



2Q07



Price
R\$ 21.60/unit

Closed on
08/13/2007

Market Value
R\$ 1,697 million

Conference Calls

English
August 15 2007
11:30 a.m. (US EST)
12:30 p.m. (Brasília)
Phone
+1 (973) 935-8893
Code: 9116590
Replay:
+1 (973) 341-3080
Code: 9116590

Portuguese
August 15 2007
10:00 (US EST)
11:00 (Brasília)
Phone
+55 (11) 4003- 9004
Code: Estácio
Replay
+55 (11) 4003-9004

IR Contact

ri@estacioparticipacoes.com

www.estacioparticipacoes.com/ri

Estácio Announces 166% Increase in Adjusted Net Income

Adjusted EBITDA grew by R\$ 17.2 million

Rio de Janeiro, August 14 2007 – Estácio Participações (BOVESPA: ESTC11), the largest private post-secondary education institution in Brazil in terms of number of enrolled students, announces its results for the 2nd quarter of 2007 (2Q07). The financial and operating information presented below, except as otherwise indicated, is presented according to the Brazilian Corporate Law (BR GAAP) and in Reais (R\$).

Since the Company was constituted only on March 31, 2007, we present, for the sole purpose of comparison, the un-audited pro-forma information for the first half of 2006 and the first quarter of 2007, as if the company's constitution had occurred on January 1, 2006. In addition, certain information was presented adjusted to reflect the payment of taxes at SESES, our largest subsidiary, which, starting in February 2007 and as a result of its transformation into a for-profit company, began to be subject to the tax laws applicable to other legal entities, notwithstanding the exemptions arising under the University for All Program (PROUNI). The information presented for comparison purposes should not be used as a base for the purpose of calculating dividends, taxes or any other corporate purpose. We are a holding company incorporated on March 31, 2007 as a result of a corporate restructuring that segregated the post-secondary education operations of our subsidiaries SESES, STB, SESPA, SESCE and SESPE by geographic region and placed them under our common control. Our only assets are our interests in SESES, STB, SESPA, SESCE and SESPE, and we currently hold 99.9% of the capital stock of each of these subsidiaries.



2Q07 HIGHLIGHTS (COMPARED TO 2Q06)

- **Gross revenue increased by 4.1%**, from 303.7 million in the 2Q06 to R\$316.2 million in the 2Q07.
- **Net revenue grew 0.6%, even after the taxation change (ISS)**. Net revenue reached R\$210.9 million in relation to R\$209.7 million in the previous quarter.
- **The average number of enrolled students was 0.3% higher**, reaching 174,731, despite the average rise in the monthly tuition, by 5.5%.
- **Cost of Services was 1.1% lower** in relation to the 2Q06, notwithstanding the higher tax burden, referring to 20% of INSS tax on the faculty payroll.
- In the 2Q07, **gross profit grew by 4.3%**, from R\$66.5 million in the 2Q06 to R\$69.4 million in the 2Q07. **Gross Margin** grew from 31.7% to 33.0%.
- **EBITDA of R\$ 9.9 million in the quarter was 2.1% higher in relation to the 2Q06**. When adjusted for the tax change, the positive variation was R\$17.2 million in the period.
- **Net income climbed by 48.5%, despite the higher tax burden**, from R\$0.9 million to R\$1.4 million. When we exclude the IPO expenses (non-recurring), net income **was 166% higher, totaling R\$2.5 million**.

Table 1 – Operating Indicators

	2Q07	2Q06	Chg. %	1Q07	Chg. %
Average Enrolled Students	174,731	174,223	0.3%	175,633	-0.5%
Average tuition	429.8	407.5	5.5%	433.7	-0.9%

Table 2 – Financial Indicators

R\$ million	2Q07	2Q06	Chg. %	1H07	1H06	Chg. %
Net Revenue	210.9	209.7	0.6%	430.3	420.3	2.4%
Gross Profit	69.4	66.6	4.2%	164.9	157.3	4.9%
Gross Margin (%)	32.9%	31.8%	1.1 p.p.	38.3%	37.4%	0.9 p.p.
EBITDA	9.9	9.7	2.1%	51.1	44.2	15.6%
EBITDA Margin(%)	4.7%	4.6%	0.1 p.p.	11.9%	10.5%	1.4 p.p.
Net income	2.5*	0.9	165.9%	28.4	23.7	19.8%
Net Margin (%)	1.2%	0.4%	0.8 p.p.	6.6%	5.6%	1.0 p.p.

(*) excluding IPO expenses (non-recurring)

Considering that SESES, our largest subsidiary, was turned into a for-profit company in February 2007, we are presenting, for comparison purposes, some key financial indicators for the 2Q06, considering the same tax assessment carried out in the 2Q07.

Table 3 – Adjusted Financial Indicators (excluding taxes)

R\$ million	2Q07	2Q06	Chg. %	1H07	1H06	Chg. %
Net Revenue	210.9	201.9	4.50%	427.8	404.8	5.7%
Gross Profit	69.4	52.9	31.20%	160.6	128.5	25.0%
Gross Margin (%)	32.9%	26.2%	6.7 p.p.	37.5%	31.7%	5.8 p.p.
EBITDA	9.9	-7.3	n/a	45.2	7.9	472.2%
EBITDA Margin(%)	4.7%	-3.6%	8.2 p.p.	10.6%	2.0%	8.6 p.p.
Net income	2.5	-16.1	n/a	20.1	-12.6	n/a
Net Margin (%)	1.2%	-8.0%	9.5 p.p.	4.7%	-3.1%	7.8 p.p.

MESSAGE FROM THE MANAGEMENT

In the second quarter of 2007, Estácio continued to carry out its corporate restructuring plan, achieving significant results that confirm the good execution of its program of operational improvement. Through several initiatives within the academic, education, operating management and financial scope, the company recorded growth in the Net Income and EBITDA in relation to the same prior-year period, despite the increased tax burden.

As expected, the second quarter of the year usually records a drop in the number of enrolled students when compared to the first quarter, due to student attrition, characterizing the typical seasonality of the Brazilian post-secondary education sector. This phenomenon tends to repeat in the second semester, with the third quarter usually picking up steam from the new enrollments that open the period, followed by a lower activity pace in the fourth quarter.

To exclude the seasonal effects, most of the analysis of the results concentrated on the comparison with the same prior-year period.

It is also worth underlining the fact that SESES, the largest subsidiary of Estácio Participações, was turned into a for-profit company in February 2007, which resulted in the presentation of some key financial indicators, for comparative purposes, considering the same tax assessment carried out in the 2Q07, referred to as adjusted figures.

It is important to mention that on July 27 2007, we published the Announcement of Commencement of Primary and Secondary Public Distribution of Estácio Participações Units. The initial primary public offering comprised 11,918,400 Share Deposit Certificates ("Units") resulting in net proceeds of R\$ 252.1 million.

The Company intends to use the net proceeds from the primary offering principally to finance its expansion through (i) potential acquisitions; (ii) opening of new campuses; and (iii) investing in the expansion and maintenance of its existing campuses.

On the date of this release, the IPO procedures are still under way, subjecting the Company to the applicable legal restrictions relative to information disclosure ("Quiet Period"), reason for which all comments and analyses herein presented will only focus on the Company's operating and financial performance during the second quarter of 2007.

Estácio's Management considers the 2Q07 results quite encouraging and in line with the Company's strategic plan, which is focused on increasing profitability and teaching quality, through the opening of new units and potential acquisitions, in addition to the expansion and upgrade of the existing units.

ANALYSIS OF THE RESULTS

As mentioned previously, in light of the seasonality that is inherent to the business and in order to allow the indicators comparability, our analysis mostly focused on the comparison with the same prior-year period.

We also took into consideration that SESES only started being taxed from February 2007 on. To allow the current analysis of the Company's financial evolution and its operating results, we applied whenever necessary the 2Q06 proforma indicator on an adjusted basis, considering the same hypothetical tax rates for that period.

REVENUE

Gross revenue grew by 4.1%, from 303.7 million in the 2Q06 to R\$316.2 million in the 2Q07, chiefly due to the increase in the average student base (0.3%) and the average monthly installment (5.5%), also influenced by the mix of the offered courses, gratuities and scholarships.

In comparison with the 1Q07, the decrease is due to the seasonal effect, as previously mentioned.

Table 4 – Gross Revenue and Net Revenue

R\$ million	2Q07	2Q06	Chg.%	1H07	1H06	Chg.%
Tuition Fees	310.9	297.5	4.5%	626.0	603.0	3.8%
Other	5.3	6.2	-14.8%	13.3	11.3	17.7%
Gross Revenue	316.2	303.7	4.1%	639.3	614.3	4.1%
Gratuities - Scholarships	(86.7)	(82.9)	4.6%	(173.5)	(170.8)	1.6%
Monthly Tuition and Fees Returned	(0.7)	(0.5)	48.2%	(1.7)	(2.0)	-15.0%
Discounts Granted	(8.5)	(9.2)	-7.9%	(16.7)	(18.3)	-8.7%
Taxes	(9.5)	(1.4)	579.7%	(17.1)	(2.9)	489.7%
Deductions	(105.3)	(94.0)	12.1%	(208.9)	(194.0)	7.7%
Net Revenue	210.9	209.7	0.6%	430.3	420.3	2.4%

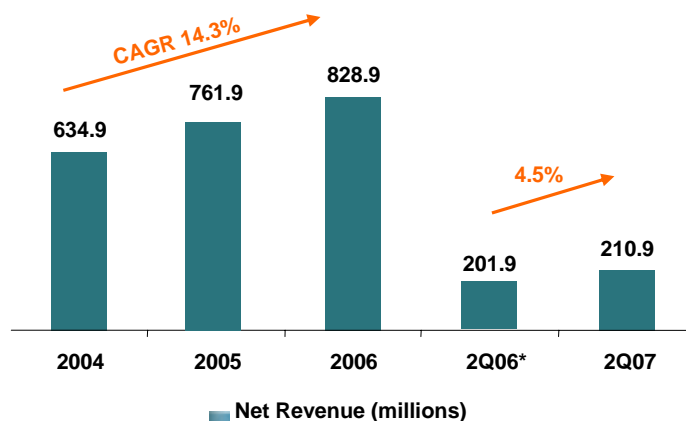
Deductions from gross revenue totaled R\$105.3 million in 2Q07, with a 12.1% increase in relation to the same quarter in 2006, when deductions totaled R\$94.0 million. The main such variation referred to the transformation of SESES into a for-profit company in February 2007, thus losing the tax incentives it was entitled to, as a non-profit organization.

The Company had tax assessments of ISS (Tax on Services), PIS (Social Tax) and COFINS (Contribution on Finance Transactions) in the amount of R\$9.5 million, or 6.8 times the figure recorded in the 2Q06, up by R\$8.1 million. The remaining deductions jointly accounted for a 3.6% or R\$3.3 million increase, essentially due to the 28.7% rise in the number of gratuities and grants (including PROUNI – University for All Program).

For the above mentioned reasons, net revenue attained R\$210.9 million in the 2Q07, 0.6% higher in relation to the same prior-year period. When adjusted for the same tax base recorded in the 2Q07, net revenue in the 2Q06 would have been R\$201.9 million, with an annual growth of 4.5% in 2Q07.

For the 1H07, the adjusted net revenue reached R\$427.8 million, an increase of 5.7% year over year (yoy).

Graph 1 – Net Revenue (R\$ million)



* Excluding taxes

COST OF SERVICES

Cost of services, mainly composed of faculty payroll and occupation costs, totaled R\$141.5 million in 2Q07, a 1.1% reduction in relation to the same prior-year period, which totaled R\$143.2 million, despite the change in the fiscal basis of SESES, from February 2007 on (when salaries started being taxed at an 8.7% tax rate, and were exempt from a 1.0% PIS tax on payroll, with a total 7.7% tax rate increase on faculty payroll).

The cost reduction was influenced by a drop in faculty expenses (8.6%) – with the continued implementation of the teachers and classes allocation optimization programs started in 2006 – partially offset by the tax burden increase. The INSS (Social Security) tax assessment on SESES' payroll led to a 46.7% increase (yoy) in social contribution expenses in the 2Q07.

The remaining direct costs of services grew 3.4% in the 2Q07 in relation to the same period in 2006.

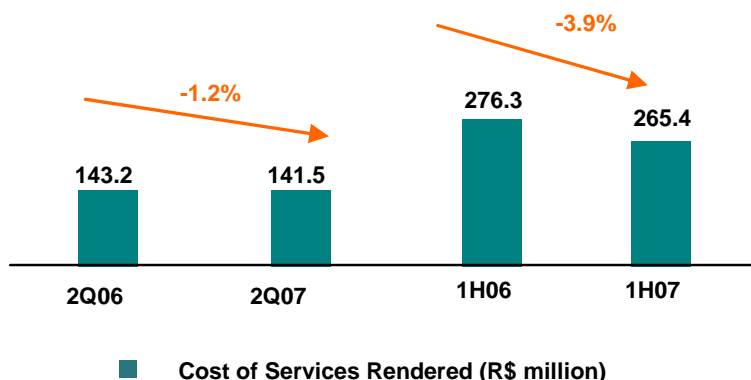
In terms of net revenue, despite the strong increase in social contribution expenses, the cost of services dropped in the 2Q07, representing 67.1%, versus 68.3% in the 2Q06.

This result attests to the effectiveness of the actions implemented within the Company's operating restructuring program.

It is worth highlighting that, in case the INSS/PIS tax assessment had occurred on the same tax base, during the 2Q06, social contributions would have been added by R\$5.7 million, and cost of services would total R\$149.0 million, accounting for a 5.0% reduction in the period, as a result of the initiatives targeted at improving the Company's operating efficiency.

In the first semester of 2007 the costs totaled R\$265.4 million with a reduction of 1.0% on the adjusted base of 1H06.

Graph 2 – Cost of Services (R\$ million)



GROSS PROFIT

In the 2Q07, gross profit increased by **4.3%**, from **R\$66.6 million** in the 2Q06 to **R\$69.4 million** in the second quarter of 2007.

Gross Margin grew from **31.7%** to **32.9%** in the same prior-year period.

Table 5 – Gross Profit

R\$ million	2Q07	2Q06	Chg.%	1Q07	Chg.%
Gross Revenue	316.2	303.7	4.1%	323.1	-2.1%
Deductions	(105.3)	(94.0)	12.1%	(103.6)	1.6%
Net Revenue	210.9	209.7	0.6%	219.4	-3.9%
Cost of Services	(141.5)	(143.2)	-1.1%	(130.3)	8.6%
Gross Profit	69.4	66.6	4.3%	89.1	-22.1%
<i>Gross Margin</i>	<i>32.9%</i>	<i>31.7%</i>	<i>1.2 p.p.</i>	<i>40.6%</i>	<i>-7.7 p.p.</i>

Gross Profit in the 2Q06, adjusted for the tax increase, would be **R\$52.9 million**, and the **gross margin 26.2%**. Therefore, the annual growth would be **31.2% (+6.7p.p. on the gross margin)**.

In the 1H07 the adjusted gross profit reached R\$160.6 million with an increase of 25.0% on the adjusted base of 1H06.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses composed mainly by the expenses with administrative staff (41.0%), provision for doubtful accounts (17.1%) and third party services (12.9%) increased by 3.5%, from R\$62.9 million in the 2Q06, to R\$65.1 million in the 2Q07. These expenses were also impacted by a higher tax burden in the 2Q07, in relation to the 2Q06 administrative payroll.

When adjusting the tax base, expenses would total R\$66.4 million in the 2Q06, and the reduction in the period would be 1.9%, chiefly due to the drop in the administrative personnel expenses. This drop is a consequence of the operating restructuring and improvement programs initially carried out in Rio de Janeiro State's units as of the 2Q06, which included the standardization of the units' structure, as well as automation and informatization of several operating procedures.

In terms of net revenue, the upturn was 0.9 percentage points, from 30.0% in the 2Q06 to 30.9% in the 2Q07.

FINANCIAL RESULT

Financial Revenues and Expenses

Financial revenues climbed by 22.0%, from R\$1.6 million in the 2Q06 to R\$2.0 million in the 2Q07, while financial expenses dropped by 53.1%, from R\$3.3 million in the 2Q06 to R\$1.5 million in the 2Q07.

Therefore, the financial result increased by R\$2.1 million, from a negative R\$1.6 million in the 2Q06, to a positive R\$0.5 million figure in the 2Q07, as a consequence of the higher cash availabilities and reduced debt due to the Company's improved overall results.

Table 6 – Financial Result

R\$ million	2Q07	2Q06	Chg.%	1Q07	Chg.%
Financial revenues	2.0	1.6	25.0%	4.2	-52.4%
Financial expenses	(1.5)	(3.2)	-53.1%	(1.8)	-16.7%
Financial results	0.5	(1.6)	n/a	2.4	-79.2%

OPERATING INCOME

Operating income increased by **143.1%**, reaching **R\$4.8 million** in the second quarter of 2007, versus **R\$2.0 million in the 2Q06**. In terms of net revenue, the margin increased from **1.0%** in the 2Q06 to **2.2%** in the 2Q07.

EBITDA

The evolution of the Company's EBITDA, reconciled to the operating income, is shown below.

Table 7 – EBITDA

R\$ million	2Q07	2Q06	2Q06*	1Q07	1Q07*
Operating Income	4.8	2.0	(15.0)	36.3	30.3
Depreciation and Amortization	5.9	5.7	5.7	5.4	5.4
Financial Result**	(0.8)	2.0	2.0	0.5	0.5
EBITDA	9.9	9.7	(7.3)	41.2	36.2
EBITDA Margin	4.7%	4.6%	(3.6%)	19.5%	16.7%

* adjusted to tax assessment in the 2Q07

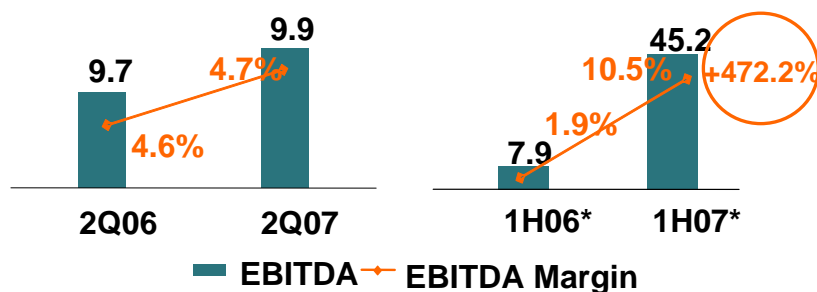
**fines and banking charges

EBITDA totaled R\$9.9 million in the quarter, 2.1% more than in the 2Q06. The growth in the EBITDA adjusted for taxes in the 2Q06 was R\$17.2 million (+8.3p.p. in the margin).

In the first half of 2007 EBITDA reached R\$51.1 million, registering a 15.6% growth year over year. When adjusted to taxation, the annual growth was 422.2%.

Adjusted for taxes, EBITDA totaled R\$45.2 million during 1H07 (+472.2%), with a 10.6% margin.

Graph 3 – EBITDA (R\$ million)



Adjusted for taxes

INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and Social Contribution increased by 47.9%, from R\$1.0 million in the 2Q06 to R\$1.5 million in the 2Q07, due to the improved results recorded by the Company and the turning of SESES subsidiary into a for-profit company in February 2007.

Given that all of our subsidiaries adhered to the PROUNI (University for All Program) in 2005, they benefit from exemption with regard to Income Tax and Social Contribution, considering the revenue earned from traditional graduation and technological graduation.

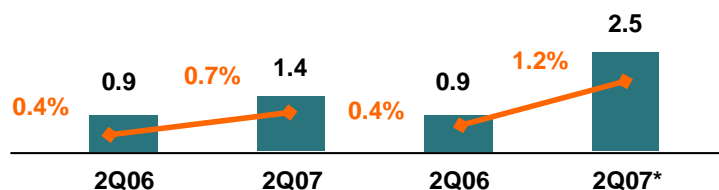
The values included in this line are assessed with the total IRPJ and CSLL tax brackets, but the amount payable is smaller, approximately 12.5% of the total amount in the 2Q07 (R\$189,000), with the remaining balance being converted into capital reserve.

NET INCOME

Net income climbed by 48.5% in the period, from R\$0.9 million in the 2Q06 to R\$ 1.4 million in the 2Q07. Excluding IPO non-recurring expenses, of R\$ 1.7 million, registered as non operating expenses, net income totaled R\$2.5 million (+165.9%).

Net income (ex-IPO) adjusted for PROUNI's effects, in the 2Q07, was R\$3.8 million (+306.6%) with a net margin of 1.8%.

Graph 4 – Net Income (R\$ million)



* Excluding IPO expenses

DEBT

In the 2Q07, the Company's total debt decreased by 93.7% year over year.

From an R\$18.1 million net debt in the 2Q06, the Company's financial situation reached a R\$41.2 million net cash position in the 2Q07, as a result of the improvement in the Company's operating and financial performance.

Table 8 - Debt

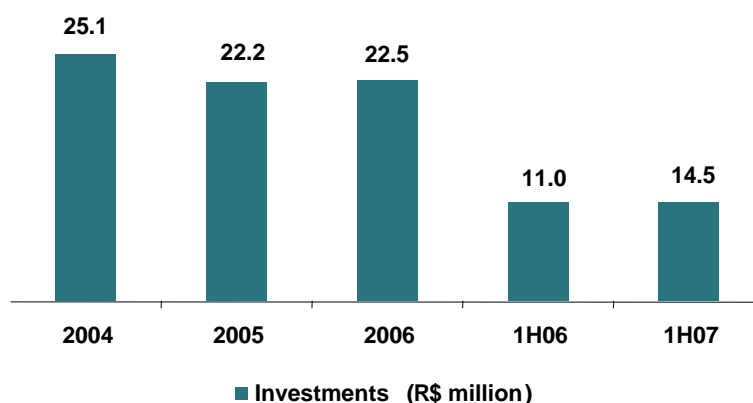
R\$ million	2Q07	2Q06	Chg. %	1Q07	Chg. %
Short-term debt	1.9	29.1	-93.5%	3.4	-44.4%
Long-term debt	0.1	2.1	-96.6%	0.7	-89.9%
Total	2.0	31.2	-93.7%	4.1	-52.3%
Cash and cash equivalents	43.2	13.1	229.4%	46.9	-7.8%
Net Debt	41.2	(18.1)	-327.6%	42.7	-3.5%

CAPITAL EXPENDITURES

The Company invested R\$7.9 million in the second quarter of 2007, when compared to the R\$5.2 million in the 2Q06. In the first half of 2007, CAPEX totaled R\$14.5 million, versus R\$11.0 million in the 1H06 (+31.8%).

CAPEX were mainly targeted at the maintenance of the operations and facilities, and at the expansion of the courses undergoing a maturity process, mainly for the acquisition of laboratory equipment, expansion of the current facilities and technology investments.

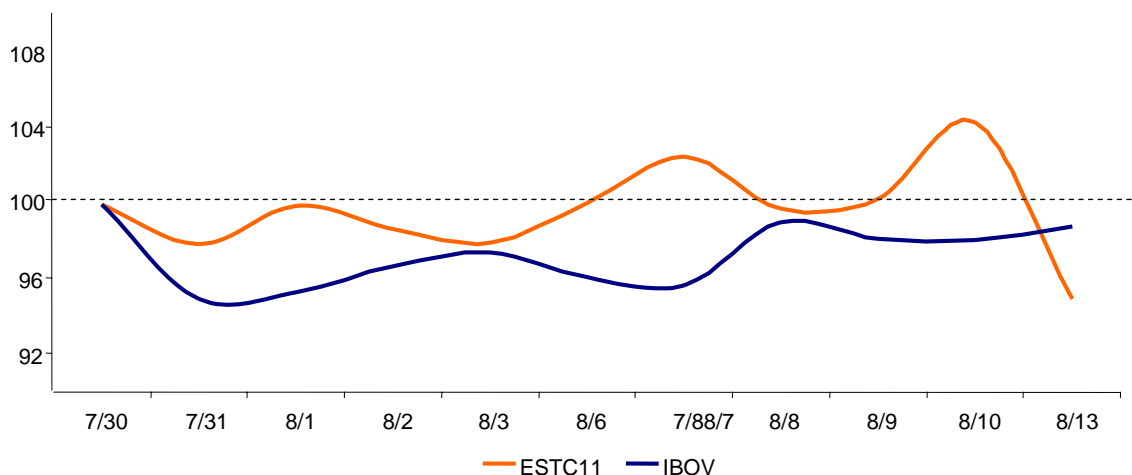
Graph 5 – CAPEX



CAPITAL MARKETS

From the IPO held on 07/30/2007 to 08/13/2007, Estácio Participações' UNITS were down by 4.0%, and the average daily traded volume was 10.9 R\$ million. During the same period, Ibovespa recorded a 1.2% depreciation, as can be seen from the following graph.

Graph 6 – Share Performance *ESTC11* x *IBOVESPA*



OTHER EVENTS IN THE QUARTER

On April 7 2007, Estácio Participações entered into a MOU with the Controlling Shareholder and shareholders Marcel Cleófas Uchôa Cavalcanti, André Cleófas Uchôa Cavalcanti and Monique Uchôa Cavalcanti e Vasconcelos, as partners in Sociedade de Ensino Superior de Sergipe Ltda. – SESSE, Sociedade de Ensino Superior de Alagoas S/C Ltda. - SESAL, União Nacional de Educação e Cultura – UNEC, Sociedade de Ensino Superior do Amapá Ltda. – SESAP, Asociación de Estudios Superiores de Las Américas and Escuela de Informática SRL, aiming at the acquisition of such companies, through payment in cash, at a net book value, as soon as these companies present a positive net equity. The Company believes that such acquisitions will be effected until the end of 2008.

In May 2007, Estácio Participações entered into a MOU for the acquisition of the sponsoring entities Irep Sociedade de Ensino Superior, Médio e Fundamental Ltda. and Faculdade Radial de Curitiba Sociedade Ltda., whose units located in the city of São Paulo compose the Centro Universitário Radial (Radial University Center). The acquisition price will be R\$ 5.0 thousand per student regularly enrolled, and a variable retention premium (RPP) which may reach R\$ 1.0 thousand per enrolled student, according to the economic result achieved by these companies.

The conclusion of this operation depends on the fulfillment of several pre-requisites, among which the conclusion of the legal audit procedure and successful conclusion of the Offering. These conditions had not been fulfilled until present. Irep Sociedade de Ensino Superior, Médio e Fundamental Ltda. is a pos-secondary education institution with more than 40 years of existence, with five *campi* in the city of São Paulo, and more than 8.7 thousand students. The companies also have 1 *campus* in São Paulo's ABC region, with over 400 students and 1 *campus* in Curitiba, with more than 1.2 thousand students, or more than 10.3 thousand students. Faculdade Radial de Curitiba Sociedade Ltda. maintains the Faculdade Radial Curitiba, with 1,200 students. Students mostly come from middle and middle-low income segments. Over 85% of the students work on a regular basis. The students' average age group ranges between 21 and 26 years of age. These students are distributed into full-attendance courses, full-attendance graduation courses (technology graduation and traditional graduation) and *latu sensu* post graduation courses.

The average monthly installment of the traditional graduation courses is R\$ 480.00, and the technology graduation courses have an average monthly installment of R\$ 430.00, based on the monthly installments forecast for the second half of 2007. Among the technical courses, we underline informatics, information systems, business administration, industrial/mecatronics automation and commercial marketing; among the traditional graduation courses, we highlight electrical engineering with an emphasis on electronics, production engineering, social communication, which includes journalism and publicity and advertising qualification, pedagogy, business administration, accounting science, law and physical education; and among the technology graduation courses, we highlight industrial automation, institutional communication, human resources management, financial management, information technology management, marketing, computer networks, logistics, foreign trade, systems analysis and development, graphic design, quality management, management processes, information technology management and legal management, which are being offered for the second half of 2007.

SUBSEQUENT EVENTS

Initial Public Offering (IPO)

On July 30 2007, Estácio Participações held a Primary and Secondary Public Distribution of Units issued by the Company. The Initial Public Offering initially comprised 11,918,400 Share Deposit Certificates ("Units"), resulting in net proceeds of R\$ 252.1 million.

The Company intends to use the net proceeds from the primary offering principally to finance its expansion through (i) potential acquisitions; (ii) opening of new campuses; and (iii) investing in the expansion and maintenance of its existing campuses.

Education Finance

Estácio Participações informed the market on August 13 2007, the entering into an Education Credit Program Agreement, which was signed on August 10 2007 between SESES and a company specializing in the development and structuring of financial solutions for the educational sector.

With this initiative, the Company aims at implementing an Education Credit Program already utilized by several Teaching Institutions in Brazil, to be offered to new students when enrolling themselves with the SESES institutions in the State of Rio de Janeiro, for the second half of the current year. It also informs that the terms of the said Contract do not present any condition that may adversely impact the Company's financial health.

IMPORTANT NOTICE (CVM INSTRUCTION 358)

Estácio Participações strongly advises its shareholders to comply with the terms under article 12 of CVM Instruction 358, however it is not responsible for the disclosure of information about the acquisition or sale, by third parties, of stakes corresponding to 5% or more of the type and class of all shares making up for the Company's capital stock or rights over these shares and over the remaining securities issued by the Company. It is worth highlighting that each "unit" represents a common share and two preferred shares.

Table 9 – Ownership Breakdown

Shareholders (thousand shares)	ON	%	PN	%
João Uchôa Cavalcanti Netto	137,554	85.0	32,609	44.2
Marcel Cleófas Uchoa Cavalcanti	1,500	0.9	500	0.7
André Cleófas Uchoa Cavalcanti	1,500	0.9	500	0.7
Monique Uchôa Cavalcanti de Vasconcelos	1,500	0.9	500	0.7
Managers and Directors*	0.0	0.0	0.0	0.0
Other (free float)	19,864	12.3	39,728	53.7
Total	161,918	100.0	73,837	100.0

* own 03 ON and 05 PN

ABOUT ESTÁCIO PARTICIPAÇÕES S.A.

About Estácio

Estácio Participações S.A. (BOVESPA: ESTC11) is the largest private pos-secondary education institution in Brazil in terms of number of enrolled students, according to estimates from Hoper Educacional in 2004. Estácio Participações had approximately 177,000 undergraduate students enrolled in its programs and its net revenue reached R\$ 829 millions in 2006. The Company's network included one university, one university center and 12 colleges throughout 54 campuses, 38 of which are located in the state of Rio de Janeiro, and the remaining 16 campuses in 10 other Brazilian states. Estácio Participações offers more than 90 undergraduate programs in the areas of engineering and technology, life and health sciences and social sciences. The Company also offers approximately 140 specialization programs, five master's degree programs and one doctorate degree program

This report may contain forward-looking statements concerning the industry's prospects and Estácio Participações' estimated financial and operating results; these are mere projections and, as such, are based solely on the Company management's expectations regarding the future of the business and its continuous access to capital to finance Estácio Participações' business plan. These considerations depend substantially on changes in market conditions, government rules, competitive pressures and the performance of the sector and the Brazilian economy as well as other factors and are, therefore, subject to changes without previous notice.

The balance sheet as of June 30, 2006 as well as the income statement for the second quarter of 2006 (2Q06), consolidate the contributions of our wholly-owned subsidiaries in order to present the consolidated pro-forma equity and financial position of Estácio Participações S.A., as if these companies had been its subsidiaries since January 1, 2006. For this reason the consolidated information is called proforma, having been prepared in order to ensure a better analysis and understanding of the combined balance sheet and income statement of these subsidiaries. The consolidated proforma financial statements should not be used as a basis for calculating dividends, taxes or for any other corporate purpose.

Balance Sheet (R\$ million)			
Assets	06/30/2007	03/31/2007	Chg. (%)
Current Assets	153.4	131.5	16.6%
Cash and cash equivalents	43.2	46.9	-7.8%
Accounts receivable	85.1	75.4	12.8%
Accounts receivable—FIES system	2.8	3.3	-16.2%
Advances to employees/third parties	4.1	1.9	119.2%
Related parties	15.9	1.3	1154.9%
Other	2.4	2.8	-12.4%
Non current			
Long term receivables	0.3	8.1	-96.7%
Related parties	-	7.3	n/a
Judicial deposits and other	0.3	0.8	-66.2%
Permanent assets	156.6	155.1	1.0%
Investments			
Pieces of arts	0.2	0.2	0.0%
Fixed assets	156.4	154.8	1.0%
Deferred charges	0.0	0.1	n/a
Total Assets	310.3	294.8	5.3%
Liabilities and Shareholders' Equity	06/30/2007	03/31/2007	Chg. (%)
Current Liabilities	157.7	142.3	10.8%
Loans and financings	1.9	3.4	-44.4%
Suppliers	13.7	15.0	-8.6%
Salaries and payroll charges	101.3	81.2	24.8%
Taxes payable	11.0	10.6	3.8%
Prepaid monthly tuition fees	26.2	28.9	-9.4%
Taxes paid in installments	1.0	1.1	-11.0%
Other	2.6	2.1	24.4%
Non-current liabilities			
Long term receivables	13.3	15.1	-11.9%
Loans and financings	0.1	0.7	-89.9%
Provision for contingencies	13.0	14.1	-7.9%
Taxes paid in installments	0.3	0.4	-13.0%
Deferred revenues			
AAvances under partnership agreement	13.0	13.8	-5.8%
Shareholders' Equity	126.3	123.6	2.2%
Capital	27.1	27.1	0.0%
Capital reserve	97.8	96.5	1.4%
Retained earnings	1.4	-	n/a
Total Liability and Shareholders' equity	310.3	294.8	5.3%

Financial Statements (R\$ million)	2Q07	% VA	2Q06	% VA	Chg. %
Gross revenue	316.2	149.9%	303.7	144.8%	4.1%
Tuition Fees	311.0	47.4%	297.5	41.9%	
Others	5.3	2.5%	6.2	3.0%	-14.8%
Deductions	(105.3)	-49.9%	(94.0)	-44.8%	12.1%
Gratuities scholarships	(86.7)	-41.1%	(82.9)	-39.5%	4.6%
Monthly tuition fees and charges returned	(0.7)	-0.3%	(0.5)	-0.2%	48.2%
Allowances	(8.5)	-4.0%	(9.2)	-4.4%	-7.9%
Taxes	(9.5)	-4.5%	(1.4)	-0.7%	579.7%
Net revenue	210.9	100.0%	209.7	100.0%	0.6%
Direct costs of services rendered	(141.5)	-67.1%	(143.2)	-68.3%	-1.1%
Gross profit	69.4	32.9%	66.6	31.7%	4.3%
Operating (expenses) revenue	(64.6)	-30.6%	(64.6)	-30.8%	0.0%
General and administrative expenses					
Financial income	(65.0)	-30.8%	(62.9)	-30.0%	3.3%
Financial expenses	2.0	0.9%	1.6	0.8%	22.0%
	(1.5)	-0.7%	(3.3)	-1.6%	-54.9%
Operating income (loss)	4.8	2.3%	2.0	0.9%	143.1%
EBITDA	9.9	4.7%	9.7	4.6%	1.9%
Nonoperating income (expenses), net	(1.9)	-0.9%	(0.0)	0.0%	n/a
Income (loss) before social contribution and income tax	2.9	1.4%	2.0	0.9%	48.2%
Social contribution (R\$)	(0.4)	-0.2%	(0.3)	-0.1%	48.4%
Income tax	(1.1)	-0.5%	(0.7)	-0.4%	47.7%
Net income	1.4	0.7%	0.9	0.4%	48.5%

Financial Statements (R\$ million)	1H07	% VA	1H06	% VA	Chg. %
Gross revenue	639.3	148.6%	614.3	146.2%	4.1%
Tuition Fees	626.0	145.5%	603.0	143.5%	3.8%
Others	13.3	3.1%	11.3	2.7%	17.6%
Deductions	(208.9)	-48.5%	(194.0)	-46.2%	7.7%
Gratuities scholarships	(173.5)	-40.3%	(170.8)	-41.4%	1.6%
Monthly tuition fees and charges returned	(1.7)	-0.4%	(2.0)	-0.5%	-14.0%
Allowances	(16.7)	-3.9%	(18.3)	-4.2%	-9.0%
Taxes	(17.1)	-4.0%	(2.9)	-2.6%	489.7%
Net revenue	430.3	100.0%	420.3	100.0%	2.4%
Direct costs of services rendered	(265.4)	-61.7%	(263.0)	-62.6%	0.9%
Gross profit	164.9	38.3%	157.3	38.0%	4.9%
Operating (expenses) revenue	(123.8)	-28.8%	(129.5)	-30.8%	-4.4%
General and administrative expenses					
Financial income	(126.7)	-0.2%	(127.0)	-26.0%	0.3%
Financial expenses	6.2	1.4%	5.8	1.4%	14.8%
Financial expenses	(3.3)	-0.8%	(6.1)	-1.4%	-41.8%
Operating income (loss)	41.1	9.6%	30.6	7.3%	48.4%
EBITDA	51.1	11.9%	44.2	10.5%	15.6%
Nonoperating income (expenses). net	(4.1)	-0.9%	(1.8)	-0.4%	-
Income (loss) before social contribution and income tax	37.1	8.6%	27.8	6.6%	33.5%
Social contribution (R\$)	(2.6)	-0.6%	(1.2)	-0.3%	136.4%
Income tax	(7.1)	-1.7%	(3.4)	-0.8%	136.7%
Net income	27.3	6.4%	23.7	5.6%	15.2%