2Q14 RESULTS

Moving towards our 2020 Vision

Student base records organic growth of 24%

EBITDA of R$106.0 million, up by 59%

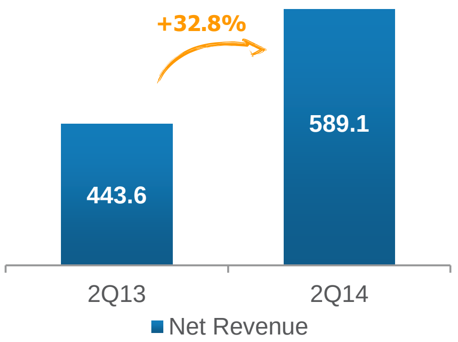
EBITDA margin of 18.0%, a gain of 3.0 p.p.

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.

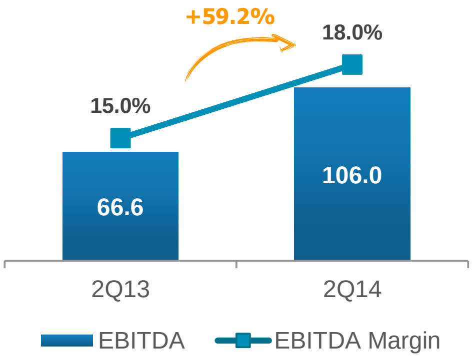
Quarter Highlights

(R$ million)

Net Revenue



EBITDA and EBITDA Margin



Highlights:

- Estácio closed 2Q14 with a **total base** of 383,000 students, 24.3% more than in 2Q13, 303,600 of whom enrolled in on-campus programs (21.7% 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 20% 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 24%.

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. 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%.

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	(0.9)	-125.0%
Renewable Base	**257.5**	**301.9**	**17.2%**
(-) Dropouts	(23.9)	(21.9)	-8.4%
Students - same shops	**233.6**	**280.0**	**19.9%**
(+) Acquisitions in the last 12 months (until 2Q)	-	0.9	N.A.
Students - Ending Balance	**233.6**	**280.9**	**20.2%**

(*) Figures not reviewed by the auditors

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.

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 9.5%, 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	233.6	280.9	20.2%
(+) On-Campus Graduate Student Base	15.8	19.4	22.8%
(=) Revenue Generating On-Campus Student Base	249.4	300.3	20.4%
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$)	544.1	595.9	9.5%

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

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

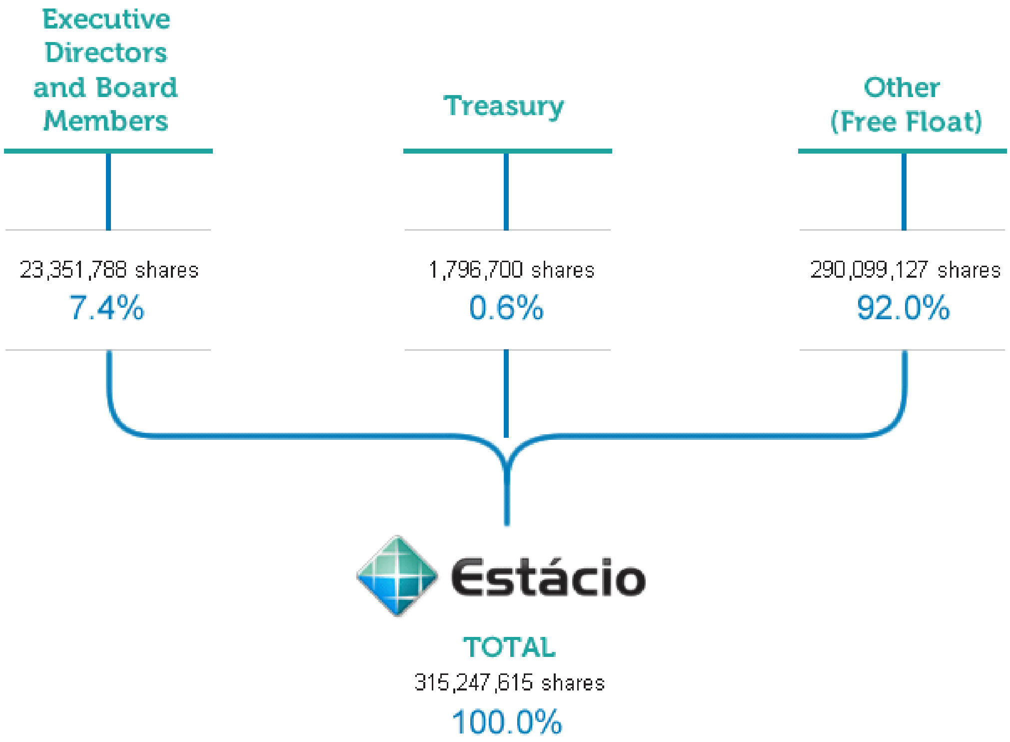
Estácio has received authorization to offer around 15,000 places under the 2nd Pronatec Program Notice (Training Scholarship Modality). According to the Notice schedule, enrollment will begin on July 30, 2014, and classes in mid-August. The main offered courses are: Logistics, Nursing, Occupational Safety, 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:



As of 07/01/2014

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

	Consolidated			Excluding acquisitions in the last 12 months		
R$ MM	2Q13	2Q14	Change	2Q13	2Q14	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.