates accumulated in our carry-forward credits account at the end of the quarters and actually received in cash in the following month totaled R$44.0 million in December, R$63.1 million in March, and R$81.4 million in June.

Table 29 – Cash Flow Statement (non-adjusted)

Cash Flow Statement (R$ million)	2Q13	2Q14	1H13	1H14
Profit before income taxes and social contribution	48.9	89.3	116.3	224.6
Adjustments to reconcile profit to net cash generated:	51.5	51.8	90.2	99.0
Result after reconciliation to net cash generated	100.4	141.1	206.5	323.6
Changes in assets and liabilities:	(31.7)	(30.5)	(104.1)	(154.5)
Net cash provided by (used in) operating activities:	68.7	110.6	102.4	169.1
CAPEX (Ex-Acquisitions)	(29.9)	(31.6)	(43.7)	(68.0)
Operational Cash Flow:	38.8	79.0	58.7	101.1
Other investing activities:	(30.2)	(4.3)	(32.4)	(5.7)
Net cash provided by (used in) investing activities	8.6	74.8	26.4	95.3
Cash flows from financing activities:	(14.2)	(45.4)	575.1	(47.0)
Net cash provided by (used in) financing activities	(5.6)	29.3	601.4	48.2
Cash and cash equivalents at the beginning of the period	747.5	758.1	140.5	739.2
Increase in cash and cash equivalents	(5.6)	29.3	601.4	48.2
Cash and cash equivalents at the end of the period	741.9	787.4	741.9	787.4

Table 30 – Cash Flow Statement (adjusted)

Cash Flow Statement (R$ million)	2Q13	2Q14	1H13	1H14
Profit before income taxes and social contribution	48.9	89.3	116.3	224.6
Adjustments to reconcile profit to net cash generated:	51.5	51.8	90.2	99.0
Result after reconciliation to net cash generated	100.4	141.1	206.5	323.6
Changes in assets and liabilities:	(31.7)	(12.0)	(104.1)	(117.0)
Net cash provided by (used in) operating activities:	68.7	129.1	102.4	206.6
CAPEX (Ex-Acquisitions)	(29.9)	(31.6)	(43.7)	(68.0)
Operational Cash Flow:	38.8	97.5	58.7	138.6
Other investing activities:	(30.2)	(4.3)	(32.4)	(5.7)
Net cash provided by (used in) investing activities	8.6	93.3	26.4	132.8
Cash flows from financing activities:	(14.2)	(45.4)	575.1	(47.0)
Net cash provided by (used in) financing activities	(5.6)	47.8	601.4	85.7
Cash and cash equivalents at the beginning of the period	747.5	821.1	140.5	783.2
Increase in cash and cash equivalents	(5.6)	47.8	601.4	85.7
Cash and cash equivalents at the end of the period	741.9	868.9	741.9	868.9

In 2Q14, **operational cash flow** was positive by R$79.0 million, R$40.2 million up on 2Q13, despite the new schedule for the transfer of the certificate buyback auction amounts. **Adjusted operational cash flow**, assuming that the buyback auction amounts received in April and July had in fact been received in March and June, totaled R$97.5 million, a R$58.7 million improvement in the same period.

In 1H14, our **operational cash flow** totaled R$101.1 million, a R$42.3 million improvement over the same period of 2013. The **adjusted operational cash flow** came to R$138.6 million, R$79.8 million above the recorded in 1H13, confirming our growing capacity to generate cash from our operations in the past cycles.

Operational cash flow before CAPEX came to R$110.6 million in 2Q14, R$41.9 million more than in 2Q13. Adjusting for the new FIES schedule, **adjusted operational cash flow before CAPEX** came to R$129.1 million, up by R$60.4 million over the same quarter last year. In 1H14, **operational cash flow before CAPEX** came to R$169.1 million, R$66.6 million above 1H13. Adjusting for the new FIES schedule, **adjusted operational cash flow before CAPEX** came to R$206.6 million, R$104.1 million higher than in 1H13.

Key Material Facts

Estácio Day 2014 – Porto Maravilha

On May 19, we held our second Estácio Day in Rio de Janeiro. The event was divided into two parts, one of which held in Rio's Art Museum (MAR) and the other in Estácio's building on Avenida Venezuela, in the city's port district.

The event attracted around 100 investors, shareholders and analysts interested in finding out more about Estácio's culture and management and its prospects for the coming years.

There were lectures by our CEO, Rogério Melzi, and our CFO, Virgílio Gibbon, and participants had the opportunity to meet other important executives, including Roberta Fransosi, Expansion Officer, Eduardo Pitombo, Corporate Solutions Manager, and Vinícius Scarpi, Vice-Dean of Estácio de Sá University, with a lecture on the Assisted Transfer regulatory process, among others.

Participants could also visit the Company's headquarters on Avenida Venezuela and receive guided tours of the Distance Learning, Innovation, Continuous Education and EDUCARE (our Corporate University) floors.

Acquisition of IESAM

iESAM
INSTITUTO DE ESTUDOS SUPERIORES DA AMAZÔNIA
Excelência em Meio Ambiente e Tecnologia

On July 1, we announced the acquisition of Estudos Superiores da Amazônia - IESAM, with headquarters and campus in Belém, Pará, for R$80 million, R$38 million of which for IESAM *per se* and R$42 million for the institution's building in the Nazaré neighborhood. The acquisition will add around 4,500 students to Estácio FAP's 7,000, making Estácio the leader of the post-secondary education segment in Belém, with more than 11,000 enrolled students.

IESAM has a portfolio of 23 undergraduate and 18 graduate programs, 62 classrooms, 12 computer laboratories and 40 specific laboratories. In 2012, it was evaluated by the MEC and received a General Course Index (IGC) rating of 3, on a scale of 1 to 5.

Result of 2nd Pronatec selection process in 2014

Estácio has received authorization to offer around 15,000 places under the 2nd Pronatec Program Notice (Training Scholarship Modality). According to the Notice schedule, enrollment will begin on July 30, 2014, and classes in mid-August. The main offered courses are: Logistics, Nursing, Occupational Safety, and Radiology. We continue with our strategy to gradually increase the offer of Pronatec courses in states other than Rio de Janeiro, and this time, out of the 15,000 authorized places, around 7,000 were in the North and Northeast regions, mainly in the cities of Fortaleza, Recife, and Boa Vista.

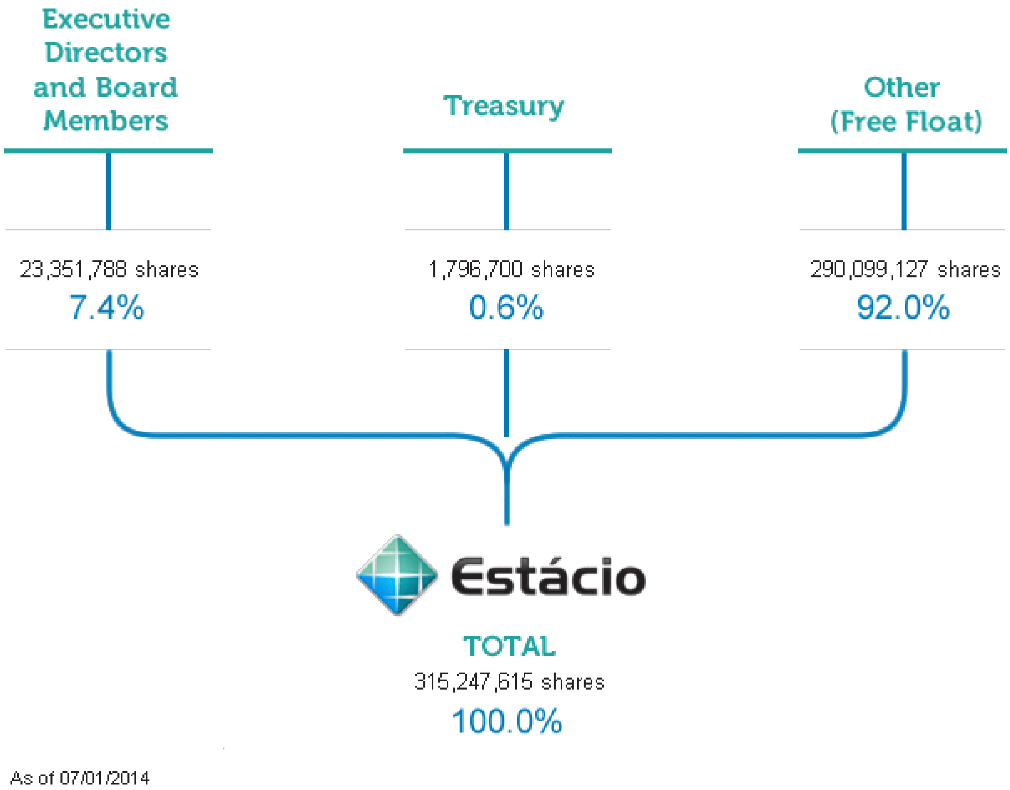
Acquisition of UniSEB

On July 1, we announced the conclusion of the acquisition of 100% of UNISEB Holding, the controller institution of UNISEB União dos Cursos Superiores SEB Ltda., which maintains Centro Universitário UNISEB

("UniSEB"), with headquarters and campus in the city of Ribeirão Preto, in the state of São Paulo, following approval of the transaction by CADE, Brazil's antitrust authority, and by our shareholders at an Extraordinary Shareholders' Meeting. This Meeting also approved the election of Mr. Chaim Zaher and Ms. Thamila Zaher, revious administratos at UniSEB, to our Board of Directors.

Relevant Shareholding Interest – Zaher Family

As part of the payment for the above-mentioned acquisition of UniSEB, Estácio issued 17,853,127 common shares, corresponding to 5.7% of the Company's capital stock. Pursuant to CVM Instructions 358/02 and 449/07, on July 15 Estácio announced that it had received a correspondence from Mr. Chaim Zaher, Mrs. Adriana Zaher and Clube de Investimento TCA (jointly the Zaher Family, the previous owners of UniSEB) informing the Company that, on July 15, 2014, the Zaher Family held 19,883,127 Estácio common shares, equivalent to 6.3% of its capital stock. The chart below shows Estacio's capital structure on July 1, 2014:



Estácio Uniseb begins offering Medicine in São Paulo

Estácio Uniseb, a university center in Ribeirão Preto, São Paulo state, will begin offering a Medicine program in the second semester of 2014. The Ministry of Education Ordinance, published this week, authorized 76 yearly seats for the course. Classes begin at the Estácio Uniseb campus, in Ribeirão Preto, on September 8.

Creation of ADITEC

Estácio continues to increase its focus in the Applied Research department, which aims at promoting innovation through the development of economically sustainable research while generating value for the productive sector. Applied Research in Estácio gained traction with the creation of the Development and Technological Innovation Agency (ADITEC) in the first semester. ADITEC is a strategic cluster linked to the Academic Office and to the Applied Research department, which seeks to manage innovative projects developed between our professors and other companies.

Estácio is ranked 1st in the CWTS Brazilian Research Ranking 2014

The Centre for Science and Technology Studies (CWTS) is a respected interdisciplinary institute of Leiden University, in the Netherlands, which studies the dynamics of scientific research and its connections to technology, innovation and society. The "*CWTS Brazilian Research Ranking 2014*" measures the scientific performance of Brazilian research organizations (not only universities). Using a sophisticated set of bibliometric indicators, the ranking aims to provide highly accurate measurements of the scientific impact of these organizations and is based on on Web of Science indexed publications.

Adopting as indicators the impact of the publication, measured by the number of citations, and setting the ranking by the proportion of publications that fall in the 10% most relevant articles in the areas analyzed, Universidade Estácio de Sá was ranked first overall in Brazil, as can be seen in the following link: .

"We are delighted with the recognition, but, more than that, we are committed to creating a culture of research and scientific iniciation in Estácio", says Rogério Melzi, the Company's CEO.

Corporate Social Responsibility

To better structure our Corporate Social Responsibility (CSR) actions, Estácio defined four fronts of action: ***Estácio na Escola (*****Estácio in School)**, ***Estácio Cultural (*****Cultural Estácio)**, ***Estácio no Esporte (*****Estácio in Sport) and *****Estácio Voluntariado (Volunteering in Estácio)***. In relation to ***Estácio na Escola***, we highlight the I Seminar on Human Rights, held in support to the Penitentiary School of the Department of Corrections of Rio de Janeiro state (SEAP-RJ), with more than 200 managers and assistant managers from Rio de Janeiro prisons attending the event. Another action within this front was the visit and lecture from Rio de Janeiro's Secretary of Education to our professor, which took place at EDUCARE, our Corporate University. The event strenghtens the partnership between Estácio and the Department of Education of Rio de Janeiro state (SEEDUC), which began last year. Other actions are scheduled to happen in Juiz de Fora (MG) and Fortaleza (CE). In addition, our support to *Solar Meninos de Luz* is increasing as some of our Archictecture students are helping to develop expansion projects for the institution, as well as giving the youngsters workshops as volunteer teachers.

In 2014, ***Estácio Cultural*** is supporting 10 projects which have a close connection with our Teaching activities, through its many courses, as partner and beneficiary. Thus, we carried out the ***Roda Gigante*** project, which succeed Doutores da Alegria, which serve children undergoing treatment in five public hospitals in Rio. The doctors also made two presentations to Estácio's medical students. The project ***Livro nas Praças*** consists in a mobile library inside a bus, which visits poor communities in Rio de Janeiro, near public schools. Also, for the third year in a row, Estácio supports the project ***Brasil de Tuhu,*** which takes students from elementary and middle schools to classical music auditions. Students learn about instruments, while their teachers also learn about teaching music in schools. The project is free and has already visited 31 Brazilian cities, reaching more than 10,000 children. And in the 18th anniversary of our Architecture undergraduate program, we are sponsoring the release of the documentary on the life's work of Sergio Bernardes, one of Brazil's greatest architects.

Estácio integrates Education and Sport in an innovative project

This quarter we launched na innovative Project called "*Estácio no Esporte*" (Estácio in Sport). The pioneering initiative in Brazil encourages athletes to enroll in postsecondary courses, aiming to use sport as a tool for social transformation. We hosted an event to lauch the project, gathering together Olympic medalists and representatives of several institutions which support sport and social development.

Much more than a program, *Estácio no Esporte* seeks to guide Estácio's positioning in the sporting scenario in a structured manner, creating connections between existing and new sporting people linked to our Institution. Today nearly a hundred athletes are supported and/or sponsored by Estácio. Names like Bruno Soares, World No. 3, in the doubles ATP ranking, Daniele Hypolito, artistic gymnastics Champion, Adriano de Souza (known as "*Mineirinho*"), professional surfer and world champion, besides many others who are part of our team.

We also had the Flamengo basketball team at the event, which today is sponsored by Estácio, besides the Brazilian Aquatic Sport Confederation and the Brazilian Tennis Confederation, as well as other athletes and former athletes, such as Fernanda Keller, Flávio Canto, Sandra Pires, and Bárbara Leôncio.

The former judoka Flávio Canto told how much this Project will assist in the professional training and in the future of many youngsters. "It's a dream to see a project like this that can combine education and sport," he said.

The Estácio-sponsored athlete Bárbara Leôncio also shared her feelings on the opportunity to graduate in a higher education course. "This support they give me and other athletes is great because many of us did not have the chance to get a degree", she said.

Estácio also supports several institutions which are linked to several sports, such as *Instituto Olímpico Brasileiro, Fundação Crianças, Morada, NTC – Tênis, Fundação Crianças, Instituto Kinder, Instituto Fernanda Keller, Instituto Reação,* from former judoka *Flavio Canto; Instituto Criar,* from TV host *Luciano Huck;* and *Instituto Tennis Route.*

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: August 8, 2014 (Friday)	Date: August 8, 2014 (Friday)
Time: 10:00 a.m. (Brasília) / 9:00 a.m. (US ET)	Time: 11:30 a.m. (Brasília) / 10:30 a.m. (US ET)
Connection Dial-in Brazil: +55 (11) 3127-4971 / 3728-5971	Connection Dial-in NY: +1 (412) 317-6776
Access Code: Estácio	Access Code: Estácio
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available until August 15	Replay: available until August 19
Phone: +55 (11) 3127-4999	Phone: +1 (412) 317-0088
Access Code: 73165836	Access Code: 10049278

The statements included in this report related to the prospects of the business, estimates of operating and financial results, as well as those relating to Estácio's growth prospects, are merely projections and as such are based exclusively on Management's expectations regarding the future of the business. These statements depend substantially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets and therefore are subject to change without prior notice.

Income Statement in IFRS

R$ MM	Consolidated 2Q13	Consolidated 2Q14	Consolidated Change	Excluding acquisitions in the last 12 months 2Q13	Excluding acquisitions in the last 12 months 2Q14	Excluding acquisitions in the last 12 months Change
Gross Operating Revenue	**615.0**	**822.2**	**33.7%**	**615.0**	**820.1**	**33.3%**
Monthly Tuition Fees	608.4	805.6	32.4%	608.4	803.5	32.1%
Pronatec	-	9.8	N.A.	-	9.8	N.A.
Others	6.6	6.8	3.0%	6.6	6.8	3.0%
Gross Revenue Deductions	**(171.4)**	**(233.1)**	**36.0%**	**(171.4)**	**(232.6)**	**35.7%**
Scholarships and Discounts	(149.9)	(194.0)	29.4%	(149.9)	(193.6)	29.1%
Taxes	(18.0)	(25.1)	39.4%	(18.0)	(25.0)	38.9%
FGEDUC	(3.6)	(14.0)	288.9%	(3.6)	(14.0)	288.9%
Net Operating Revenue	**443.6**	**589.1**	**32.8%**	**443.6**	**587.5**	**32.4%**
Cost of Services	**(270.5)**	**(348.7)**	**28.9%**	**(270.5)**	**(347.1)**	**28.3%**
Personnel	(191.4)	(254.9)	33.2%	(191.4)	(253.5)	32.4%
Rentals / Real Estate Taxes Expenses	(35.0)	(39.9)	14.0%	(35.0)	(39.7)	13.4%
Textbooks Materials	(15.8)	(21.4)	35.4%	(15.8)	(21.4)	35.4%
Third-Party Services and Others	(16.4)	(17.4)	6.1%	(16.4)	(17.4)	5.8%
Depreciation	(11.9)	(15.2)	27.7%	(11.9)	(15.1)	26.9%
Gross Profit	**173.1**	**240.4**	**38.9%**	**173.1**	**240.4**	**38.9%**
Gross Margin	***39.0%***	***40.8%***	***1.8 p.p.***	***39.0%***	***40.9%***	***1.9 p.p.***
Selling, General and Administrative Expenses	**(124.4)**	**(155.9)**	**25.3%**	**(124.4)**	**(156.1)**	**25.5%**
Selling Expenses	**(56.1)**	**(80.7)**	**43.9%**	**(56.1)**	**(80.7)**	**43.9%**
Provisions for Doubtful Accounts	(29.0)	(36.0)	24.1%	(29.0)	(36.0)	24.1%
Marketing	(27.1)	(44.7)	64.9%	(27.1)	(44.7)	64.9%
General and Administrative Expenses	**(62.3)**	**(68.7)**	**10.3%**	**(62.3)**	**(68.9)**	**10.6%**
Personnel	(33.6)	(34.0)	1.2%	(33.6)	(34.2)	1.7%
Others	(28.7)	(34.8)	21.3%	(28.7)	(34.8)	21.3%
Depreciation	**(6.1)**	**(6.4)**	**4.9%**	**(6.1)**	**(6.4)**	**4.9%**
EBIT	**48.6**	**84.4**	**73.7%**	**48.6**	**84.3**	**73.5%**
EBIT Margin	***11.0%***	***14.3%***	***3.3 p.p.***	***11.0%***	***14.3%***	***3.3 p.p.***
(+) Depreciation	17.9	21.6	20.7%	17.9	21.6	20.7%
EBITDA	**66.6**	**106.0**	**59.2%**	**66.6**	**105.9**	**59.0%**
EBITDA Margin	***15.0%***	***18.0%***	***3.0 p.p.***	***15.0%***	***18.0%***	***3.0 p.p.***
Financial Result	0.3	4.8	N.A.	0.3	4.8	N.A.
Depreciation and Amortization	(17.9)	(21.6)	20.7%	(17.9)	(21.6)	20.7%
Social Contribution	(0.7)	(0.9)	28.6%	(0.7)	(0.9)	28.6%
Income Tax	(1.6)	(2.5)	56.3%	(1.6)	(2.5)	56.3%
Net Income	**46.7**	**86.0**	**84.2%**	**46.7**	**85.8**	**83.7%**
Net Income Margin	***10.5%***	***14.6%***	***4.1 p.p.***	***10.5%***	***14.6%***	***4.1 p.p.***

R$ MM	Consolidated 1H13	1H14	Change
Gross Operating Revenue	**1,228.8**	**1,615.9**	**31.5%**
Monthly Tuition Fees	1,215.8	1,591.8	30.9%
Pronatec			
Others	12.9	14.3	10.9%
Gross Revenue Deductions	**(372.0)**	**(488.6)**	**31.3%**
Scholarships and Discounts	(330.4)	(417.8)	26.5%
Taxes	(36.4)	(46.5)	27.7%
FGEDUC	(5.2)	(24.3)	N.A.
Net Operating Revenue	**856.8**	**1,127.3**	**31.6%**
Cost of Services	**(513.1)**	**(657.5)**	**28.1%**
Personnel	(370.8)	(486.9)	31.3%
Rentals / Real Estate Taxes Expenses	(65.5)	(83.1)	26.9%
Textbooks Materials	(22.9)	(28.0)	22.3%
Third-Party Services and Others	(30.4)	(31.4)	3.3%
Depreciation	(23.5)	(28.1)	19.6%
Gross Profit	**343.7**	**469.9**	**36.7%**
Gross Margin	***40.1%***	***41.7%***	***1.6 p.p.***
Selling, General and Administrative Expenses	**(226.1)**	**(275.5)**	**21.8%**
Selling Expenses	**(99.0)**	**(129.3)**	**30.6%**
Provisions for Doubtful Accounts	(44.8)	(52.4)	17.0%
Marketing	(54.2)	(76.9)	41.9%
General and Administrative Expenses	**(114.5)**	**(133.1)**	**16.2%**
Personnel	(59.0)	(65.3)	10.7%
Others	(55.5)	(67.8)	22.2%
Depreciation	**(12.5)**	**(13.0)**	**4.0%**
EBIT	**117.6**	**194.4**	**65.3%**
EBIT Margin	***13.7%***	***17.2%***	***3.5 p.p.***
(+) Depreciation	36.0	41.1	14.2%
EBITDA	**153.6**	**235.5**	**53.3%**
EBITDA Margin	***17.9%***	***20.9%***	***3.0 p.p.***
Financial Result	(1.4)	30.2	N.A.
Depreciation and Amortization	(36.0)	(41.1)	14.2%
Social Contribution	(0.9)	(3.4)	277.8%
Income Tax	(2.1)	(9.5)	352.4%
Net Income	**113.3**	**211.7**	**86.8%**
Net Income Margin	***13.2%***	***18.8%***	***5.6 p.p.***

Balance Sheet in IFRS

R$ MM	06/30/2013	03/31/2014	06/30/2014
Short-Term Assets	**1,193.4**	**1,427.2**	**1,459.3**
Cash & Cash Equivalents	6.8	10.4	19.4
Short-Term Investments	735.1	747.7	768.0
Accounts Receivable	345.9	435.2	423.7
Carry-Forwards Credits	4.9	67.6	86.1
Advance to Employees / Third-Parties	27.5	33.8	37.8
Related Parties	0.3	0.3	0.3
Prepaid Expenses	26.1	48.2	29.2
Taxes and contributions	16.0	57.8	63.9
Others	30.8	26.2	30.8
Long-Term Assets	**776.6**	**897.4**	**904.7**
Non-Current Assets	**139.2**	**174.6**	**171.8**
Prepaid Expenses	2.8	3.0	2.9
Judicial Deposits	92.5	113.5	115.3
Taxes and contributions	24.0	25.7	24.3
Deferred Taxes and others	19.9	32.3	29.4
Permanent Assets	**637.4**	**722.9**	**732.9**
Investments	0.2	0.2	0.2
Fixed Assets	297.3	347.1	351.2
Intangible	339.8	375.5	381.5
Total Assets	**1,969.9**	**2,324.6**	**2,364.0**
Short-Term Liabilities	**192.6**	**344.8**	**271.4**
Loans and Financing	19.5	43.7	16.2
Suppliers	27.5	40.3	36.8
Salaries and Payroll Charges	99.7	124.7	142.6
Taxes Payable	22.2	44.7	40.1
Prepaid Monthly Tuition Fees	7.4	3.9	6.5
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	2.0	1.4	1.4
Dividends Payable	0.0	58.1	0.1
Commitments Payable	9.0	22.3	21.6
Others	2.4	2.9	3.3
Long-Term Liabilities	**346.2**	**332.7**	**340.6**
Loans and Financing	254.4	236.4	252.8
Provisions for Contingencies	25.4	28.3	26.1
Advances under Partnership Agreement	10.6	8.4	7.7
Taxes Paid in Installments	7.3	6.7	6.5
Provision for asset retirement obligations	14.8	14.3	14.7
Deferred Taxes	2.4	11.4	8.0
Commitments Payable	23.0	17.8	14.4
Others	8.2	9.5	10.4
Shareholders' Equity	**1,431.2**	**1,647.1**	**1,752.0**
Capital	1,000.5	1,010.7	1,028.1
Share Issuance Expenses	(26.5)	(26.9)	(26.9)
Capital Reserves	117.7	124.7	126.2
Earnings Reserves	237.6	424.2	424.2
Retained Earnings	113.3	125.8	211.7
Treasury Stocks	(11.3)	(11.3)	(11.3)
Total Liabilities and Shareholders' Equity	**1,969.9**	**2,324.6**	**2,364.0**

Cash Flow Statement

Cash flow statement not adjusted for the new FIES buyback auction reception schedule.

Cash Flow Statement (R$ million)	2Q13	2Q14	1H13	1H14
Profit before income taxes and social contribution	**48.9**	**89.3**	**116.3**	**224.6**
Adjustments to reconcile profit to net cash generated:	**51.5**	**51.8**	**90.2**	**99.0**
Depreciation and amortization	17.8	21.6	35.7	40.8
Amortization of funding costs (IFC and bonds)	0.1	(0.0)	0.3	0.3
Net book amount of property and equipment written-off	0.1	(0.6)	0.3	0.0
Provision for impairment of trade receivables	26.8	35.0	41.6	50.5
Options granted	2.0	1.5	3.4	5.2
Earnings on financial investments	(3.5)	(11.8)	(5.1)	(11.8)
Provision for contingencies	1.7	(2.2)	2.0	(2.3)
Appropriation of agreements	(0.7)	(0.7)	(1.4)	(1.4)
Interest on commitments payable	0.5	0.8	1.3	1.7
Interest on borrowings	5.9	7.8	11.4	15.3
Increase in provision for decommissioning of assets	0.6	0.5	0.8	0.7
Result after reconciliation to net cash generated	**100.4**	**141.1**	**206.5**	**323.6**
Changes in assets and liabilities:	**(31.7)**	**(30.5)**	**(104.1)**	**(154.5)**
(Increase) in accounts receivable	(24.3)	(23.6)	(106.8)	(139.6)
Decrease (increase) in other assets	(10.4)	(23.0)	(12.4)	(41.9)
Increase) decrease in advances to employees / third parties	(3.3)	(4.1)	(1.5)	(4.4)
(Increase) decrease in prepaid expenses	11.1	19.0	4.8	28.3
(Increase) decrease in taxes and contributions	(6.5)	(3.9)	(8.9)	(32.4)
Increase (decrease) in suppliers	(2.1)	(3.5)	(8.4)	(3.6)
Increase (decrease) in taxes payable	(4.7)	(8.2)	(3.1)	(7.1)
Increase (decrease) in payroll and related charges	5.0	17.9	33.2	62.9
(Decrease) in prepaid monthly tuition fees	2.7	2.5	(1.5)	(4.6)
Payment of civil claims	(0.0)	0.0	0.2	(0.0)
Provision for decommissioning of assets	-	(0.0)	-	(0.0)
Increase (decrease) in other liabilities	3.6	(2.1)	3.1	1.4
Decrease (increase) in taxes paid in installments	0.5	(0.2)	(0.0)	(0.6)
(Decrease) in non-current assets	(0.0)	2.3	(0.0)	1.4
Increase in judicial deposits	(7.2)	(1.8)	(9.3)	(11.2)
Interest paid on borrowings	(10.4)	(14.0)	(11.3)	(15.1)
IRPJ and CSLL paid	(0.6)	0.3	-	0.3
Net cash provided by (used in) operating activities:	**68.7**	**110.6**	**102.4**	**169.1**
CAPEX (Ex-Acquisitions)	**(29.9)**	**(31.6)**	**(43.7)**	**(68.0)**
Operational Cash Flow:	**38.8**	**79.0**	**58.7**	**101.1**
	-	-	-	-
Other investing activities:	**(30.2)**	**(4.3)**	**(32.4)**	**(5.7)**
Acquisitions	(26.9)	-	(26.9)	(0.8)
Amortization of funding costs (IFC and bonds)	0.1	(0.0)	0.3	0.3
Net book amount of property and equipment written-off	(0.1)	0.6	(0.3)	(0.0)
Commitments payable	(3.4)	(4.8)	(5.5)	(5.2)
Net cash provided by (used in) investing activities	**8.6**	**74.8**	**26.4**	**95.3**
Cash flows from financing activities:	**(14.2)**	**(45.4)**	**575.1**	**(47.0)**
Capital increase	14.3	17.4	631.1	17.4
Dividends	(26.0)	(58.0)	(26.0)	(58.0)
Expenditure on issuance of shares	(3.1)	-	(23.7)	-
Net increase in borrowings	0.7	(4.8)	(6.4)	(6.4)
Net cash provided by (used in) financing activities	**(5.6)**	**29.3**	**601.4**	**48.2**
Cash and cash equivalents at the beginning of the period	**747.5**	**758.1**	**140.5**	**739.2**
Increase in cash and cash equivalents	(5.6)	29.3	601.4	48.2
Cash and cash equivalents at the end of the period	**741.9**	**787.4**	**741.9**	**787.4**

Cash flow statement adjusted for the new FIES buyback auction reception schedule.

Cash Flow Statement (R$ million)	2Q13	2Q14	1H13	1H14
Profit before income taxes and social contribution	**48.9**	**89.3**	**116.3**	**224.6**
Adjustments to reconcile profit to net cash generated:	**51.5**	**51.8**	**90.2**	**99.0**
Depreciation and amortization	17.8	21.6	35.7	40.8
Amortization of funding costs (IFC and bonds)	0.1	(0.0)	0.3	0.3
Net book amount of property and equipment written-off	0.1	(0.6)	0.3	0.0
Provision for impairment of trade receivables	26.8	35.0	41.6	50.5
Options granted	2.0	1.5	3.4	5.2
Earnings on financial investments	(3.5)	(11.8)	(5.1)	(11.8)
Provision for contingencies	1.7	(2.2)	2.0	(2.3)
Appropriation of agreements	(0.7)	(0.7)	(1.4)	(1.4)
Interest on commitments payable	0.5	0.8	1.3	1.7
Interest on borrowings	5.9	7.8	11.4	15.3
Increase in provision for decommissioning of assets	0.6	0.5	0.8	0.7
Result after reconciliation to net cash generated	**100.4**	**141.1**	**206.5**	**323.6**
Changes in assets and liabilities:	**(31.7)**	**(12.0)**	**(104.1)**	**(117.0)**
(Increase) in accounts receivable	(24.3)	(23.6)	(106.8)	(139.6)
Decrease (increase) in other assets	(10.4)	(4.5)	(12.4)	(4.4)
Increase) decrease in advances to employees / third parties	(3.3)	(4.1)	(1.5)	(4.4)
(Increase) decrease in prepaid expenses	11.1	19.0	4.8	28.3
(Increase) decrease in taxes and contributions	(6.5)	(3.9)	(8.9)	(32.4)
Increase (decrease) in suppliers	(2.1)	(3.5)	(8.4)	(3.6)
Increase (decrease) in taxes payable	(4.7)	(8.2)	(3.1)	(7.1)
Increase (decrease) in payroll and related charges	5.0	17.9	33.2	62.9
(Decrease) in prepaid monthly tuition fees	2.7	2.5	(1.5)	(4.6)
Payment of civil claims	(0.0)	0.0	0.2	(0.0)
Provision for decommissioning of assets	-	(0.0)	-	(0.0)
Increase (decrease) in other liabilities	3.6	(2.1)	3.1	1.4
Decrease (increase) in taxes paid in installments	0.5	(0.2)	(0.0)	(0.6)
(Decrease) in non-current assets	(0.0)	2.3	(0.0)	1.4
Increase in judicial deposits	(7.2)	(1.8)	(9.3)	(11.2)
Interest paid on borrowings	(10.4)	(14.0)	(11.3)	(15.1)
IRPJ and CSLL paid	(0.6)	0.3	-	0.3
Net cash provided by (used in) operating activities:	**68.7**	**129.1**	**102.4**	**206.6**
	-	-	-	-
CAPEX (Ex-Acquisitions)	**(29.9)**	**(31.6)**	**(43.7)**	**(68.0)**
Operational Cash Flow:	**38.8**	**97.5**	**58.7**	**138.6**
Other investing activities:	**(30.2)**	**(4.3)**	**(32.4)**	**(5.7)**
Acquisitions	(26.9)	-	(26.9)	(0.8)
Amortization of funding costs (IFC and bonds)	0.1	(0.0)	0.3	0.3
Net book amount of property and equipment written-off	(0.1)	0.6	(0.3)	(0.0)
Commitments payable	(3.4)	(4.8)	(5.5)	(5.2)
Net cash provided by (used in) investing activities	**8.6**	**93.3**	**26.4**	**132.8**
Cash flows from financing activities:	**(14.2)**	**(45.4)**	**575.1**	**(47.0)**
Capital increase	14.3	17.4	631.1	17.4
Dividends	(26.0)	(58.0)	(26.0)	(58.0)
Expenditure on issuance of shares	(3.1)	-	(23.7)	-
Net increase in borrowings	0.7	(4.8)	(6.4)	(6.4)
Net cash provided by (used in) financing activities	**(5.6)**	**47.8**	**601.4**	**85.7**
	-	-	-	-
Cash and cash equivalents at the beginning of the period	**747.5**	**821.1**	**140.5**	**783.2**
Increase in cash and cash equivalents	(5.6)	47.8	601.4	85.7
Cash and cash equivalents at the end of the period	**741.9**	**868.9**	**741.9**	**868.9**

Exhibit I – Provision for FIES

Below is a summary of the "Provision for FIES" line under selling expenses, which constitutes provisions for:

(i) FIES students with a guarantor (at 2.25%, as we have already been doing this year, conservatively assuming future losses of 15% from the FIES portfolio, which is approximately three times higher than historical losses from the student portfolio; the provision was constituted considering 15% of credit risk over 15% of delinquency);

(ii) FIES students with FGEDUC after April 2012 for uncovered FGEDUC risk under the current rule, i.e. provisions were constituted for the 10% not covered by FGEDUC. Over this amount, we constituted provisions for the 15% credit risk over estimated delinquency of 15% (0.225%);

(iii) FIES students with FGEDUC until March 2012 for uncovered FGEDUC risk under the former rule, i.e. provisions were constituted for the 20% not covered by FGEDUC. Over this amount, we constituted provisions for the 15% credit risk over estimated delinquency of 15% (0.450%);

(iv) FIES students with FGEDUC until March 2012, for losses on the balance of restricted deposits based on the 2% FGEDUC contribution under the former rule, recorded as Minimum Guarantee, on estimated delinquency of 15% (0.30%).

It is worth noting that items (i), (ii) and (iii) have counter entries under noncurrent liabilities in the "Provision for FIES risk line", while item (iv) has a counter entry as a noncurrent asset reducing account – "Provision for loss of FIES restricted deposits" – as an adjustment for the expected realization of the restricted deposits account, recorded based on the 2% FGEDUC contribution under the former rule.

About Estácio

Estácio is one of the largest **private sector post-secondary educational institutions** in Brazil in number of students enrolled, with a nationwide presence in the country's major cities. Its student base has a highly diversified profile and includes mostly young working adults from the middle and lower-middle income groups. Its growth and market leadership are due to the quality of its programs, the strategic location of its units, its competitive prices and its solid financial position.

Estácio's strengths are:

Strong Positioning to Explore the Market's Growth Potential

- Nationwide presence, with units in the country's largest urban centers
- Broad portfolio of academic programs
- Managerial and financial capacity to innovate and improve our courses
- Widely recognized "Estácio'' brand

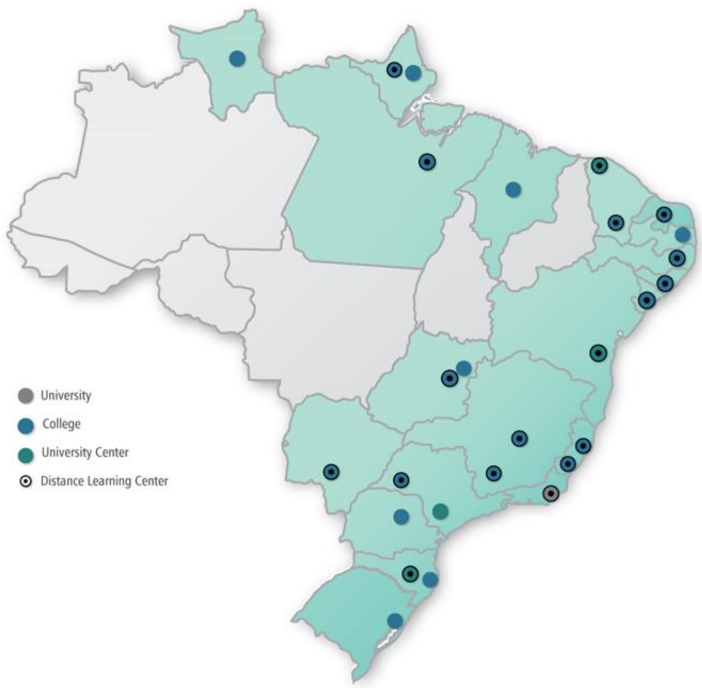
High Quality Learning Experience
- Nationally integrated syllabi
- Unique teaching methodology
- Full convergence between the On-Campus and Distance Learning models
- Highly qualified faculty

Professional and Integrated Operational Management
- Result-oriented management model
- Focus on educational quality

Scalable Business Model
- Growth with profitability
- Organic expansion and through acquisitions

Financial Solidity
- Strong cash reserves
- Capacity to generate and raise funds
- Control of working capital

Estácio closed 2Q14 with 383,000 undergraduate, graduate and distance-learning students enrolled in its nationwide educational network, which now operates in 20 states, as well as the Federal District, following the acquisitions in recent years, as shown in the map below. To this number, we must add the students from the acquisitions concluded in July: UniSEB, based in Ribeirão Preto (SP) and IESAM, based in Belém (PA), so that Estácio's total number of students has alrealdy surpassed the mark of 400,000 students.



(A free translation of the original in Portuguese)

Estácio Participações S.A.

Quarterly information (ITR) at
June 30, 2014
and report on review
of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Estácio Participações S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Estácio Participações S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2014, comprising the balance sheet as at that date and the statements of income and other comprehensive income for the three and six-month period then ended and changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Estácio Participações S.A.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2014. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, August 7, 2014

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Claudia Eliza Medeiros de Miranda
Contadora CRC 1RJ087128/O-0

Estácio Participações S.A.

Balance sheet

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Parent company June 30, 2014	Parent company December 31, 2013	Consolidated June 30, 2014	Consolidated December 31, 2013
Current assets				
Cash and cash equivalents (Note 3)	176	160	19,397	7,132
Marketable securities (Note 3)	580,379	654,505	768,034	732,051
Trade receivables (Note 4)			423,743	334,632
Accounts recoverable - FIES program (Note 29(a))			86,108	48,647
Advances to employees/third parties	20	19	37,842	33,442
Related parties (Note 5)	1,214	1,074	259	259
Prepaid expenses (Note 6)	764	122	29,230	57,515
Dividends receivable (Note 8)		58,118		
Interest on capital receivable	1,275	1,275		
Taxes and contributions (Note 7)	7,296	651	63,920	30,004
Other	1,302	1,340	30,750	26,319
	592,426	717,264	1,459,283	1,270,001
Non-current assets				
Long-term receivables				
Prepaid expenses (Note 6)			2,932	2,554
Judicial deposits (Note 16)	2,655	2,169	115,288	104,058
Deferred taxes (Note 28)			16,850	16,999
Taxes and contributions (Note 7)	4,237	6,483	24,263	25,634
Other	552	586	12,503	14,262
	7,444	9,238	171,836	163,507
Investments				
In subsidiaries (Note 8)	1,430,435	1,127,596		
Other			228	228
	1,430,435	1,127,596	228	228
Intangible assets (Note 9)	316	401	381,487	369,301
Property and equipment (Note 10)	342	2,356	351,185	335,614
	1,431,093	1,130,353	732,900	705,143
	1,438,537	1,139,591	904,736	868,650
Total assets	2,030,963	1,856,855	2,364,019	2,138,651

Liabilities and equity	Parent company June 30, 2014	Parent company December 31, 2013	Consolidated June 30, 2014	Consolidated December 31, 2013
Current liabilities				
Trade payables	726	483	36,833	40,429
Borrowings and financing (Note 11)	12,209	31,246	16,245	36,692
Payroll and related charges (Note 12)	119	135	142,589	79,672
Taxes payable (Note 13)	4,416	2,156	40,056	34,022
Prepaid monthly tuition fees (Note 29(b))			6,459	11,090
Advances under exclusivity agreements (Note 17)	1,800	1,800	2,887	2,887
Taxes paid in installments (Note 14)			1,367	1,495
Related parties (Note 5)	4,197	4,218		
Dividends payable (Note 18)	113	58,118	113	58,118
Purchase price payable (Note 15)			21,562	22,206
Other	4	5	3,324	3,498
	23,584	98,161	271,435	290,109
Non-current liabilities				
Long-term liabilities				
Borrowings (Note 11)	250,616	235,352	252,758	238,214
Provision for contingencies (Note 16)			26,101	28,380
Advances under exclusivity agreements (Note 17)	4,800	5,700	7,697	9,141
Taxes paid in installments (Note 14)			6,516	6,939
Deferred taxes (Note 28)			7,974	8,366
Provision for decommissioning of assets (Note 29(c))			14,748	14,095
Purchase price payable (Note 15)			14,401	17,266
Other			10,426	8,499
	255,416	241,052	340,621	330,900
Equity (Note 18)				
Share capital	1,028,053	1,010,687	1,028,053	1,010,687
Share issue costs	(26,852)	(26,852)	(26,852)	(26,852)
Capital reserves	126,195	120,981	126,195	120,981
Treasury shares	(11,348)	(11,348)	(11,348)	(11,348)
Revenue reserves	424,174	424,174	424,174	424,174
Profit for the period	211,741		211,741	
	1,751,963	1,517,642	1,751,963	1,517,642
Total liabilities and equity	2,030,963	1,856,855	2,364,019	2,138,651

The accompanying notes are an integral part of this quarterly information.

Estácio Participações S.A.

Statement of income
Periods ended June 30

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Continuing operations				
Net operating revenue (Note 23)			1,127,332	856,815
Cost of services rendered (Note 24)			(657,465)	(513,111)
Gross profit			469,867	343,704
Operating income (expenses)				
Selling expenses (Note 25)			(129,347)	(99,030)
General and administrative expenses (Note 25)	(5,476)	(4,326)	(154,240)	(134,040)
Equity in the results of subsidiaries (Note 8)	204,270	111,730		
Other operating income (Note 26)	858	846	8,088	7,005
Operating profit	199,652	108,250	194,368	117,639
Finance income (Note 27)	31,468	17,396	62,769	23,074
Finance costs (Note 27)	(16,751)	(11,495)	(32,569)	(24,428)
Finance income (costs), net	14,717	5,901	30,200	(1,354)
Profit before income tax and social contribution	214,369	114,151	224,568	116,285
Income tax (Note 28)	(1,929)	(619)	(9,455)	(2,051)
Social contribution (Note 28)	(699)	(227)	(3,372)	(929)
Profit for the period attributable to owners of the Company	211,741	113,305	211,741	113,305
Earnings per share - basic (Note 22)	0.00071	0.00039	0.00071	0.00039
Earnings per share - diluted (Note 22)	0.00071	0.00038	0.00071	0.00038

The Company has not obtained other comprehensive income for the periods ended June 30, 2014 and 2013.

The accompanying notes are an integral part of this quarterly information.

Estácio Participações S.A.

Statement of changes in equity

All amounts in thousands of reais

(A free translation of the original in Portuguese)

			Capital reserves		Revenue reserve				
	Share capital	**Share issue costs**	**Share premium**	**Options granted**	**Legal**	**Profit retention**	**Treasury shares**	**Retained earnings**	**Total**
At January 1, 2013	369,319	(2,819)	96,565	17,733	19,263	218,322	(11,348)		707,035
Public offering of shares	616,858								616,858
Exercise of stock options	14,285								14,285
Profit for the period								113,305	113,305
Options granted				3,388					3,388
Share issue costs		(23,683)							(23,683)
Treasury shares acquired							(4,216)		(4,216)
Share repurchase option							4,216		4,216
At June 30, 2013	1,000,462	(26,502)	96,565	21,121	19,263	218,322	(11,348)	113,305	1,431,188
Exercise of stock options	10,225								10,225
Profit for the period								131,402	131,402
Allocation of profit for the period									
Transfer to reserves					12,235	174,354		(186,589)	
Proposed dividends								(58,118)	(58,118)
Options granted				3,295					3,295
Share issue costs		(350)							(350)
At December 31, 2013	1,010,687	(26,852)	96,565	24,416	31,498	392,676	(11,348)		1,517,642
Exercise of stock options	17,366								17,366
Profit for the period								211,741	211,741
Options granted				5,214					5,214
At June 30, 2014	1,028,053	(26,852)	96,565	29,630	31,498	392,676	(11,348)	211,741	1,751,963

The accompanying notes are an integral part of this quarterly information.

Estácio Participações S.A.

Statement of cash flows
Periods ended June 30
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before income tax and social contribution	214,369	114,151	224,568	116,285
Adjustments to reconcile profit to net cash generated				
Depreciation and amortization	1,087	1,263	40,818	35,654
Amortization of funding costs	294	330	294	330
Residual value on disposal of property and equipment and intangible assets	1,012		7	258
Provision for impairment of trade receivables			50,515	41,641
Options granted			5,214	3,388
Earnings on marketable securities	(3,587)	(2,567)	(11,773)	(5,113)
Provision for contingencies			(2,279)	1,999
Appropriation of income from exclusivity	(900)	(900)	(1,444)	(1,443)
Interest on commitments payable			1,719	1,332
Interest on borrowings	15,284	11,371	15,284	11,371
Increase in provision for decommissioning of assets			667	788
Equity in results of subsidiaries	(204,270)	(111,730)		
	23,289	11,918	323,590	206,490
Changes in assets and liabilities				
Decrease (Increase) in marketable securities	77,713	(544,331)	(24,210)	(607,619)
(Increase) in trade receivables			(139,626)	(106,782)
Decrease (increase) in other assets	37	(617)	(41,892)	(12,352)
(Increase) decrease in advances to employees/third parties	(1)	4	(4,400)	(1,507)
(Increase) decrease in prepaid expenses	(642)	508	28,285	4,828
(Increase) in taxes and contributions	(4,399)	(404)	(32,396)	(8,879)
Increase(decrease) in trade payables	243	7	(3,596)	(8,411)
Increase (decrease) in taxes payable	(368)	138	(7,053)	(1,840)
Increase (decrease) in salaries and social charges	(16)	4	62,917	33,217
(Decrease) in prepaid monthly tuition fees			(4,631)	(1,491)
Provision for contingencies				224
Provision for decommissioning of assets			(14)	
Increase (decrease) in other liabilities	(1)	4	1,363	3,130
(Decrease) in taxes paid in installments			(551)	(24)
(Increase) Decrease in non-current assets	34	(86)	1,381	(640)
(Increase) in judicial deposits	(486)	(122)	(11,230)	(9,288)
	95,403	(532,977)	147,937	510,944
Interest paid on borrowings	(15,129)	(11,255)	(15,129)	(11,255)
Income tax and social contribution paid			259	(1,246)
Net cash provided by (used in) operating activities	80,274	(544,232)	133,067	(523,445)
Cash flows from investing activities				
Property and equipment			(41,886)	(22,473)
Intangible assets		(20)	(26,696)	(19,104)
Intercompany loans	(161)	933		
Investments in subsidiaries	(50,000)	(19,240)		
Dividends received	58,118	26,000		
Commitments payable			(5,228)	(5,527)
Acquisition of subsidiaries, net of cash obtained on acquisition				(15,810)
Advances for future capital increase	(43,355)	(39,914)		
Net cash provided by (used in) investing activities	(35,398)	(32,241)	(73,810)	(62,914)
Cash flows from financing activities				
Capital increase	17,366	631,143	17,366	631,143
Share issue costs		(23,683)		(23,683)
Dividends distributed	(58,005)	(26,043)	(58,005)	(26,043)
Payment in borrowings	(4,221)	(4,939)	(6,353)	(6,352)
Net cash provided by financing activities	(44,860)	576,478	(46,992)	575,065
Increase (decrease) in cash and cash equivalents	16	5	12,265	(11,294)
Cash and cash equivalents at the beginning of the period	160	132	7,132	18,132
Cash and cash equivalents at the end of the period	176	137	19,397	6,838
Net (decrease) increase in cash and cash equivalents	16	5	12,265	(11,294)

The accompanying notes are an integral part of this quarterly information.

Estácio Participações S.A.

Statements of value added
Periods ended June 30
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Revenue				
Educational services			1,166,411	885,882
Other income			7,434	7,316
Provision for impairment of trade receivables			(50,515)	(41,634)
Other selling expenses			(1,927)	(4,285)
			1,121,403	847,279
Inputs acquired from third parties				
Materials, energy, and outsourced services	(3,175)	(1,921)	(212,535)	(161,736)
Contingencies			2,279	(1,999)
	(3,175)	(1,921)	(210,256)	(163,735)
Gross value added	(3,175)	(1,921)	911,147	683,544
Depreciation and amortization	(1,380)	(1,595)	(41,112)	(35,984)
Net value added generated by the Company	(4,555)	(3,516)	870,035	647,560
Value added received through transfer				
Equity in the results of investees	204,270	111,730		
Finance income	31,468	17,396	62,769	23,074
Other	900	941	8,130	7,005
	236,638	130,067	70,899	30,079
Total value added to distribute	232,083	126,551	940,934	677,639
Distribution of value added				
Personnel				
Direct remuneration	719	676	429,357	326,472
Benefits	1		12,802	10,234
Government Severance Indemnity Fund for Employees (FGTS)			28,934	22,964
	720	676	471,093	359,670
Taxes and contributions				
Federal	2,871	1,073	97,379	75,685
State			1	1
Municipal		2	49,174	39,495
	2,871	1,075	146,554	115,181
Remuneration of third-party capital				
Interest	16,751	11,495	32,569	23,336
Rentals			78,977	66,147
	16,751	11,495	111,546	89,483
Remuneration of own capital				
Retained profits	211,741	113,305	211,741	113,305
	211,741	113,305	211,741	113,305
Value added distributed	232,083	126,551	940,934	677,639

The accompanying notes are an integral part of this quarterly information.

1 Operations

Estácio Participações S.A. ("Estácio" or the "Company") and its subsidiaries (together, the "Group") have as their main activities the development and/or administration of activities and or/ institutions in the college and professional education areas and/or other areas associated to education, to the administration of own assets and business, and the interest, as partner or stockholder, in other limited companies in Brazil.

The Company is a corporation headquartered at Avenida Embaixador Abelardo Bueno, 199, in the Municipality and State of Rio de Janeiro, incorporated by the private subscription of shares on March 31, 2007, and currently listed on the New Market.

The Group has fifteen companies, including Estácio Participações, twelve of which are sponsors of college institutions, incorporated as limited liability companies, and has one University, six University Centers and thirty-three colleges, distributed in twenty States of the country and in the Federal District.

The Company's Board of Directors, in a meeting that took place on August 6, 2014, authorized the disclosure of this interim accounting information.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of this interim accounting information are set out below. These policies have been consistently applied in the periods presented, unless otherwise stated.

2.1 Basis of preparation

The quarterly information has been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) measured at fair value, when applicable.

The preparation of quarterly information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the quarterly information, include: selection of useful lives of property and equipment and the recoverability thereof in the normal course of operations, valuation of financial assets at fair value, credit risk assessment to determine the provision for impairment of trade receivables, as well as assessment of other risks to determine other provisions, including provisions for contingencies (Note 2.24).

Settlement of transactions involving these estimates may result in amounts different from those recorded in the quarterly information due to the uncertainties inherent in the estimation process. The Company reviews its estimates and assumptions periodically, at least annually.

The consolidated quarterly information was prepared in accordance with CPC 21 (R1)/IAS 34 'Interim Financial Reporting'. The Company also applies accounting policies set out in the Brazilian Corporation Law and specific rules issued by the Brazilian Securities Commission (CVM), which do not conflict with CPC 21 (R1)/IAS 34.

The parent company quarterly information was prepared in accordance with CPC 21 (R1) 'Interim Financial Reporting', and is disclosed together with the consolidated quarterly information.

In the parent company quarterly information, subsidiaries are recorded based on the equity accounting method. The accounting practices adopted in Brazil applicable to the parent company quarterly information differ from IFRS applicable to separate financial quarterly information only in relation to the measurement of investments in subsidiaries based on the equity accounting method, instead of cost or fair value in accordance with IFRS.

The information relating to the annual financial statements for the year ended December 31, 2013, presented together with the quarterly information for comparison purposes, was prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS). The accounting practices applied in this parent company and consolidated quarterly information are consistent with those applied in the annual financial statements as at December 31, 2013.

For a better comparison of the quarterly information at June 30, 2013, the Company reclassified the amounts referring to tax liabilities and Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) paid in the statement of cash flows, without changing the results from operating operations.

The accounting standards CPC 36 (R3)/IFRS 10, Consolidated financial statements; CPC 40 (R1)/IFRS 7, Financial instruments Disclosures; CPC 45/IFRS 12, Disclosure of Interests in Other Entities; and CPC 46/IFRS 13, Fair Value Measurement, applicable to the Company and effective for the year started on January 1, 2013, did not have a material impact on the Company's quarterly information.

2.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated quarterly information.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group. The consideration transferred includes the fair value of assets or liabilities resulting from a contingent consideration arrangement, when applicable. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and contingent assets and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred plus the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

All amounts in thousands of reais unless otherwise stated

Transactions, balances and unrealized gains on transactions between Group companies are eliminated.

Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated quarterly information includes the operations of the Company and the following subsidiaries, together with its ownership interest in each:

	Direct - %	
	June 30, 2014	**December 31, 2013**
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	100	100
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	100	100
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	100	100
Estácio Editora ("EDITORA")	100	100

	Indirect - %	
	June 30, 2014	**December 31, 2013**
Sociedade Educacional Atual da Amazônia ("ATUAL")	100	100
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	100	100
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100	100
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	100	100
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	100	100
Unisãoluis Educacional S.A ("UNISÃOLUIS")	100	100
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUOL")	100	100
Sociedade Educacional da Amazônia ("SEAMA")	100	100
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	100	100
Associação de Ensino de Santa Catarina ("ASSESC")	100	100

The reporting periods of the quarterly information of the subsidiaries included in consolidation are the same as those of the Parent company. Accounting practices were applied uniformly by the consolidated companies and are consistent with those used in the prior period.

The consolidation process of the equity and result accounts corresponds to the sum of the balances of the assets, liabilities, revenues and expenses accounts, according to their nature, complemented by the eliminations of the operations carried out between the consolidated companies, as well as the economically unrealized balances and results between the mentioned companies.

2.3 Business combinations

The Company did not carry out any purchases or entered into commitments to make purchases during the quarter ended June 30, 2014. The acquisitions and purchase commitments made in 2013 are as follows:

(i) Faculdade de Ciências Sociais e Tecnológicas ("FACITEC")

On April 5, 2013, the Group acquired all the quotas of Faculdade de Ciências Sociais e Tecnológicas (FACITEC), which has its headquarters and campus in the City of Taguatinga, in the Federal District. The deal amounted to R$ 29,000, including payments to partners and assumption of the company's liabilities.

An additional payment of R$ 7 million is foreseen if FACITEC becomes a University Center up to December 31, 2014.

At the acquisition date, FACITEC had approximately 3,600 students in 13 undergraduate courses and 24 graduate courses, in addition to extension and free courses.

(ii) Associação de Ensino de Santa Catarina ("ASSESC")

On November 30, 2013, the Group acquired all the quotas of Associação de Ensino de Santa Catarina ("ASSESC"), which has its headquarters and campus in the City of Florianópolis, State of Santa Catarina. The deal amounted to R$ 6,771, including payments to partners and assumption of the company's liabilities.

ASSESC was established in 1987 and has approximately 915 students for a total capacity of 4,970. ASSESC has a portfolio of 10 undergraduate courses registered with the Ministry of Education (MEC) and an average monthly fee of about R$ 570. It received the courses general index of 3 by MEC.

(iii) União dos Cursos Superiores SEB Ltda. ("UNISEB")

On September 12, 2013, Estácio Participações S.A. entered into a purchase commitment ("operation") to acquire all the shares of TCA Investimentos e Participações Ltda. ("TCA"), a limited liability company to be transformed in a corporation before the completion of the operation. TCA has its headquarters and campus in the City of Ribeirão Preto, State of São Paulo, and is the holding company of UNISEB - União dos Cursos Superiores SEB Ltda. ("UNISEB").

All amounts in thousands of reais unless otherwise stated

None of the goodwill recognized is expected to be deductible for income tax purposes. The consideration paid and the values of acquired assets and contracted liabilities recognized at the dates of the acquisitions, which were carried out in 2013, are summarized in the table below:

	FACITEC	ASSESC	Total
Acquisition cost			
Cash	18,000	5,316	23,316
Purchase price payable	9,884	1,413	11,297
Contingent consideration recognized(net present value)	5,770		5,770
Total consideration	33,654	6,729	40,383
Identifiable assets acquired and liabilities assumed	(1,120)	(1,225)	(2,345)
Goodwill	32,534	5,504	38,038
Goodwill allocation			
Brand FACITEC	5,199	586	5,785
Operation license	433	397	830
Students portfolio	3,278	199	3,477
Goodwill	26,654	4,724	31,378
Deferred income tax and social contribution	(3,030)	(402)	(3,432)

	FACITEC	ASSESC	Total
Cash and cash equivalents	232	654	886
Customers	1,462	464	1,926
Taxes and contributions	3	78	81
Property and equipment	1,815	895	2,710
Software	21	5	26
Borrowings	(180)		(180)
Trade payables	(525)	(75)	(600)
Salaries and social charges	(204)	(258)	(462)
Taxes payable	(96)	(25)	(121)
Prepaid monthly tuition fees	(130)		(130)
Installment payments	(704)		(704)
Provisions	(574)	(512)	(1,086)
Other obligations		(1)	(1)
Net assets acquired	1,120	1,225	2,345

2.4 Recognition of revenues, costs and expenses

Revenues, costs and expenses are recognized on an accrual basis.

(a) Revenue from services

Revenue comprises the fair value of the consideration received or receivable for the provision of educational services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will result from the transaction and when specific criteria have been met.

(b) Finance income and costs

The finance income and costs include mainly income from interest on marketable securities, expenses for interest on financing, gains and losses stated at fair value, according to the classification of the note, besides net foreign exchange and monetary variations.

Interest income is recognized on the accrual basis, using the effective interest rate method. When a loan and receivable instrument is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time elapses, interest is incorporated into loans and receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of the instrument.

2.5 Foreign currency translation

Items included in the quarterly information of each of the Group's entities are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The parent company and consolidated quarterly information are presented in Brazilian reais (R$), which is the Company's functional currency, and also the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end foreign exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of income.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts and other highly liquid short-term investments with original maturities of three months or less and with immaterial risk of change in value, which are held to meet the Company's short-term commitments.

2.7 Marketable securities

At initial recognition, the Company classifies its marketable securities in the following categories, depending on the purpose for which the securities were acquired:

- held for trading - they are bought for the purpose of sale in the near term and are measured at fair value. Interest, monetary variation and fair value changes are recognized in profit or loss;

- held to maturity - they are purchased with the intention and ability to hold them to maturity, and are recognized and measured at amortized cost using the effective interest method, with earnings allocated to profit or loss; and

- available for sale - they are non-derivative instruments that are either designated in this category or not classified in any of the previous categories. They are measured at fair value and interest and monetary variations are charged to profit or loss, while the fair value changes are recorded in equity under the heading of carrying value adjustments and transferred to profit or loss for the year upon the settlement of the security.

At June 30, 2014 and December 31, 2013, all of the Company's marketable securities are classified as "held for trading".

2.8 Trade receivables and prepaid monthly tuition fees

These receivables arise mainly from the rendering of educational activity services and do not include services provided after the balance sheet date. Services billed but not yet provided at the balance sheet date are recorded as prepaid monthly tuition fees and will be recognized in the respective statement of income for the year, on the accrual basis.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment of trade receivables.

2.9 Provision for impairment of trade receivables

This provision, recorded as a reduction of accounts receivable, is set up at an amount considered sufficient by the Company's management to cover any losses on collection of monthly tuition fees and checks receivable, considering the risks involved.

2.10 Investments in subsidiaries (applicable only for the parent company quarterly information)

The investments in subsidiaries are accounted for using the equity method. In the parent company quarterly information, the goodwill based on the expected future profitability of the acquired companies is presented in the investment account.

2.11 Property and equipment

Property and equipment are measured at acquisition or construction cost, less accumulated depreciation.

Depreciation is calculated under the straight-line method over the useful life of the assets at the rates mentioned in Note 10.

Costs subsequent to initial recognition are included in the net book amount of property and equipment or recognized as a specific item, as applicable, only if the economic benefits related to these items are probable and the amounts can be reliably measured. The residual balance of the replaced item is written off. Other repair and maintenance expenses are recognized directly in the statement of income when incurred.

Property and equipment items are written off when sold or when no future economic benefit is expected to arise from its use or sale. Any gain or loss resulting from the asset disposal (calculated as the difference between net sales value and the carrying amount of the asset) is included in the statement of income for the year in which the asset was written-off.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.12 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition after the purchase price allocation over the net fair value of assets and liabilities of the acquired entity. If negative goodwill is determined, the amount is recorded as a gain in profit or loss for the period on the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to Cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(b) Students portfolio

Contractual student relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual student relations have a defined useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the student relationship.

(c) Software

Computer software licenses purchased are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the software.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of applicable overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recorded as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful life, which does not exceed five years.

2.13 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGU)). Non-financial assets other than goodwill that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date.

In estimating an asset's value in use, estimated future cash flows are discounted to present value, using a pre-tax discount rate reflecting the weighted average cost of capital for the industry in which the cash generating unit operates. The net sales price is determined, whenever possible, based on firm sale contracts in a transaction on an arm's length basis, between well informed and willing parties, adjusted by expenses attributable to the asset sale, or, when there is no firm sale contract, based on the price in an active market, or the most recent transaction price with similar assets.

2.14 Leases

Finance leases

Lease agreements transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item. They are classified as finance lease agreements, and the corresponding assets are recognized at fair value or present value of minimum lease payments provided for in the agreements. Items recognized as assets are depreciated at the rates applicable to each group of assets detailed in Note 10. Financial charges related to finance lease agreements are appropriated to the statement of income over the lease term, based on the amortized cost and effective interest method.

Operating leases

Operating lease expenses are recognized in the statement of income on the straight-line accrual basis during the lease term.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.16 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's stockholders is recognized as a liability in the Group's interim accounting information at year-end, based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders in General Meeting.

The tax benefit of interest on capital is recognized in the statement of income.

2.17 Provision for asset decommissioning

This represents the estimated future cost of the renovation of rented buildings where the Company's teaching units are located. They are recognized in property and equipment at present value, discounted at an adjusted credit rate, as part of the value of the assets that gave rise to them, provided that there is a legal obligation and the value can be reliably estimated, with the contra entry of a provision recorded in liabilities. Interest incurred on this provision is classified as finance costs. The annually reviewed decommissioning estimates suffer depreciation/amortization on the same bases of the main assets.

2.18 Provisions

Provisions for legal claims (labor, civil and tax) are recognized when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapses is recognized as interest expense.

2.19 Taxation

Subsidiaries that enrolled in the "University for All" Program (PROUNI) benefit from exemption of the federal taxes listed below, for as long as they remain registered with the program:

- Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Income (CSLL), introduced by Law 7,689, of December 15, 1988.
- Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS), introduced by Supplementary Law 70, of December 30, 1991.
- Social Integration Program (PIS), introduced by Supplementary Law 7, of September 7, 1970.

The above exemptions are originally calculated on the amount of revenues earned from higher education activities, derived from undergraduate and occupationally specific sequential courses. Also as a result of the change in the form of organization to limited companies, the Company became subject to the following events as from October 2005 and February 2007:

(i) Loss of Service Tax (ISS) immunity.

(ii) Loss of 100% exemption regarding the employer's contribution to the National Institute for Social Security (INSS), which is required to be paid on a graduating scale, as defined under PROUNI legislation (20% in the first year, 40% in the second year and up to 100% in the fifth year). In 2012, the Company began to pay 100% of the employer's contribution to INSS.

Estácio Participações S.A. (Parent company) does not benefit from PROUNI-related exemptions and computes its federal taxes payable in the normal manner.

**Current income tax and
social contribution**

Current income tax and social contribution were determined considering the criteria established by Normative Instruction issued by the Brazilian Federal Revenue Secretariat (RFB), with specific regard to PROUNI, whereby such taxes may not be paid on profits from regular undergraduate and technological educational activities and may be subsequently transferred to a reserve account.

PIS and COFINS

The rules governing PROUNI establish that revenues from traditional undergraduate and technological courses are exempt from PIS and COFINS contributions. Revenues from other educational activities are subject to PIS and COFINS at the rate of 0.65% and 3.00%, respectively, whereas non-education related revenues are subject to PIS at the rate of 1.65% and to COFINS, at 7.6%.

**Deferred income tax and
social contribution**

Deferred taxes are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Over deductible tax temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is likely that temporary differences will be reversed in the near future and the taxable income will be available against which the temporary differences may be used.

The carrying amount of the deferred tax assets is revised at each balance sheet date and written down to the extent that it is no longer probable that taxable income will be available to permit the use of all or part of the deferred tax assets. Written off deferred tax assets are revised at each balance sheet date and reinstated to the extent that it becomes likely that future taxable income will allow the deferred tax assets to be realized. Deferred tax assets and liabilities are measured at the tax rates expected to be applicable in the year when the asset will be realized or the liability will be settled, based on the tax rate (and tax law) in effect on the balance sheet date.

Deferred taxes relating to items recognized directly in equity are also recognized in equity and not in the statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in comprehensive income or directly in equity.

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

2.20 Share-based payments

The Company grants to its main executives and officers an equity-settled, share-based compensation plan, under which the Company receives services from these executives and officers as consideration for equity instruments (options) of the Group. The fair value of the services received in exchange for the grant of the options is recognized as an expense. The total amount to be recognized is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.21 Profit sharing

The Group recognizes a liability and an expense for profit-sharing based on a methodology that takes into consideration the profit attributable to the Company's stockholders after certain adjustments. The Group recognizes a provision where it is contractually obliged to do so, or where there is a past practice that has created a constructive obligation.

2.22 Earnings per share

The Company calculates earnings per thousand shares using the weighted average number of outstanding common shares, in the period to which the profit refers, according to Technical Pronouncement CPC 41 (IAS 33) (Note 22).

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential common shares with dilutive effects. For the stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would be outstanding assuming the exercise of the share options.

2.23 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's stockholders until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax and social contribution effects, is included in equity attributable to the Company's stockholders.

2.24 Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the parent company and consolidated quarterly information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, the uncertainty related to these assumptions and estimates could lead to results that would require a significant adjustment to the carrying amount of the respective asset or liability in future periods.

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the quarterly information due to the uncertainties inherent in their estimation process. The Company reviews its estimates and assumptions at least quarterly.

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.13. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates, as follows:

	In percentages
	December 31, 2013
Gross margin (i)	41.5
Growth rate (ii)	5
Discount rate (iii)	14.6

(i) Budgeted average gross margin.

(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget period.

(iii) Pre-tax discount rate applied to the cash flow projections.

If the estimated pre-tax discount rate on the discounted cash flows had been 1% higher than management's estimates (for example, 15.6% instead of 14.6%), the Group would not have recognized a further impairment against goodwill.

(ii) Share-based payment transactions

The Company measures the cost of share-based payments to employees based on the fair value of the equity instruments on the grant date. The estimate of the fair value of the share-based payments requires the determination of the most adequate assessment model for the grant of equity instruments, which depends on the grant terms and conditions. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21(b).

(iii) Provisions for tax, civil and labor contingencies

The Company recognizes provisions for civil, tax and labor cases. The assessment of the likelihood of loss includes the evaluation of the available evidence, the hierarchy of laws, available case law, recent court decisions and their significance in the legal system, as well as the opinion of outside legal advisors. The provisions are reviewed and adjusted to account for changes in circumstances, such as the applicable statute of limitations, completion of tax inspections, or additional exposures identified on the basis of new matters or court decisions.

(iv) Assets' useful life

The Company annually reviews the economic useful life of its assets, based on the opinion of external appraisers. The depreciation is recognized in the statement of income based on the remaining useful life of the asset.

2.25 Statement of cash flows

The statements of cash flows were prepared using the indirect method and are presented in accordance with Technical Pronouncement CPC 03 R2 (IAS 7), Statement of cash flows, issued by CPC (IASB).

2.26 Statement of value added

The purpose of the statement of value added is to disclose the wealth generated by the Company and its subsidiaries and the wealth distribution over a given period. As required by Brazilian Corporate Law, this statement is an integral part of the parent company and consolidated quarterly information prepared in accordance with accounting practices adopted in Brazil and supplementary information to the consolidated quarterly information prepared in accordance with IFRS, considering that it is not required under IFRS.

The statement of value added was prepared based on information obtained from the accounting records used to prepare the quarterly information and pursuant to the provisions of Technical Pronouncement CPC 09. The first part shows the wealth created by the Company, represented by revenues (gross sales revenue, including applicable taxes, other revenues and the effects of the provision for impairment of trade receivables), inputs acquired from third parties (cost of sales and purchases of materials, electric power and outsourced services, including taxes levied upon acquisition, effects of impairment and recovery of assets, depreciation and amortization), and value added received from third parties (equity in the results of investees, finance and other income). The second part of the statement of value added shows how this wealth is distributed among personnel, taxes, charges and contributions, and return on equity and remuneration of third-party capital.

2.27 Financial instruments

(a) Initial recognition and measurement

The Company's financial instruments are represented by cash and cash equivalents, marketable securities, accounts receivable, judicial deposits, accounts payable, debentures, borrowings and financing. The instruments are initially recognized at fair value plus costs directly attributable to their acquisition or issue, except for financial instruments classified at fair value through profit or loss, when such costs are directly recorded in the statement of income.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the statement of income within "Finance income (costs), in the period in which they arise.

(b) Subsequent measurement

The subsequent measurement of financial assets and liabilities depends on their classification as follows:

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss include financial assets and liabilities held for trading and financial assets and liabilities designated upon initial recognition at fair value through profit or loss. Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by CPC 38 (IAS 39).

Gains or losses on liabilities held for trading are recognized in the statement of income.

At June 30, 2014 and December 31, 2013, the Company did not have derivative operations.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

(c) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recorded loss is recognized in the statement of income.

2.28 Segment information

Because the Company concentrates its businesses on college educational activities, it is organized into one single business unit. Although the courses offered by the Company are designed for different student requirements, they are neither controlled nor managed as independent segments, and the Company's results are analyzed, monitored and evaluated on an integrated basis.

2.29 New standards, amendments and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards were issued by IASB are not effective for 2013. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

- IFRIC 21, "Levies". The interpretation clarifies when an entity should recognize a liability to pay a levy in accordance with the legislation. The recognition of the obligation is applicable only after the obligating event takes place. The standard is applicable as from January 1, 2014. This standard has no effect on the quarterly information of the Company.

- IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The standard is applicable as from January 1, 2018.

All amounts in thousands of reais unless otherwise stated

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 Cash and cash equivalents and marketable securities

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Cash and banks	176	160	19,397	7,132
Cash and cash equivalents	176	160	19,397	7,132
Bank Deposit Certificates (CDB)	64,811	100,846	152,943	107,692
Investment funds	122,686	145,184	129,935	153,825
Repurchase agreements	392,882	408,475	485,156	470,534
Marketable securities	580,379	654,505	768,034	732,051
	580,555	654,665	787,431	739,183

Bank Deposit Certificates (CDB) earn interest at rates varying from 90.0% to 101.6% of the Interbank Deposit Certificate (CDI) rate at June 30, 2014 (December 31, 2013 - 94.2% to 101.6%).

Repurchase agreements backed by first-tier debentures are recorded at fair value, bearing interest at 75% to 104.0% of CDI at June 30, 2014 (December 31, 2013 - 75% to 105.7% of CDI).

The fair values of securities traded in the market are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to these securities (2014 - 10.80%; 2013 - 7.25%). None of these financial assets is either past due or impaired.

The investment in an exclusive fund is backed by financial allocations in private credit fund quotas, CDBs, and repurchase agreements with first-tier banks and issuers.

The Company has a Financial Investments and Derivatives Policy that stipulates that investments must be in low risk marketable securities with highly-rated financial institutions. At June 30, 2014, the operations earn interest based on the variation of the Interbank Deposit Certificate (CDI) rate.

At June 30, 2014 and December 31, 2013, all of the Company's marketable securities are classified as "held for trading".

All amounts in thousands of reais unless otherwise stated

4 Trade receivables

	Consolidated	
	June 30, 2014	**December 31, 2013**
Monthly tuition fee	299,316	261,670
FIES (a)	128,631	78,885
Agreements and exchanges	29,659	27,762
Receivables on credit cards (b)	28,325	25,281
Renegotiated receivables	35,016	30,226
	520,947	423,824
Receivable identifiable	(4,120)	797
Provision for impairment of trade receivables (c)	(93,084)	(89,989)
	423,743	334,632

The aging of accounts receivable is as follows:

	Consolidated			
	June 30, 2014	**%**	**December 31, 2013**	**%**
FIES	128,631	25	78,885	19
Not yet due	101,220	19	81,179	19
Overdue for up to 30 days	47,133	9	45,683	11
Overdue from 31 to 60 days	42,593	8	39,169	9
Overdue from 61 to 90 days	46,067	9	29,897	7
Overdue from 91 to 179 days	62,219	12	59,022	14
Overdue for more than 180 days	93,084	18	89,989	21
	520,947	100	423,824	100

All amounts in thousands of reais unless otherwise stated

The aging of agreements receivable is as follows:

	Consolidated			
	June 30, 2014	**%**	**December 31, 2013**	**%**
Not yet due	15,669	45	16,732	55
Overdue for up to 30 days	3,487	10	3,157	10
Overdue from 31 to 60 days	2,875	8	2,055	7
Overdue from 61 to 90 days	2,900	8	1,866	6
Overdue from 91 to 179 days	5,317	15	3,225	11
Overdue for more than 180 days	4,768	14	3,191	11
	35,016	100	30,226	100

(a) Trade receivables from the Student Financing Fund (FIES) are represented by educational loans obtained by students from Caixa Econômica Federal (CEF) and the National Education Development Fund (FNDE), whereby the financed funds are transferred monthly by CEF and Banco do Brasil to a specific bank account. This amount has been used exclusively to pay the social security contributions and federal taxes and converted into cash by means of auctions of Brazilian National Treasury securities. These receivables presented a growth of 63% at June 30, 2014 compared to December 31, 2013, explained by the increase in the FIES student base.

In 2014, trade receivables from FIES are presented net of estimated losses, as follows:

(i) For FIES students with guarantor, a provision was recognized for 2.25% of the accounts receivable with this characteristic, considering the assumptions of 15% of the credit risk on 15% of default.

(ii) For the uncovered risk of the Guarantee Fund for Educational Credit Operations (FGEDUC), with accession held as from April 2012, a provision was recognized for 10% of the receivables under the responsibility of the sponsors (and the Guarantor Fund is responsible for the remaining 90%) on the 15% credit risk on an estimate of 15% of default, i.e. 0.225%.

(iii) For the uncovered risk of the FGEDUC, with accession held up to March 2012, a provision was recognized for 20% of the receivables under the responsibility of the sponsors (and the Guarantor Fund is responsible for the remaining 80%) on the 15% credit risk on an estimate of 15% of default, i.e. 0.450%.

(b) A substantial part of the credit card receivables arises from the negotiation of overdue monthly tuition fees.

All amounts in thousands of reais unless otherwise stated

(c) Changes in the consolidated provision for impairment of receivables were as follows:

Description	December 31, 2013	Gross increase in provision for impairment of receivables	Recovered amounts	Net effect of provision	Write-off	June 30, 2014
Monthly tuition and fees	71,128	89,007	(41,315)	47,692	(43,059)	75,761
Acquired	18,861	7,919	(5,096)	2,823	(4,361)	17,323
	89,989	96,926	(46,411)	50,515	(47,420)	93,084

For the periods ended June 30, 2014 and 2013, expenses for the provision of impairment of receivables (Note 25), recognized in the statement of income as "selling expenses", consist of the following:

	2014	2013
Increase in provision (i)	50,515	57,447
Unidentified deposits and collections written-off		(4,030)
Sale of customer portfolio		(8,555)
Provision for impairment of receivables of acquirees		(2,595)
Credit risk - FIES		10
Other		(636)
	50,515	41,641

(i) In order to facilitate understanding and to allow a direct reconciliation of the provision for impairment of receivables between the balance sheet and statement of income of the period, the Company believes that this change should consider the consolidated amount not recovered after 180 days from the due date as supplementary amounts, and the consolidated amounts received/renegotiated relating to bills not settled up to the previous month, as recovered amounts.

All amounts in thousands of reais unless otherwise stated

5 Related-party transactions

The related-party transactions were carried out in terms equivalent to those prevailing in the transactions with independent parties, according to item 23 of Technical Pronouncement CPC 05, and are as follows:

	Parent company		Consolidated		
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	Interest
Current assets					
Loan					
SESES	1,052	912			110% of CDI
Nova Academia do Concurso	1	1			110% of CDI
FAL	1	1			110% of CDI
Fatern	2	2			110% of CDI
IREP	138	138			110% of CDI
Atual	4	4			110% of CDI
Seama	3	3			110% of CDI
Editora	6	6			110% of CDI
FARGS	1	1			110% of CDI
São Luís	3	3			110% of CDI
Facitec	3	3			110% of CDI
Subsidiaries	1,214	1,074			
Related individuals			259	259	100% of CDI
	1,214	1,074	259	259	
Investment fund (i)			9,962	5,511	
			9,962	5,511	
Non-current assets					
Advances for future capital increase - investments					
IREP	42,255	27,918			
Nova Academia	1,100	1,450			
SESES		500			
	43,355	29,868			

	Parent company		Consolidated		
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013	Interest
Current liabilities					
Subsidiaries					
SESES	4,119	4,140			110% of CDI
IREP	65	65			110% of CDI
Atual	3	3			110% of CDI
Nova Academia	3	3			110% of CDI
FAL	1	1			110% of CDI
Fatern	2	2			110% of CDI
Seama	4	4			110% of CDI
	4,197	4,218			

All amounts in thousands of reais unless otherwise stated

Statement of income

	Parent company	
	2014	**2013**
Result of loan operations		
Interest paid	1	
Net result at June 30	1	

(i) At June 30, 2014, the Company has R$ 9,962 invested in the BRZ Renda Fixa Fundo de Investimento CP fund, whose quotas were acquired by the Fundo Exclusivo de Investimento Estapart fund of the BTG Pactual bank. GP Investimentos, which was a Company's stockholder until September 20, 2013, has an 81% interest in the share capital of BRZ Investimentos, manager of the BRZ fund. Mr. Eduardo Alcalay, a Member of the Board of Directors, has a Partner-Director and/or Associate relationship with GP Investimentos.

6 Prepaid expenses

	Parent company		Consolidated	
	June 30, 2014	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**
Insurance	31	122	1,574	2,073
Property tax (IPTU) to appropriate			4,612	
Educational materials (i)			16,340	12,932
Advances - vacation pay and related charges			4,839	41,920
Registration fee - Ministry of Education (MEC)			2,840	2,573
Professional services	733		733	
Other prepaid expenses			1,224	571
Total	764	122	32,162	60,069
Current assets	764	122	29,230	57,515
Non-current assets			2,932	2,554
	764	122	32,162	60,069

(i) It refers to the costs incurred for copyright, printing and postage for the production of education material to be used both in the current and future period. They are recorded as prepaid expenses and allocated during the period of utilization.

All amounts in thousands of reais unless otherwise stated

7 Taxes and contributions

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Corporate Income Tax/Withholding Income Tax (IRPJ/IRRF)	10,008	6,119	27,748	21,066
Social Contribution on Net Income (CSLL)	1,329	828	5,817	4,600
Social Integration Program (PIS) (i)	5	3	28,153	253
Social Contribution on Revenues (COFINS)	8	1	1,011	848
Services Tax (ISS)	77	77	19,303	17,601
National Institute of Social Security (INSS)			5,582	11,112
Government Severance Indemnity Fund for Employees (FGTS)			454	46
Tax on Financial Transactions (IOF)	106	106	115	112
	11,533	7,134	88,183	55,638
Current assets	7,296	651	63,920	30,004
Non-current assets	4,237	6,483	24,263	25,634
	11,533	7,134	88,183	55,638

(i) In the six-month period ended June 30, 2014, the Company recorded a PIS credit related to the Declaratory Action and Undue Payments issued by the Federal Government to its subsidiary SESES, regarding the years 1995 to 2005, representing the total amount of R$ 27,867, adjusted by the Special System for Settlement and Custody (SELIC) rate.

8 Investments in subsidiaries

	Parent company	
	June 30, 2014	December 31, 2013
Sociedade de Ensino Superior Estácio Sá Ltda. - Seses	774,068	626,935
IREP-Sociedade de Ensino Superior Médio e Fundamental Ltda.	639,886	484,405
Nova Academia de Concurso - Cursos Preparatórios Ltda.	16,508	16,280
Estácio Editora e Distribuidora Ltda.	(27)	(24)
	1,430,435	1,127,596

All amounts in thousands of reais unless otherwise stated

The subsidiaries' information is as follows:

	Interest	Number of quotas	Total assets	Total liabilities	Equity	Advances for future capital increase	Goodwill	Equity in the results of investees
2014								
Seses	100%	391,077	968,846	194,778	774,068			91,919
Irep	100%	238,919	753,034	217,844	535,189	42,255	62,442	113,226
Nova Academia de Concurso	100%	8,155	6,709	5,320	1,390	1,100	14,018	(872)
Estácio Editora e Distribuidora Ltda.	100%	250	41	74	(32)		5	(3)
Total - June 30, 2014			1,728,630	418,016	1,310,615	43,355	76,465	204,270

	Interest	Number of quotas	Total assets	Total liabilities	Equity	Advances for future capital increase	Goodwill	Equity in the results of investees
2013								
Seses	100%	340,577	774,453	148,018	626,435	500		106,000
Irep	100%	211,000	630,238	236,193	394,045	27,918	62,442	133,953
Nova Academia de Concurso	100%	6,370	4,425	3,613	812	1,450	14,018	(1,510)
Estácio Editora e Distribuidora Ltda.	100%	250	42	71	(29)		5	(6)
Total - December 31, 2013			1,409,158	387,895	1,021,263	29,868	76,465	238,437

The global changes in the investments in subsidiaries in the period and year ended June 30, 2014 and December 31, 2013, respectively, are as follows:

Investments in subsidiaries at December 31, 2012	818,052
Equity in results of subsidiaries	238,437
Capital increase	38,975
Advances for future capital increase	29,868
Dividends	(58,118)
Profit retention reserve (i)	53,699
Options granted	6,683
Investments in subsidiaries at December 31, 2013	1,127,596
Equity in results of subsidiaries	204,270
Capital increase	50,000
Advances for future capital increase	43,355
Options granted	5,214
Investments in subsidiaries at June 30, 2014	1,430,435

(i) During the year ended December 31, 2012, subsidiaries IREP and SESES proposed the distribution of dividends of R$ 93,699. The Annual and Extraordinary General Meeting held on June 17, 2013 approved the payment of dividends of R$ 40,000 from this proposed amount, of which R$ 26,000 and R$ 14,000 were paid on June 26 and October 30, 2013, respectively. The remaining R$ 53,699 was allocated to the profit retention reserve.

The accounting information of the subsidiaries, used for application of the equity method of accounting, was prepared as of June 30, 2014.

All amounts in thousands of reais unless otherwise stated

9 Intangible assets

Intangible assets - Parent company

		December 31, 2012		June 30, 2013
		Cost	**Additions**	**Cost**
Cost				
Software licenses		7	20	27
Students portfolio		818		818
		825	20	845
	Amortization rates	**Amortization**	**Additions**	**Amortization**
Depreciation				
Software licenses	20% p.a.	(2)	(3)	(5)
Students portfolio	20% p.a.	(273)	(82)	(355)
		(275)	(85)	(360)
Net book value		550	(65)	485

		December 31, 2013		June 30, 2014
		Cost	**Additions**	**Cost**
Cost				
Software licenses		28		28
Students portfolio		818		818
		846		846
	Amortization rates	**Amortization**	**Additions**	**Amortization**
Depreciation				
Software licenses	20% p.a.	(8)	(4)	(12)
Students portfolio	20% p.a.	(437)	(81)	(518)
		(445)	(85)	(530)
Net book value		401	(85)	316

All amounts in thousands of reais unless otherwise stated

Intangible assets - consolidated

		December 31, 2012				June 30, 2013
		Cost	Additions	Write-offs	Transfers	Cost
Cost						
Goodwill on investment acquisitions		204,190	25,246			229,436
Software licenses		70,565	7,602	(55)		78,112
Distance Learning Project (EAD) and Integração		14,656	373			15,029
Shared Service Center (CSC)		1,940				1,940
Learning Center		46,837	3,944			50,781
Relationship Center		2,348				2,348
Hemisférios		1,346				1,346
IT Architecture		7,323	1,970			9,293
Content disciplines Online		4,628	839			5,467
Factory knowledge EAD		4,505	3,490			7,995
Student portfolio		17,133	1,659			18,792
Brands and patents		2				2
Other		1,994	885			2,879
		377,467	46,008	(55)		423,420
	Amortization rates	Amortization	Additions	Write-offs	Transfers	Amortization
Depreciation						
Goodwill on investment acquisitions	Indefinite	(6,924)				(6,924)
Software licenses	20% p.a.	(39,515)	(8,716)			(48,231)
Distance Learning Project (EAD) and Integração	20% p.a.	(9,118)	(1,426)			(10,544)
Shared Service Center (CSC)	20% p.a.	(1,403)	(194)			(1,597)
Learning Center	5% p.a.	(6,425)	(935)			(7,360)
Relationship Center	20% p.a.	(939)	(235)			(1,174)
Hemisférios	20% p.a.	(534)	(134)			(668)
Content disciplines Online	20% p.a.		(463)			(463)
Factory knowledge EAD	20% p.a.		(113)			(113)
Student portfolio	20% p.a.	(4,627)	(1,797)			(6,424)
Brands and patents		(2)				(2)
Other	20% p.a.	(82)	(60)			(142)
		(69,569)	(14,073)			(83,642)
Net book value		307,898	31,935	(55)		339,778

All amounts in thousands of reais unless otherwise stated

		December 31, 2013				June 30, 2014
		Cost	**Additions**	**Write-offs**	**Transfers**	**Cost**
Cost						
Goodwill on investment acquisitions		236,959		(524)		236,435
Software licenses		90,353	15,290		59	105,702
Distance Learning Project (EAD) and Integração		15,303	575			15,878
Shared Service Center (CSC)		1,940				1,940
Learning Center		54,154	3,371			57,525
Relationship Center		2,348				2,348
Hemisférios		1,346				1,346
IT Architecture		12,197	1,907			14,104
Content disciplines Online		5,770	48			5,818
Factory knowledge EAD		10,814	3,340			14,154
Student portfolio		26,429	795			27,224
Other		5,377	1,370			6,747
		462,990	26,696	(524)	59	489,221
	Amortization rates	**Amortization**	**Additions**	**Write-offs**	**Transfers**	**Amortization**
Depreciation						
Goodwill on investment acquisitions	Indefinite	(6,924)				(6,924)
Software licenses	20% p.a.	(50,162)	(9,155)		(59)	(59,376)
Distance Learning Project (EAD) and Integração	20% p.a.	(11,851)	(718)			(12,569)
Shared Service Center (CSC)	20% p.a.	(1,791)	(149)			(1,940)
Learning Center	5% p.a.	(8,420)	(1,154)			(9,574)
Relationship Center	20% p.a.	(1,409)	(234)			(1,643)
Hemisférios	20% p.a.	(803)	(135)			(938)
Content disciplines Online	20% p.a.	(1.010)	(577)			(1.587)
Factory knowledge EAD	20% p.a.	(317)	(270)			(587)
Student portfolio	20% p.a.	(10,797)	(1,523)			(12,320)
Other	20% p.a.	(205)	(71)			(276)
		(93,689)	(13,986)		(59)	(107,734)
Net book value		369,301	12,710	(524)		381,487

All amounts in thousands of reais unless otherwise stated

At June 30, 2014 and December 31, 2013, goodwill on acquisition of investments was comprised of the following:

	Consolidated	
	June 30, 2014	December 31, 2013
Goodwill on acquisition of investment (Note 2.3)		
IREP	89,090	89,090
ATUAL	15,503	15,503
Seama	18,035	18,035
Idez	2,047	2,047
Uniuol	956	956
FARGS	8,055	8,055
São Luis	27,369	27,369
Facitec	26,654	27,124
Assesc	4,724	4,778
FAL	8,076	8,076
FATERN	14,979	14,979
Nova Academia	14,018	14,018
Estacio Editora	5	5
	229,511	230,035

The Company carries out annual analyses for impairment purposes, the last being for the year ended December 31, 2013, relative to goodwill on investment acquisitions and mergers, based on expected future profitability, considering projections of future results for the next five years, at the nominal perpetuity growth rate of 5.0% p.a. (equivalent to the long-term inflation rate, not considering any incremental growth) and a single nominal discount rate of 14.6% to discount estimated future cash flows. Asset impairment testing did not result in the need to recognize losses.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and the impairment loss is recognized in the statement of income.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

The key assumptions were based on the Company's historical performance and reasonable macroeconomic assumptions using financial market projections, duly documented and approved by Company management.

All amounts in thousands of reais unless otherwise stated

10 Property and equipment

Property and equipment - Parent company

		December 31, 2012			June 30, 2013
		Cost	Additions	Write-offs	Cost
Cost					
Computers and peripherals		9,079			9,079
		9,079			9,079
	Depreciation rate	Depreciation	Additions	Write-offs	Depreciation
Depreciation					
Computers and peripherals	25% p.a.	(5,372)	(1,181)		(6,553)
		(5,372)	(1,181)		(6,553)
Net book value		3,707	(1,181)		2,526

		December 31, 2013			June 30, 2014
		Cost	Additions	Write-offs	Cost
Cost					
Computers and peripherals		10,090		(1,013)	9,077
		10,090		(1,013)	9,077
	Depreciation rate	Depreciation	Additions	Write-offs	Depreciation
Depreciation					
Computers and peripherals	25% p.a.	(7,734)	(1,002)	1	(8,735)
		(7,734)	(1,002)	1	(8,735)
Net book value		2,356	(1,002)	(1,012)	342

All amounts in thousands of reais unless otherwise stated

Property and equipment - Consolidated

		December 31, 2012					June 30, 2013
		Cost	Additions by business combination	Additions	Write-offs	Transfers	Cost
Cost							
Land		19,480					19,480
Buildings		84,610		114			84,724
Leasehold improvements		101,081		456		158	101,695
Furniture and fittings		52,035	197	2,473	(16)		54,689
Computers and peripherals		82,590	248	1,719	(8)		84,549
Machinery and equipment		64,181	336	1,788	(35)		66,270
Physical exercise/hospital equipment		25,523		1,051	(6)		26,568
Library		78,792	1,103	4,251			84,146
Facilities		12,526	40	856			13,422
Tablets		16,649		5,134			21,783
Other		8,509	77	1,138	(43)		9,681
Construction in progress		24,328		3,493	(95)	(158)	27,568
Decommissioning		12,060					12,060
		582,364	2,001	22,473	(203)		606,635
	Depreciation rates	Depreciation		Additions	Write-offs	Transfers	Depreciation
Depreciation							
Buildings	1.67% p.a.	(38,159)		(569)			(38,728)
Leasehold improvements	11.11% p.a.	(65,217)		(4,392)			(69,609)
Furniture and fittings	8.33% p.a.	(27,347)		(1,739)			(29,086)
Computers and peripherals	25% p.a.	(53,826)		(7,021)			(60,847)
Machinery and equipment	8.33% p.a.	(37,906)		(3,014)			(40,920)
Physical exercise/hospital equipment	6.67% p.a.	(11,390)		(573)			(11,963)
Library	5% p.a.	(33,077)		(1,563)			(34,640)
Facilities	8.33% p.a.	(4,911)		(498)			(5,409)
Tablets	20.00% p.a.	(1,718)		(1,150)			(2,868)
Other	14.44% p.a.	(3,253)		(333)			(3,586)
Decommissioning		(10,900)		(730)			(11,630)
		(287,704)		(21,582)			(309,286)
Net book value		294,660	2,001	891	(203)		297,349

All amounts in thousands of reais unless otherwise stated

Property and equipment - Consolidated

		December 31, 2013					June 30, 2014
		Cost	Additions by business combination	Additions	Write-offs	Transfers	Cost
Cost							
Land		19,480					19,480
Buildings		89,993		503	(450)	1,759	91,805
Leasehold improvements		131,673		5,925		6,419	144,017
Furniture and fittings		62,766		3,838	(92)		66,512
Computers and peripherals		93,131		4,128	(1,144)		96,115
Machinery and equipment		73,535		1,123	(103)		74,555
Physical exercise/hospital equipment		32,147		3,075	(30)		35,192
Library		96,448		4,363			100,811
Facilities		17,516		3,403			20,919
Tablets		32,126		6,699	(2)		38,823
Other		10,020		489	(28)		10,481
Construction in progress		11,131		8,340		(8,178)	11,293
Decommissioning		11,650			(12)		11,638
		681,616		41,886	(1,861)		721,641
	Depreciation rates	Depreciation		Additions	Write-offs	Transfers	Depreciation
Depreciation							
Buildings	1.67% p.a.	(39,204)		(626)	67		(39,763)
Leasehold improvements	11.11% p.a.	(79,860)		(5,980)			(85,840)
Furniture and fittings	8.33% p.a.	(33,498)		(2,059)	77		(35,480)
Computers and peripherals	25% p.a.	(69,383)		(7,045)	1,224		(75,204)
Machinery and equipment	8.33% p.a.	(46,694)		(4,468)	858		(50,304)
Physical exercise/hospital equipment	6.67% p.a.	(12,772)		(828)	28		(13,572)
Library	5% p.a.	(39,679)		(1,846)			(41,525)
Facilities	8.33% p.a.	(6,098)		(767)			(6,865)
Tablets	20.00% p.a.	(3,918)		(2,557)			(6,475)
Other	14.44% p.a.	(4,906)		(379)	8		(5,277)
Decommissioning		(9,990)		(277)	116		(10,151)
		(346,002)		(26,832)	2,378		(370,456)
Net book value		335,614		15,054	517		351,185

As mentioned in Note 11, certain assets acquired through financing were used as a financing guarantee. The Company has not pledged any other of its properties to secure obligations.

Machinery and IT equipment include the following amounts where the Group is a lessee under a finance lease:

		December 31, 2013			June 30, 2014
		Cost	**Additions**	**Write-offs**	**Cost**
Cost					
Capitalized finance leases		48,392			48,392
		48,392			48,392
	Depreciation rate	**Depreciation**	**Additions**	**Write-offs**	**Depreciation**
Depreciation					
Capitalized finance leases	25% p.a.	(35,625)	(2,939)		(38,564)
		(35,625)	(2,939)		(38,564)
Net book value		12,767	(2,939)		9,828

The Group leases various machinery and equipment under non-cancelable finance lease agreements. The lease terms are between three and four years, and ownership of the assets is then transferred to the Group.

Impairment of assets

Under Technical Pronouncement CPC 01 (IAS 36), Impairment of Assets, property and equipment items that present evidence that their recorded costs exceed their recoverable value (market value) will be reviewed to determine the need for setting up a provision for impairment. Management performed an annual analysis of operating and financial performance of its assets and did not identify changes in circumstances or indication of technological obsolescence. At June 31, 2014 and December 31, 2013, there was no need to record any provision for impairment of property and equipment.

11 Borrowings

Type	Financial charges	Parent company June 30, 2014	Parent company December 31, 2013	Consolidated June 30, 2014	Consolidated December 31, 2013
In local currency					
Working capital	1.70% p.m. and/or CDI + 0.25% p.m.				228
Lease agreements	IGPM + 12.3% p.a.		1,010		1,010
Lease agreements - Colortel	INPC + 0.32% p.a.			3,546	5,721
Lease agreements - Assist				320	653
Lease agreements - CIT				889	0
Lease agreements - Total Service				59	113
International Finance Corporation (IFC) borrowing	CDI +1.53% p.a.	61,421	64,395	61,421	64,395
Expenditures		(2.354)	(2.519)	(2.354)	(2.519)
Issue of debentures	CDI +1.60% p.a.	201,370	201,159	201,370	201,159
Expenditures Issue of debentures		(879)	(1.007)	(879)	(1.007)
Share repurchase option					
Banco Itaú		34	34	34	34
Borrowing - FEE BNB	3% p.a.			1,364	1,593
		262,825	266,598	269,003	274,906
Current liabilities		12,209	31,246	16,245	36,692
Non-current liabilities		250,616	235,352	252,758	238,214
		262,825	266,598	269,003	274,906

IGP-M - General Market Price Index.
CDI - Interbank Deposit Certificate.
INPC - National Consumer Price Index.

Funding costs amount to R$ 3,233 at June 30, 2014, being R$ 2,354 related to borrowings from IFC (R$ 516 of the 1st borrowing and R$ 1,838 of the 2nd borrowing), and R$ 879 to the debentures.

The maturity of amounts recorded in non-current liabilities at June 30, 2014 and December 31, 2013 is as follows:

	Parent company June 30, 2014	Parent company December 31, 2013	Consolidated June 30, 2014	Consolidated December 31, 2013
2015	4,238	49,118	4,922	51,310
2016	8,763	68,613	9,905	69,067
2017	8,763	88,613	9,079	88,829
2018	108,763	8,863	108,763	8,863
2019	108,762	8,863	108,762	8,863
2020	8,886	8,863	8,886	8,863
2021	2,441	2,419	2,441	2,419
Non-current liabilities	250,616	235,352	252,758	238,214

The borrowed funds have been used to finance the expansion of the Company including, but not limited to, acquisition of other enterprises in the industry and/or organization of new campuses.

The Group's borrowings are denominated in Brazilian reais (R$).

(a) Lease agreements

Promissory notes endorsed by stockholders and the leased assets, in the amount of R$ 48,392, were given to guarantee the lease agreements.

(b) IFC borrowing

Receivables of the IREP and UNESA units in an escrow account were given to guarantee the borrowings from the International Finance Corporation (IFC), and there was no pledge of assets, securities or investments; a minimum monthly flow in the escrow accounts was set at R$ 33,000.

These borrowings contain restrictive covenants that require the borrower to maintain certain financial ratios within preset limits. In the quarterly information as of June 30, 2014, the Company and its subsidiaries are compliant with all contractually required ratios.

(c) Debentures

Just as the borrowing agreements with IFC, the debentures also contain restrictive covenants that require maintenance of certain financial ratios within preset limits. In the quarterly information as of June 30, 2014, the Company and its subsidiaries are compliant with all contractually required ratios.

Debentures were issued in the holders name and recorded in the books without certificates being issued. They are subordinated, simple, non-convertible debentures. On May 20, 2014, the 2nd General Meeting of Debenture Holders (AGD) approved the renegotiation of this issue.

The debentures pay interest of 100% of the Interbank Deposit Certificate (CDI) rate plus a spread of 1.50% per annum. Its maturity date (principal) will be November 25, 2019, except for any early redemption offers and accelerated maturity events as provided in the indenture. Interest is paid every six months (May and November).

The debentures payment flow is as follows:

	2014
2014	1,992
2018	100,000
2019	100,000
	202,249

The fair value of the current portion of borrowings equals the carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a rate based on the borrowing rate of 12.48% (2013 - 11.52%).

The annual effective interest rate of the debentures (TIR) is 11.73%.

12 Salaries and social charges

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Salaries and social charges	119	135	76,262	64,956
Provision for vacation pay			44,294	14,716
Provision for 13th month salary			22,033	
	119	135	142,589	79,672

13 Tax liabilities

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
ISS payable	3	4	14,489	13,212
IRRF payable	41	40	7,089	6,282
PIS and COFINS payable	26	(7)	898	759
IOF			384	384
	70	37	22,860	20,637
IRPJ payable	3,184	1,551	12,511	9,660
CSLL payable	1,162	568	4,685	3,725
	4,346	2,119	17,196	13,385
	4,416	2,156	40,056	34,022

14 Taxes payable in installments

	Consolidated	
	June 30, 2014	December 31, 2013
IRPJ	67	67
CSLL	107	107
FGTS	12	12
ISS	840	1,008
PIS	85	85
COFINS	320	323
INSS	6,452	6,832
	7,883	8,434
Current liabilities	1,367	1,495
Non-current liabilities	6,516	6,939
	7,883	8,434

Monthly, the amount of installments is adjusted based on the SELIC rate.

These refer basically to taxes and social security contributions payable in installments to Municipalities, the Federal Revenue Secretariat and Social Security, and the payment flow is as follows:

	Consolidated	
	June 30, 2014	**December 31, 2013**
2015	456	777
2016	777	777
2017	777	777
2018 to 2027	4,506	4,608
	6,516	6,939

15 Purchase price payables

	Consolidated	
	June 30, 2014	**December 31, 2013**
Fal	545	785
Fatern	1,062	1,529
Seama	-	2,011
Idez	226	217
FARGS	1,161	1,108
Uniuol	480	461
Facitec	17,750	19,032
São Luis	13,495	12,848
Assesc	1,244	1,481
	35,963	39,472
Current liabilities	21,562	22,206
Non-current liabilities	14,401	17,266
	35,963	39,472

These basically refer to the amount payable to the former owners for the acquisition of related companies, subjected monthly to the following rates: SELIC or IPCA (Amplified Consumer Price Index) or CDI variation.

16 Provision for contingencies

The Company's subsidiaries are involved in various civil, labor and tax proceedings at different court levels. Management, based on the opinion of its external legal advisors, recorded a provision for an amount considered sufficient to cover expected losses arising from pending litigation.

At June 30, 2014 and December 31, 2013, the provision for contingencies was comprised of the following:

	Consolidated			
	June 30, 2014		December 31, 2013	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Civil	2,967	18,764	3,250	17,491
Labor	23,134	81,760	25,130	78,319
Tax		14,764		8,248
	26,101	115,288	28,380	104,058

The changes in the provision for contingencies were as follows:

	Consolidated			
	Tax	Labor	Civil	Total
At December 31, 2013		25,130	3,250	28,380
Additions		12,803	825	13,628
Reversals		(14,799)	(1,108)	(15,907)
At June 30, 2014		23,134	2,967	26,101

For the periods ended June 30, 2013 and 2014, the expense for the provision for contingencies, recognized in the statement of income as "general and administrative expenses", was as follows:

	2014	2013
Statement of income		
Additions	13,628	16,701
Reversals	(15,907)	(14,472)
Reversal of liability of former quotaholders		(161)
Other		(69)
General and administrative expenses (Note 25)	(2,279)	1,999

(a) Civil

Most proceedings mainly involve claims for indemnity for moral and property damages arising from incorrect collections, late issue of diplomas, failure to return summer course registration fees, among other matters of an operational and/or educational nature.

The provisions recognized for civil lawsuits are due to the following:

Matters	**All amounts in thousands of reais**
Indemnity for moral damages	2,086
Incorrect collection	504
Prevention of enrollment/reenrollment	62
Discipline-related problems	42
Return of fees	41
Delay in issuance of diploma	33
Other*	199
	2,967

- These arise from other operating and/or academic problems, civil class actions, actions for review and other suits for damages.

(b) Labor

The main labor claims refer to overtime, unused vacation time, recognition of an employment relationship, salary parity and salary differences arising from the decrease in the working hours of certain professors.

The provisions recognized for labor lawsuits are due to the following:

Matters	**Amounts**
Salary differences + reduction of working time + Collective Labor Agreement Convention (CCT) fine + FGTS + dismissal prior notice	4,995
Fines (art. 467 of the Consolidation of the Labor Laws (CLT), art. 477 of the CLT and CCT/Collective Bargaining Agreement (ACT)	3,680
Overtime + Suppression Inter + Intra	3,243
Moral/property damage/moral harassment	2,544
Correction of Work and Social Security card (CTPS) + Indirect repeal + recognition of employment relationship	1,401
Vacation	1,313
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	876
Deviation of function and parity	789
Other*	4,293
	23,134

(*) Pleadings complementary to the main ones described above (effects) and Union's fees.

(c) Tax

The Company's legal advisors reviewed, assessed and quantified the tax proceedings and, considering that there are no proceedings assessed as probable losses, management considered not necessary the recognition of a provision for such proceedings.

(d) Possible losses, not provided for in the balance sheet

The Company has the following tax, civil and labor litigation involving risks of loss classified by management as possible, based on the evaluation of the legal advisors, for which no provision for estimated possible losses was recognized:

	Consolidated	
	June 30 2014	**December 31, 2013**
Tax	349,881	348,689
Civil	102,025	89,038
Labor	45,538	71,309
	497,444	509,036

Among the main proceedings not provided for in the quarterly information, we highlight:

(i) In 2011, the Federal Revenue Secretariat issued four tax assessment notices, due to alleged debts of social security contributions for the period from January 2006 to January 2007 and noncompliance with record-keeping and reporting obligations. Currently, the referred defenses are pending judgment by the Special IRS Office for the Largest Taxpayers of the State of Rio de Janeiro (DEMAC/RJO). In August 2012, an administrative lower court sentence was rendered, which partially granted the Company's objections, to recognize the extinguishment of right and exclude the entries of the period from January to July 2006; the other inspection arguments were maintained. The Company filed appeals, which are waiting judgment by the Board of Tax Appeals. The total amount involved, disregarding the effects of the extinguishment of right, is R$ 190,046. According to the opinion of the external legal advisors, the risk of loss in these cases remains possible.

(ii) In 2009, SESES filed a common civil action against the Federal Government/Federal Tax Authorities, through which it claims authorization to pay the social security contributions, according to the graduation provided by Article 13 of Law 11,096/05 ("PROUNI Act"), with the beginning of the graduation as from the 1st month that a general meeting took place that authorized the change of its legal nature to a company for profit, in February 2007, consequently resulting in the following gradation for the payment of the social security contributions by SESES: 20% in 2007; 40% in 2008; 60% in 2009; 80% in 2010; and 100% in 2011, notwithstanding the understanding of INSS inspectors, who claim that the 5 (five) year period for application of the escalated rates as defined in Article 13 of the PROUNI Act should start to be counted as from the date of publication of this Act, which occurred in 2005. On August 7, 2012, the Federal Regional Court (TRF) favorably judged the Company's appeal. According to the mentioned decision, the enjoyment begins as from the date of the Stockholders' Meeting that changed the legal nature of SESES, and not the publication date of the Prouni Act. Currently, the suit is awaiting judgment of the appeal filed by Federal Tax Authorities. The outside legal advisors assessed this case as a possible loss and the estimated amount involved is R$ 11,900.

(ii) Given the divergence of understanding of article 13 of Law No. 11.096/05 ("PROUNI"), as mentioned in item (ii) above, Tax Foreclosures were issued by the National Treasury aimed at the judicial recovery of debts related to the alleged differences in payments of social security contributions. Embargoes were imposed on these executions, which are still being tried. The total case amount is R$ 68,623. According to the opinion of the outside legal advisors, the risk of loss in this case remains possible.

17 Advances under exclusivity agreements

On August 3, 2006, an agreement was entered into between the Company's subsidiaries and Unibanco, effective until July 31, 2011. The purpose of such agreement was granting exclusivity/preference to Unibanco with respect to the offering and provision of products and services to students, employees and suppliers, as well as for Unibanco to be the main provider of financial services.

In exchange for the exclusivity granted to Unibanco, and for maintaining such a condition during the term of the agreement, i.e. until July 31, 2011, Unibanco paid to the subsidiaries a fixed amount of R$ 15,954, which has been recognized in income over the term of the agreement. On February 18, 2008, without significant changes in the main contractual clauses, the parties entered into a new agreement extending the partnership until February 18, 2018. In consideration for the exclusive rights granted to Unibanco while the agreement remains effective, Unibanco paid the Company an additional amount of R$ 18,000. At June 31, 2014, the balance related to amounts advanced in connection with the agreement amounted to R$ 10,584 (December 31, 2013 - R$ 12,028), being R$ 2,887 classified in current liabilities, which will be amortized over the life of the agreement.

18 Equity

(a) Capital

Capital may be increased by the Board of Directors, regardless of any amendment to the bylaws, up to the limit of 1,000,000,000 (one billion) shares. At June 30, 2014, capital is represented by 297,394,488 common shares.

The Company's shareholding structure at June 30, 2014 and December 31, 2013 is as follows:

	Common shares			
Stockholders	**June 30, 2014**	**%**	**December 31, 2013**	**%**
Officers and directors	3,468,661	1.2	3,379,507	1.2
Treasury	1,796,700	0.6	1,796,700	0.6
Other (*)	292,129,127	98.2	290,035,939	98.2
	297,394,488	100.0	295,212,146	100.0

(*) Free float.

During 2013, the Company made a public offering and, as a result, its share capital were increased by R$ 616,858 corresponding to 44,061,300 shares. Also in 2013, the Company's share capital was increased by R$ 24,510, corresponding to 3,634,793 shares, as a result of exercise of stock options.

The Annual General Meeting of Stockholders held on April 22, 2014 approved the private issue of 2,182,342 registered common shares, with no par value, which resulted in the consequent increase of the Company's capital in the amount of R$ 17,365, within the limit of the authorized capital in order to meet the exercise of the options granted to the beneficiaries of the stock option plan.

On September 20, 2013, Estácio Participações S.A., in compliance with article 12, paragraph 4th of CVM Instruction 358, of January 3, 2002, as amended by CVM Instruction 449, of March 16, 2007, issued a communication informing that the Company had been advised by "Private Equity Partners C, LLC" and "GPCP4- Fundo de Investimento em Participações", about the fact that they had sold, on September 19, 2013, all of their interest holding in the Company's capital, the settlement of which was carried out on September 23, 2013.

At June 30, 2014, the Company's capital is represented by 297,394,488 registered common shares.

(b) Changes in shares

At December 31, 2013	295,212,146
Issue of common shares due to exercise of granted options	
- Board of Directors minutes of meeting of April 22, 2014	2,182,342
At June 30, 2014	297,394,488

The share capital is composed of shares with no par value.

The cost for issuing public offering shares in 2013 was R$ 24,033.

(c) Treasury shares

At the Board of Directors' Meeting on May 12, 2010, the Board unanimously approved the 1st Program for Repurchase of our shares on the stock exchange, up to 1,527,788 common shares equivalent to 7.21% of the share capital.

On May 11, 2011, the program was closed and 59,000 common shares were acquired, equivalent to 3.86% of the total shares provided for the Program.

The Board of Directors approved the 2nd Share Repurchase Program, initiated on July 14, 2011, whose objective was to invest available funds, observing the limit of the balance of profits or reserves at December 31, 2010, in order to maximize the generation of value to the stockholder, within a stipulated limit of up to 3,323,796 common shares, equivalent to 5% of the Company's share capital. 193,500 common shares were acquired, equivalent to 5.82% of the total shares provided for the program.

Complementing the 2nd Repurchase Program, the Company's Board of Directors, in a meeting held on September 27, 2011, approved the repurchase of its own shares by entering into call and put options (collectively "options") on shares issued by the Company, for the purpose of canceling, keeping in treasury and/or subsequently disposing of such shares, which may also be used to cover options exercised under the Company's share repurchase programs, pursuant to CVM Instruction 390/03, and having Banco Itaú as agent in the transaction. This operation carried a floating-rate cost for the Company, since the obligation represented the amount disbursed by the financial institution on the date of repurchase, plus a fixed rate equal to the DI rate, plus spread.

After the 2nd share repurchase program was closed on July 13, 2012, the Company began to exercise the options of the repurchase program with derivatives, and the first call was exercised on September 17, 2012.

The program ended on April 15, 2013 after the exercise of the last call. The Company exercised a call option to acquire 1,007,700 shares at an average cost of R$ 7.09.

	Number	**Average cost**	**Balance**
Treasury shares at June 30, 2014	1,796,700	6.32	11,348

(d) Capital reserves

(d.1) Share premium

The share premium reserve refers to the difference between the subscription price that the stockholders pay for the shares and their par value. Since this is a capital reserve, it can only be used to increase capital, offset losses, redeem, reimburse or purchase shares or pay cumulative dividends on preferred shares.

The amount of the share premium in the quarterly information for the period ended at June 30, 2014 and the year ended at December 31, 2013 is as follows:

	Parent company	
	June 30, 2014	**December 31, 2013**
Tax reserve	3	3
Undistributed profits (i)	96,477	96,477
Special reserve for goodwill on merger	85	85
	96,565	96,565

(i) Profits earned in periods previous to the Company's conversion into a profit-oriented company.

(d.2) Option grants

The Company recorded the Capital Reserve for Share Options granted in the amount of R$ 5,214 during the semester ended June 30, 2014 (R$ 6,683 during the year ended December 31, 2013), as mentioned in Note 21(b). As required by the applicable technical accounting pronouncement, the fair value of options was determined on the grant date and has been recognized over the vesting period up to the date of this parent company and consolidated quarterly information.

(e) Revenue reserves

(e.1) Legal reserve

The Brazilian legislation requires that 5% of the profit for the year must be allocated to the legal reserve until this reserve equals 20% of the paid-in capital, or 30% of capital, plus capital reserves. After this limit is reached, further transfer to such reserve is not necessary. The capital reserve may only be used to increase capital or offset accumulated losses.

(e.2) Profit retention reserve

This reserve is intended to be used for scheduled investments as per the capital budget, in conformity with Article 196 of Brazilian Corporation Law.

At December 31, 2013, R$ 174,354 of the results accumulated by the Company was allocated to the profit retention reserve (2012 - R$ 78,152), in order to realize the investments expected in the Company's capital budget, prepared by management. The Annual General Meeting of Stockholders was held on April 30, 2014.

19 Financial instruments and sensitivity analysis of financial assets and liabilities

The fair value of financial assets and liabilities was determined based on available market information and appropriate valuation methodologies for each situation. However, considerable judgment was required in the interpretation of the market data to estimate the most appropriate realizable values. Consequently, the estimates presented do not necessarily indicate the amounts that could be realized in the current market. The use of different market information and/or estimation methodologies may have a material effect on the market value amounts.

The Company's financial assets and liabilities at June 30, 2014 and December 31, 2013 are recorded in the balance sheet at amounts that are consistent with those prevailing in the market. The main financial instruments are described below, as well as the criteria and assumptions used in the calculation of fair values and their limitations:

(a) Cash and cash equivalents and marketable securities

The carrying amounts approximate fair values due to the short-term maturity of these instruments.

(b) Borrowings

These are measured at amortized cost using the effective interest method.

(c) Trade receivables

These are classified as loans and receivables and are recorded at the contractual amounts, which approximate fair value.

(d) Other financial assets and liabilities

The estimated realizable value of the Group's financial assets and liabilities was determined based on available market information and appropriate valuation methodologies.

Financial risk factors

All operations of the Group are carried out with first-tier banks, which minimizes risks. Management records a provision for impairment of receivables at an amount considered sufficient to cover possible losses on the collection of receivables; therefore the risk of incurring losses on billed amounts is duly measured and recorded. The main market risk factors that affect the Group's business are as follows:

(a) Credit risk

This risk relates to any difficulties experienced in collecting amounts for services rendered.

The Group is also subject to credit risk from their short-term investments.

The credit risk relating to the rendering of services is minimized by a strict control of the student base and active management of default levels and dispersion of balances.

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate in accordance with the Financial Investments and Derivatives Policy approved by the Board of Directors. The balances of cash and cash equivalents, marketable securities and judicial deposits are held at financial institutions with AA to AAA credit rating according to the credit rating agencies Standard & Poor's, Fitch and Moody's.

(b) Interest rate risk

The Group is exposed to fluctuations in the Interbank Deposit Certificate (CDI) rate, which is used to adjust the balance of its short-term investments and debts., as mentioned in Note 19(e). Additionally, any increase in interest rates could drive up the cost of student loans, including loans under the FIES program, and reduce the demand for the courses.

(c) Foreign exchange rate risk

The Group's income is not subject to changes due to foreign exchange rate volatility, as it does not have significant operations denominated in foreign currency.

(d) Liquidity risk

Liquidity risk consists of the possibility that the Group may not have sufficient funds to meet its financial commitments due to the different settlement terms of its rights and obligations.

The Group's liquidity and cash flow control is monitored on a daily basis by the Group's financial management department, in order to ensure that cash flows from operations and funding, when necessary, are sufficient to meet its commitment schedule, not generating liquidity risks for the Group. There was no significant change in the financial liabilities of the Group as of June 30, 2014 compared to December 31, 2013.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

				Consolidated
	No later than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At June 30, 2014				
Trade payables	36,833			
Borrowings	40,858	39,708	300,950	18,992
Finance lease liabilities	3,581		1,233	
Purchase price payables	21,562	3,499	13,278	
At December 31, 2013				
Trade payables	40,429			
Borrowings	57,071	74,401	200,896	24,549
Finance lease liabilities	4,763		1,725	
Purchase price payables	22,206	4,734	15,211	

(e) Sensitivity analysis

CVM Resolution 550, of October 17, 2008, establishes that publicly-held companies must disclose, in a specific note, qualitative and quantitative information on all their financial instruments, recognized or not as assets or liabilities in their balance sheet.

The Group's financial instruments are represented by cash and cash equivalents, marketable securities, accounts receivable, accounts payable, judicial deposits, and borrowings, being recorded at cost plus interest earned or incurred, which, at June 30, 2014 and March 31,2014 approximate their market value.

The main risks to the Group's operations refer to changes in the Interbank Deposit Certificate (CDI) rate.

CVM Instruction 475, of December 17, 2008, requires the presentation of information on financial instruments, in a specific note, as well as disclosure of the sensitivity analysis.

With respect to loans, these refer to transactions for which the carrying amount approximates their fair value.

Investments in CDI are recognized at fair value, as per quotations published by the financial institutions. Other investments relate essentially to Bank Deposit Certificates and repurchase operations. Accordingly, the carrying values are equal to their market values.

For purposes of verifying the sensitivity of the index in the financial investments to which the Company was exposed on the base date of June 30, 2014, three different scenarios were defined. The most recent benchmark rate (SELIC) determined by the Brazilian Central Bank's Monetary Policy Committee at its February 26, 2014 meeting (11.00% p.a.), was used as the probable scenario for the year. Rate changes of 25% and 50% were then calculated.

For each scenario, a "gross finance income" was calculated, disregarding the effect of taxes on the investment yields. The base date used for the portfolio was June 30, 2014, with projections for one year and verification of the sensitivity of the CDI for each scenario.

	CDI increase scenario			
	Risk	**Probable scenario (I)**	**Scenario (II)**	**Scenario (III)**
Operations				
Marketable securities,	CDI	10.90%	13.63%	16.35%
R$ 768,034		83,716	104,645	125,574
Debentures	CDI+1.50	12.56%	15.33%	18.10%
R$ (202,249)		(25,410)	(31,004)	(36,597)
IFC I	CDI+1.53	12.60%	15.36%	18.13%
R$ (42,709)		(5,380)	(6,562)	(7,743)
IFC II	CDI+1.69	12.77%	15.55%	18.32%
R$ (21,066)		(2,691)	(3,275)	(3,859)
Net position		50,235	63,804	77,375

			CDI decrease scenario	
	Risk	Probable scenario (I)	Scenario (II)	Scenario (III)
Operations				
Financial investments	CDI	10.90%	8.18%	5.45%
R$ 768,034		83,716	62,787	41,858
Debentures	CDI+1.50	12.56%	9.80%	7.03%
R$ (202,249)		(25,410)	(19,816)	(14,222)
IFC I	CDI+1.53	12.60%	9.83%	7.06%
R$ (42,709)		(5,380)	(4,198)	(3,017)
IFC II	CDI+1.69	12.77%	10.00%	7.23%
R$ (21,066)		(2,691)	(2,107)	(1,524)
Net position		50,235	36,666	23,095

(f) Capital management

The Company's debt in relation to the share capital at the end of the year is presented by the consolidated data as follows:

	Consolidated	
	June 30, 2014	December 31, 2013
Total liabilities	612,056	621,009
(-) Cash and cash equivalents	(19,397)	(7,132)
Net debt	592,659	613,877
Equity	1,751,963	1,517,642
Net debt on equity	0.34	0.40

(g) Fair value of financial instruments

On June 30, 2014 and December 31, 2013, the carrying values of the Company's financial instruments approximate their fair value.

The Group's financial instruments were classified as loans and receivables or other financial liabilities, except marketable securities (Note 3), classified as securities held for trading (Level 2).

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments classified as trading or available-for-sale securities.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Group-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(h) Offsetting of financial instruments

There were no significant assets or liabilities subject to offset during the period and year ended June 30, 2014 and December 31, 2013.

20 Insurance coverage (not reviewed)

The Company and its subsidiaries have a risk management program to limit risks, seeking coverage in the market compatible with its size and operations. Insurance was contracted at the amounts indicated below, being considered sufficient by management to cover possible losses, in accordance with the nature of activity, risks involved in operations and the guidelines of insurance advisors.

The Company and the subsidiaries had the following main insurance policies with third-party insurers:

	Amounts insured	
	June 30, 2014	**December 31, 2013**
D&O insurance	80,000	80,000
Fire insurance for property and equipment	53,876	53,876
Civil liability	10,000	10,000
Fixed expense	5,000	5,000
Electronic equipment	200	200
Group life	1,214,132	353,160
Other lines	2,720	2,720

21 Management remuneration

(a) Remuneration

According to Brazilian Corporation Law and the Company's bylaws, stockholders are responsible for setting the aggregate amount of management's annual compensation at a General Meeting. The Board of Directors is responsible for the allocation of funds among officers. The Annual General Meeting held on April 3, 2012 fixed the monthly limit of total compensation of management (Board of Directors and Executive Officers) of the Company.

In the periods ended June 30, 2014 and June 30, 2013, total compensation (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R$ 10,987 and R$ 9,350, respectively. These amounts are within the limits fixed at the corresponding General Meetings.

The Company and its subsidiaries do not grant post-employment benefits, employment termination benefits or other long-term benefits to its management and employees (except for the share option plan described in Note 21(b).

(b) Stock option plan

The Extraordinary General Meeting of Stockholders held on September 12, 2008 approved the Company's Stock Option Plan (the "Plan"), for the Company's management, employees and service providers (the "beneficiaries"). The Plan is managed by the Plan's Administration Committee, created by the Board of Directors specifically for that purpose, in a meeting that took place on July 1, 2008. The Committee is responsible for periodically creating stock option programs and granting to the Beneficiaries the options and the specific applicable rules (reviewed from time to time), always observing the Plan's ("Program") general rules.

The volume of stock options is limited to 5% of the total shares of the Company's share capital existing on the date each Program is approved.

The stock options are formally documented in an individual contract between the Company and each beneficiary. As a condition to acquire the right to purchase shares, the beneficiary will pay the price of the shares within 30 days from the subscription or acquisition of shares related to the lot acquired and exercised. For the first stock option program, as approved by the Committee on July 15, 2008, the exercise price of the options will be R$ 16.50 per share, adjusted by reference to the IGP-M index since July 11, 2008, less the amount of dividends and interest on capital per share that may be paid by the Company from the date of execution of the individual contracts with the beneficiaries.

For the second stock option program, as approved by the Committee on April 20, 2010, the exercise price of the options will be R$ 19.00, equivalent to the average price of the shares over the last thirty trading days on the São Paulo Stock Exchange prior to the date the beneficiary joins the 2nd program, adjusted by reference to the IGP-M index from the date the beneficiary is included in the 2nd program, less the amount of dividends and interest on capital per share that may be paid by the Company from the date of execution of the individual contracts with the beneficiaries. The Committee may, upon inclusion of the beneficiary in the 2nd program, determine the granting of a discount of up to 10% on the exercise price.

On December 20, 2010, upon termination of the 2nd program, the creation of the 3rd program was approved, with an issue price of shares to be acquired of R$ 23.60, to be increased based on the variation of the IGP-M index from January 3, 2011 until the date the actual option is exercised.

On April 2, 2012, upon termination of the 3rd program, the creation of the 4th program was approved, with an issue price of shares to be acquired of R$ 19.00, to be increased based on the variation of the IGP-M index from April 2, 2012 until the date the actual option is exercised.

On March 1, 2013, upon termination of the 4th program, the creation of the 5th program was approved, with an issue price of shares to be acquired of R$ 40.00, to be increased based on the variation of the IGP-M index from March 1, 2013 until the date the actual option is exercised.

On October 2, 2013, upon termination of the 5th program, the creation of the 6th program was approved, with an issue price of shares to be acquired of R$ 15.67, to be increased based on the variation of the IGP-M index from October 2, 2013 until the date the actual option is exercised.

At June 30, 2014, the number of exercised granted options of active employees totaled 7,214,497 shares, (R$ 17,366) out of a total of 11,984,555 granted shares (R$ 29,630).

As from 2013, the Company started to use, for the calculation of the fair value of the options of each grant, the Binomial model, but the Company will not change the old grants, according to the standards established by Technical Pronouncement CPC 10. Those grants will continue to be calculated by the Black and Scholes model.

The assumptions used to determine each grant, based on the Black-Scholes model, are described as follows:

Program	End of grace period	Expiration date	Fair Value	Price of the underlying assets (*)	Expected annual volatility	Expected dividends	Risk-free interest rate	Estimated life (in years)	Number of options granted	Number of lapsed options
	4/15/2009	4/15/2019	R$ 3.35	R$ 7.83	57.49%	0.97%	6.85%	11	727,668	521,100
	4/15/2010	4/15/2020	R$ 4.14	R$ 7.83	57.49%	0.97%	6.85%	12	727,626	550,176
Program 1P Jul/08	4/15/2011	4/15/2021	R$ 4.68	R$ 7.83	57.49%	0.97%	6.85%	13	727,626	564,720
	4/14/2012	4/14/2022	R$ 5.36	R$ 7.83	57.49%	0.97%	6.85%	14	727,626	564,720
	4/14/2013	4/14/2023	R$ 4.70	R$ 7.83	57.49%	0.97%	6.85%	15	727,626	564,720
	4/15/2009	4/15/2019	R$ 1.06	R$ 4.68	56.00%	1.62%	8.42%	11	663,645	-
	4/15/2010	4/15/2020	R$ 1.71	R$ 4.68	56.00%	1.62%	8.42%	12	663,633	399,999
Program 1P Sep/08	4/15/2011	4/15/2021	R$ 2.14	R$ 4.68	56.00%	1.62%	8.42%	13	663,633	399,999
	4/14/2012	4/14/2022	R$ 2.37	R$ 4.68	56.00%	1.62%	8.42%	14	663,633	399,999
	4/14/2013	4/14/2023	R$ 2.67	R$ 4.68	56.00%	1.62%	8.42%	15	663,633	399,999
	4/15/2010	4/15/2020	R$ 1.02	R$ 4.40	63.99%	1.72%	6.83%	11	636,369	18,180
	4/15/2011	4/15/2021	R$ 1.66	R$ 4.40	63.99%	1.72%	6.83%	12	636,363	72,729
Program 1P Jan/09	4/14/2012	4/14/2022	R$ 2.07	R$ 4.40	63.99%	1.72%	6.83%	13	636,363	72,729
	4/14/2013	4/14/2023	R$ 2.37	R$ 4.40	63.99%	1.72%	6.83%	14	636,363	72,729
	4/14/2014	4/14/2024	R$ 2.56	R$ 4.40	63.99%	1.72%	6.83%	15	636,363	72,729
	4/15/2010	4/15/2020	R$ 2.37	R$ 6.70	56.75%	1.13%	5.64%	11	174,582	-
	4/15/2011	4/15/2021	R$ 3.10	R$ 6.70	56.75%	1.13%	5.64%	12	174,537	32,727
Program 1P Sep/09	4/14/2012	4/14/2022	R$ 3.59	R$ 6.70	56.75%	1.13%	5.64%	13	174,537	32,727
	4/14/2013	4/14/2023	R$ 3.99	R$ 6.70	56.75%	1.13%	5.64%	14	174,537	32,727
	4/14/2014	4/14/2024	R$ 4.21	R$ 6.70	56.75%	1.13%	5.64%	15	174,537	101,814
	4/15/2011	4/15/2021	R$ 3.73	R$ 8.17	63.15%	0.93%	6.23%	11	89,115	10,914
	4/14/2012	4/14/2022	R$ 4.55	R$ 8.17	63.15%	0.93%	6.23%	12	89,085	38,181
Program 1P Jan/10	4/14/2013	4/14/2023	R$ 5.11	R$ 8.17	63.15%	0.93%	6.23%	13	89,085	38,181
	4/14/2014	4/14/2024	R$ 5.53	R$ 8.17	63.15%	0.93%	6.23%	14	89,085	52,728
	4/14/2015	4/14/2025	R$ 5.80	R$ 8.17	63.15%	0.93%	6.23%	15	89,085	52,728
	4/15/2011	4/15/2021	R$ 3.16	R$ 7.50	62.20%	1.01%	6.21%	11	90,909	-
	4/14/2012	4/14/2022	R$ 3.96	R$ 7.50	62.20%	1.01%	6.21%	12	90,909	-
Program 1P Mar/10	4/14/2013	4/14/2023	R$ 4.50	R$ 7.50	62.20%	1.01%	6.21%	13	90,909	-
	4/14/2014	4/14/2024	R$ 4.91	R$ 7.50	62.20%	1.01%	6.21%	14	90,909	-
	4/14/2015	4/14/2025	R$ 5.16	R$ 7.50	62.20%	1.01%	6.21%	15	90,909	-
	4/15/2011	4/15/2021	R$ 2.05	R$ 6.73	58.84%	1.52%	6.25%	11	129,702	39,063
	4/14/2012	4/14/2022	R$ 2.87	R$ 6.73	58.84%	1.52%	6.25%	12	129,684	39,063
Program 2P Jul/10	4/14/2013	4/14/2023	R$ 3.40	R$ 6.73	58.84%	1.52%	6.25%	13	129,684	48,438
	4/14/2014	4/14/2024	R$ 3.80	R$ 6.73	58.84%	1.52%	6.25%	14	129,684	48,438
	4/14/2015	4/14/2025	R$ 4.04	R$ 6.73	58.84%	1.52%	6.25%	15	129,684	48,438
	4/15/2011	4/15/2021	R$ 3.36	R$ 8.40	57.60%	1.52%	5.88%	11	12,000	-
	4/14/2012	4/14/2022	R$ 4.22	R$ 8.40	57.60%	1.52%	5.88%	12	12,000	-
Program 2P Nov/10	4/14/2013	4/14/2023	R$ 4.80	R$ 8.40	57.60%	1.52%	5.88%	13	12,000	-
	4/14/2014	4/14/2024	R$ 5.24	R$ 8.40	57.60%	1.52%	5.88%	14	12,000	-
	4/14/2015	4/14/2025	R$ 5.52	R$ 8.40	57.60%	1.52%	5.88%	15	12,000	-
	4/15/2012	4/15/2022	R$ 2.96	R$ 9.00	56.55%	1.14%	5.79%	11	195,861	10,170
	4/14/2013	4/14/2023	R$ 3.99	R$ 9.00	56.55%	1.14%	5.79%	12	195,807	35,592
Program 3P Jan/11	4/14/2014	4/14/2024	R$ 4.69	R$ 9.00	56.55%	1.14%	5.79%	13	195,807	51,072
	4/14/2015	4/14/2025	R$ 5.22	R$ 9.00	56.55%	1.14%	5.79%	14	195,807	51,072
	4/14/2016	4/14/2026	R$ 5.57	R$ 9.00	56.55%	1.14%	5.79%	15	195,807	51,072
	4/15/2012	4/15/2022	R$ 2.15	R$ 7.80	54.94%	1.32%	6.20%	11	165,324	12,717
	4/14/2013	4/14/2023	R$ 3.13	R$ 7.80	54.94%	1.32%	6.20%	12	165,240	45,759
Program 3P Apr/11	4/14/2014	4/14/2024	R$ 3.78	R$ 7.80	54.94%	1.32%	6.20%	13	165,240	61,011
	4/14/2015	4/14/2025	R$ 4.28	R$ 7.80	54.94%	1.32%	6.20%	14	165,240	61,011
	4/14/2016	4/14/2026	R$ 4.60	R$ 7.80	54.94%	1.32%	6.20%	15	165,240	61,011
	4/15/2013	4/15/2023	R$ 1.65	R$ 6.50	51.66%	1.65%	4.29%	11	306,000	33,000
	4/14/2014	4/14/2024	R$ 2.34	R$ 6.50	51.66%	1.65%	4.29%	12	306,000	42,000
Program 4P Apr/12	4/14/2015	4/14/2025	R$ 2.79	R$ 6.50	51.66%	1.65%	4.29%	13	306,000	42,000
	4/14/2016	4/14/2026	R$ 3.13	R$ 6.50	51.66%	1.65%	4.29%	14	306,000	42,000
	4/14/2017	4/14/2027	R$ 3.35	R$ 6.50	51.66%	1.65%	4.29%	15	306,000	42,000
	4/15/2013	4/15/2023	R$ 2.80	R$ 8.10	50.78%	1.23%	4.29%	11	48,000	-
	4/14/2014	4/14/2024	R$ 3.53	R$ 8.10	50.78%	1.23%	4.29%	12	48,000	-
Program 4P Jul/12	4/14/2015	4/14/2025	R$ 4.03	R$ 8.10	50.78%	1.23%	4.29%	13	48,000	-
	4/14/2016	4/14/2026	R$ 4.43	R$ 8.10	50.78%	1.23%	4.29%	14	48,000	-
	4/14/2017	4/14/2027	R$ 4.69	R$ 8.10	50.78%	1.23%	4.29%	15	48,000	-
	4/15/2014	4/15/2024	R$ 7.19	R$ 13.13	49.44%	0.76%	3.50%	12	15,000	-
	4/15/2015	4/15/2025	R$ 7.76	R$ 13.13	49.44%	0.76%	3.50%	13	15,000	-
Program 4P Nov/12	4/15/2016	4/15/2026	R$ 8.24	R$ 13.13	49.44%	0.76%	3.50%	14	15,000	-
	4/15/2017	4/15/2027	R$ 8.67	R$ 13.13	49.44%	0.76%	3.50%	15	15,000	-
	4/15/2018	4/15/2028	R$ 8.96	R$ 13.13	49.44%	0.76%	3.50%	16	15,000	-

(*) Market price on the respective grant dates.

The assumptions used to determine each grant, based on the Binomial model, are described as follows:

Program	End of grace period	Expiration date	Fair Value	Price of the underlying assets (*)	Expected annual volatility	Expected dividends	Risk-free interest rate	Estimated life (in years)	Number of options granted	Number of lapsed options
Program 4P Jan/13	1/10/2014	1/10/2024	R$ 8.50	R$ 14.40	33.47%	0.00%	3.90%	11	160,200	7,200
	1/10/2015	1/10/2025	R$ 8.64	R$ 14.40	33.47%	0.00%	3.90%	12	160,200	7,200
	1/10/2016	1/10/2026	R$ 8.79	R$ 14.40	33.47%	0.00%	3.90%	13	160,200	7,200
	1/10/2017	1/10/2027	R$ 8.93	R$ 14.40	33.47%	0.00%	3.90%	14	160,200	7,200
	1/10/2018	1/10/2028	R$ 9.07	R$ 14.40	33.47%	0.00%	3.90%	15	160,200	7,200
Program 5P 3	3/1/2014	3/1/2024	R$ 8.01	R$ 16.16	39.85%	0.00%	11.02%	11	144,000	-
	3/1/2015	3/1/2025	R$ 8.70	R$ 16.16	39.85%	0.00%	11.02%	12	144,000	-
	3/1/2016	3/1/2026	R$ 9.30	R$ 16.16	39.85%	0.00%	11.02%	13	144,000	-
	3/1/2017	3/1/2027	R$ 9.84	R$ 16.16	39.85%	0.00%	11.02%	14	144,000	-
	3/1/2018	3/1/2028	R$ 10.32	R$ 16.16	39.85%	0.00%	11.02%	15	144,000	-
Program 6P Oct13	4/10/2014	4/10/2024	R$ 6.41	R$ 16.82	28.80%	0.00%	11.99%	11	265,000	-
	4/10/2015	4/10/2025	R$ 7.22	R$ 16.82	28.80%	0.00%	11.99%	12	265,000	-
	4/10/2016	4/10/2026	R$ 7.92	R$ 16.82	28.80%	0.00%	11.99%	13	265,000	-
	4/10/2017	4/10/2027	R$ 8.56	R$ 16.82	28.80%	0.00%	11.99%	14	265,000	-
	4/10/2018	4/10/2028	R$ 9.13	R$ 16.82	28.80%	0.00%	11.99%	15	265,000	-

(*) Market price on the respective grant dates.

Pursuant to the requirements of Technical Pronouncement CPC 10, share-based payments that were outstanding as of June 30, 2014 were measured and recognized by the Company.

The Company recognizes on a monthly basis the stock options granted in a capital reserve account, with a corresponding entry in the statement of income, of R$ 5,214 for the semester ended June 30, 2014 (R$ 6,683 for the year ended December 31, 2013).

In addition to the Stock Option Plan, the Company recognized at the General Meeting held on April 30, 2014 the establish of a Special Program for Long-Term Incentive Statutory Directors , as contemplated in the annual remuneration of Company administrators. The provision of the program on June 30 2014 is R $ 1,212.

The change in the number of share options outstanding and their related weighted average exercise prices is as follows:

Statutory Board

	June 30, 2014		December 31, 2013	
	Average exercise price per share	**Options - thousands**	**Average exercise price per share**	**Options - thousands**
January 1	7.00	570,141	22.07	2,110,233
Transfer to the Board of Directors			6.58	1,250,472
Granted	7.30	494,081	6.63	734,214
Exercised	7.60	608,061	7.00	1,023,834
	8.37	454,161	7.00	570,141

Board of Directors

	June 30, 2014		December 31, 2013	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	6.67	30,000	22.07	30,000
Transfer from the Statutory Board			6.58	1,250,472
Granted	6.61	725,454	6.32	725,454
Exercised	6.99	755,454	6.67	1,975,926
	6.79	0	6.67	30,000

22 Result per share

In compliance with CPC 41 (IAS 33) (approved by CVM Resolution 636 - Earnings per Share), the Company sets out below the information on earnings per share as at June 30, 2014.

The calculation of basic earnings per share is made by dividing the profit for the period, attributed to the holders of common shares of the parent company, by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit attributable to common stockholders of the parent company by the weighted average number of common shares outstanding during the period, plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

The following tables reflect the income and share data used in the calculation of basic and diluted earnings per share.

(a) Basic results per share

	June 30, 2014	June 30, 2013
Numerator		
Profit for the period	211,741	113,305
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	296,303,317	292,637,834
Basic earnings per share	0.00071	0.00039

(b) Diluted result per share

	2014	2013
Numerator		
Profit for the period	211,741	113,305
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	296,303,317	292,637,834
Potential increase in the number of shares relating to the stock option plan	1,093,075	2,866,307
Adjusted weighted average number of shares outstanding	297,396,392	295,504,141
Diluted earnings per share	0.00071	0.00038

23 Net operating revenue

	Consolidated	
	2014	2013
Gross operating revenue	1,615,915	1,228,785
Deductions	(488,583)	(371,970)
Grants - scholarships	(404,016)	(320,354)
Return of monthly tuition fees and charges	(11,913)	(7,127)
Discounts granted	(1,850)	(2,951)
Taxes	(46,512)	(36,383)
FGEDUC	(24,292)	(5,155)
Net operating revenue	1,127,332	856,815

24 Cost of services rendered

	Consolidated	
	2014	2013
Payroll and related charges	(486,939)	(370,816)
Electricity, water, gas and telephone	(14,113)	(14,733)
Rents, condominium fees and property taxes	(83,105)	(65,521)
Mailing and courier expenses	(2,417)	(1,879)
Depreciation and amortization	(28,062)	(23,456)
Education material	(25,534)	(21,001)
Outsourced services - security and cleaning	(17,295)	(15,705)
Cost of services rendered	(657,465)	(513,111)

25 Expenses by nature

	Parent company		Consolidated	
	2014	2013	2014	2013
Provision for impairment of trade receivables			(50,515)	(41,641)
Advertising			(61,031)	(40,914)
Sales and marketing			(15,875)	(13,283)
Other			(1,926)	(3,192)
Selling expenses			(129,347)	(99,030)
Payroll and related charges	(864)	(810)	(65,333)	(59,043)
Outsourced services	(1,402)	(1,050)	(29,422)	(24,349)
Machinery rents and leases			(968)	(614)
Consumption material			(1,000)	(950)
Maintenance and repairs	(43)	(17)	(12,803)	(10,789)
Depreciation and amortization (i)	(1,380)	(1,595)	(13,050)	(12,528)
Educational agreements	(138)	(174)	(4,073)	(3,439)
Travel and lodging	(63)	(55)	(4,588)	(2,465)
Conviction paid	(9)	(15)	(9,078)	(5,125)
Institutional events	(107)		(1,341)	(645)
Provision for contingencies			2,279	(1,999)
Copies and bookbinding			(1,375)	(826)
Insurance	(864)	(112)	(2,180)	(592)
Cleaning supplies			(1,058)	(836)
Transportation	(1)	(2)	(1,256)	(852)
Car rental			(1,151)	(1,131)
Other	(605)	(496)	(7,843)	(7,857)
General and administrative	(5,476)	(4,326)	(154,240)	(134,040)

(i) Includes the amortization of funding costs of R$ 294.

26 Other operating income

	Parent company		Consolidated	
	2014	2013	2014	2013
Income from agreements	859	900	1,476	1,479
Rental income			5,789	5,125
Business agency				84
Other operating income (expenses)	(1)	(54)	823	317
	858	846	8,088	7,005

27 Finance result

	Parent company		Consolidated	
	2014	2013	2014	2013
Finance income				
Late payment fine and interest			6,977	3,245
Earnings from marketable securities	31,425	17,196	38,588	19,567
Monetary variation gains (i)		11	17,158	12
Other	43	189	46	250
	31,468	17,396	62,769	23,074
Finance costs				
Bank expenses	(1,316)	(46)	(5,227)	(3,365)
Interest and financial charges	(15,284)	(11,371)	(17,035)	(12,609)
Financial discounts (ii)			(5,928)	(4,685)
Monetary variation losses			(3,293)	(2,169)
Other	(151)	(78)	(1,086)	(1,600)
	(16,751)	(11,495)	(32,569)	(24,428)

(i) This value corresponds to the update of recoverable taxes. Monetary variation gains grew in the quarter ended June 30, 2014 when compared to June 30, 2013, which is mainly explained by the recognition of the PIS-related credit, as mentioned in Note 7.

(ii) This value corresponds to the discounts granted upon renegotiation of overdue monthly tuition fees.

28 Income tax and social contribution

In compliance with Law 11,096/2005, regulated by Decree 5,493/2005 and by Normative Instruction 456/2004, issued by the Federal Revenue Secretariat, under the terms of Article 5 of Provisional Measure 213/2004, college educational entities participating in the PROUNI program are exempt from IRPJ and CSLL, among other taxes, for as long as they remain registered with the program, and the taxes will be computed based on profit from operations benefiting from incentives.

Reconciliation of income tax and social contribution, determined at statutory rates, and the amount of taxes recognized in the statement of income for the periods ended June 30, 2014 and 2013 are as follows:

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Profit before income tax and social contribution	214,369	114,151	224,568	116,285
Combined income tax and social contribution statutory rate - %	34	34	34	34
Income tax and social contribution at statutory rates	(72,885)	(38,811)	(76,353)	(39,537)
Adjustments for calculation at effective rate				
Adjustments due to Law 11,638/2007			(1,907)	(1,041)
Equity in results of subsidiaries	69,452	37,988		
Goodwill amortization	(28)		387	
Non-deductible expenses (a)	(342)	(402)	(1,207)	(1,128)
Tax losses	1,143	368	1,143	(914)
Decommissioning expenses			(58)	(246)
Initial adjustments upon adoption of the new accounting practices				
Provision for contingencies			780	(679)
Reversal of non-deductible provision for impairment of trade receivables and cancelable monthly tuitions (b)			(1,733)	288
Reversal of administrative provisions				
Rouanet Law			32	
Other	32	11	(478)	341
	(2,628)	(846)	(79,394)	(42,916)
Tax incentives - PROUNI			65,909	39,463
Income tax and social contribution on the profit for the period	(2,628)	(846)	(13,485)	(3,453)
Effective rate - %	(1.23)	(0.74)	(6.00)	(2.97)

(a) These primarily refer to expenses for sponsorships, donations and giveaways.

(b) Refers to non-deductible provision for impairment of receivables relating to students with payments overdue for more than 180 days, and the provision for cancellation of monthly tuition fees

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Current income tax and social contribution	(2,628)	(846)	(13,485)	(3,090)
Deferred income tax and social contribution			658	(363)
Current income tax and social contribution for prior periods				473
	(2,628)	(846)	(12,827)	(2,980)

At June 30, 2014, the subsidiaries SESES and IREP recorded deferred tax assets on temporary differences in the amount of R$ 8,904. The breakdown of the tax effects on temporary differences which originated the deferred tax assets is summarized below:

	June 30, 2014	**December 31, 2013**
Provision for contingencies	8,874	11,532
Monthly tuition fees to be canceled	(220)	2,273
Provision for decommissioning of assets	3,452	3,424
Goodwill amortization	(6,342)	(8,596)
Provision for risk - FIES	3,523	
Recognized options granted	10,403	
Update of Decommissioning	1,140	
Student portfolio	(4,837)	
Provision for Long-term incentive to employees	412	
Other assets	(10,734)	
Other liabilities	3,331	
	8,876	8,633
Assets	16,850	16,999
Liabilities	(7,974)	(8,366)
	8,876	8,633

The realization of the tax effect deferred on temporary differences recorded at June 30, 2014 is linked to the realization of the provision which gave rise to this credit. Consequently, it is not currently possible to present expected annual realization, since the Company's management is not yet able to forecast the timing of the realization of the provision for contingencies and the provision for decommissioning of assets.

At June 30, 2014, the subsidiary IREP has a deferred tax liabilities in the amount of R$ 6,342 due to the tax depreciation of goodwill generated upon acquisition of the companies merged into it.

On June 30, 2014, the Company has tax credits arising from tax loss carryforwards in the amount of R$ 13,188 (December 31, 2013 - R$ 14,332) that are not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

With the enactment of Law 12,973 / 2014, which introduced changes in tax rules and eliminating the Transition Tax Regime - RTT, the Company and its subsidiaries, supported by their tax advisors analyzed the provisions, the implications in advance option and impacts that could generate on interim financial information for the quarter ended June 30, 2014, concluding that there is no material effect on the interim financial information.

The Company and its subsidiaries are waiting for the completion of probable legislative changes to be made to this MP before electing a tax option for year 2015. Management will review the analysis once the law is enacted, as its final wording may include adjustments or amendments.

29 Other information

(a) Accounts recoverable - FIES program - in current assets, refer to available amounts from the Student Finance Program for future compensation with federal taxes or, in case of option, cash withdraw.

(b) Prepaid monthly tuition fees, in current liabilities, refer to amounts received in advance from students as part of a negotiation for discounts. They are recognized in the statement of income, according to the services provided to the student by the Company.

(c) Provision for decommissioning of assets, in non-current liabilities, refers to expenditures to be incurred on decommissioning of leased educational units for recovering or putting them on their original attributes (before leasing). This amount is calculated by engineers and takes into consideration the leasing terms.

30 Subsequent events

On July 1, 2014, Estácio acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"), the total amount of quotas of Organização Paraense Educacional e de Empreendimentos Ltda. (ORPES), sponsor of Instituto de Estudos Superiores da Amazônia - IESAM ("IESAM"), which has its headquarters and campus in the City of Belém, State of Pará.

The total amount invested in IESAM was R$ 80,000 (eighty million), of which: i) R$ 38,000 (thirty-eight million) is payable for the purchase of all quotas issued by IESAM, partially with financial resources and partially with the assumption of debts and obligations in general; and ii) R$ 42,000 (forty-two million) is payable for the operating real estate owned by IESAM.

Established in 2000, IESAM has 4,500 students for a total capacity of 15,440, and 130 teachers allocated in campus 1. Its portfolio includes 23 undergraduate courses and 18 graduate courses, in addition to extension and free courses. The average monthly fee payable for its courses is approximately R$ 680.00. In 2012, IESAM received the courses general index of 3 by MEC, on a scale of 1 to 5. The consolidation of the activities in Belém will enable the Company's expansion in a market where it is already present, and it will thus become one of the largest private higher education institutions in that State. Furthermore, this acquisition adds to the portfolio of courses offered by the Company, which now covers all major segments with high demand in the labor market, particularly engineering and management courses. Finally, this transaction will provide for the generation of important academic quality, efficiency and scale gains.

On July 1, 2014, Estácio Participações S.A., in compliance with Paragraph 4, Article 157 of Law 6,404/76, and with CVM Instruction 358/02, as amended, informs the market and the public in general that the Company's Extraordinary General Meeting held on July 1, 2014 approved the acquisition, by the Company, of Uniseb Holding S.A. ("UNISEB Holding").

The acquisition price was approximately R $ 615,318, subject to price adjustments under the contract, to be paid as follows: 50% in cash and 50% through the delivery of shares issued by the company to vendors, after incorporation of TCA by the Company.

With the acquisition of UNISEB Holding, UNISEB União dos Cursos Superiores SEB Ltda., sponsor of Centro Universitário UNISEB, is now a direct subsidiary of Estácio.

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