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Estácio Participações S.A.

Quarterly information - ITR
at June 30, 2012 and December 31, 2011, and
Report on review of quarterly information

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent company and consolidated interim accounting information

June 30, 2012

Opinions and Statements

Company Information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Estácio Participações S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying interim accounting information of Estácio Participações S.A., included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2012, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and

IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statement of value added

We have also reviewed the statement of value added for the six-month period ended June 30, 2012. This statement is the responsibility of the Company's management, and is required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and is considered supplementary information under IFRS, which do not require the presentation of the statement of value added. This statement has been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the interim accounting information taken as a whole.

Audit and review of prior year numbers

The Quarterly Information – ITR referred to in the first paragraph includes accounting information corresponding to income and comprehensive income for the quarter and six-month ended June 30, 2011, changes in equity, cash flows, and added value for the six-month period ended June 30, 2011, which both were extracted from the Quarterly Information – ITR for that quarter, and to the balance sheets as at December 31, 2011, which were extracted from the financial statements as at December 31, 2011, presented herein for comparison purposes. The review of the Quarterly Information – ITR for the quarter and six-month period ended June 30, 2011 and the audit of the financial statements for the year ended December 31, 2011 were conducted by other independent auditors, who issued unqualified review and audit reports thereon dated August 10, 2011 and February 28, 2012, respectively.

Rio de Janeiro, August 8, 2012

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

Sérgio Eduardo Zamora
Contador CRC 1SP168728/O-4 "S" RJ

Parent Company Information – Capital

Number of Shares (thousands)	Current Quarter 06/30/2012
Paid up Capital	
Common	82,434,559
Preferred	-
Total	**82,434,559**
Treasury Stock	
Common	252,500
Preferred	-
Total	**252,500**

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Estácio Participações S.A.

Parent Company Information – Approval of Dividends

Event	Approval	Proceeds	First Payment	Stock Species	Stock Class	Dividends (Reais / Stock)
Ordinary and Extraordinary Shareholders' General Meeting	05/09/2012	Dividend	08/01/2012	Ordinárý		0,20257
Ordinary and Extraordinary Shareholders' General Meeting	05/09/2012	Dividend	08/01/2012	Ordinárý		0,20257

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent Company Balance Sheet - Assets
(in thousands of Reais)

Account Code	Account Description	06/30/2012	12/31/2011
1	Total assets	964,199	909,045
1.01	Current Assets	132,260	236,977
1.01.01	Cash and Cash Equivalents	105	1,503
1.01.02	Receivables	110,955	147,095
1.01.02.01	Trade Accounts Receivable	110,955	147,095
1.01.02.01.04	Banking Certificate Deposit	107,852	109,424
1.01.02.01.05	Debentures	3,103	37,671
1.01.03	Accounts Receivable	21,200	88,.352
1.01.03.02	Other Accounts Receivable	21,200	88,352
1.01.03.02.01	Related Parties	892	23,740
1.01 03.02.02	Advances to Employees	19	19
1.01.03.02.03	Prepaid Expenses	188	1,399
1.01.03.02.05	Dividends receivable	11,288	55,153
1.01.03.02.06	Interest on capital	1,275	1,275
1.01.03.02.07	Taxes and Contributions	6,062	5,469
1.01.03.02.08	Other Current Assets	1,476	1,297
1.02	Non-Current Assets	831,939	672,068
1.02.01	Long-Term Assets	3,047	2,118
1.02.01.09	Other Non-Current Assets	3,047	2,118
1.02.01.09.03	Others	3,047	2,118
1.02.02	Investments	746,908	586,849
1.02.02.01	Investments on Subsidiaries	746,908	586,849
1.02.02.01.02	Subsidiaries	746,908	586,849
1.02.03	Property, Plant and Equipment	4,887	6,068
1.02.03.01	Property, Plant and Equipment in Operation	4,887	6,068
1.02.04	Intangible	77,097	77,033
1.02.04.01	Intangibles	77,097	77,033
1.02.04.01.02	Goodwill	76,465	76,209
1.02.04.01.03	Other Intangibles	632	824

The accompanying notes are an integral part of this interim accounting information.

Parent Company Balance Sheet - Liabilities
(in thousands of Reais)

Account Code	Account Description	06/30/2012	12/31/2011
2	Total Liabilities	964,199	909,045
2.01	Current Liabilities	31,439	35,920
2.01.01	Social and Labor Obligations	124	181
2.01.01.01	Social Obligations	22	47
2.01.01.02	Labor Obligations	101	134
2.01.02	Suppliers	36	593
2.01.02.01	Domestic Suppliers	36	593
2.01.02.01.01	Domestic Suppliers	36	325
2.01.02.01.02	Other	0	268
2.01.03	Taxes, rates and contributions	67	262
2.01.03.01	Federal Obligations	53	246
2.01.03.01.01	Income Tax and Social Contribution Payable	13	67
2.01.03.01.02	PIS / COFINS Payable	40	179
2.01.03.03	City Obligations	14	16
2.01.03.03.01	City Obligations	14	16
2.01.04	Loans and Financing	3,811	4,901
2.01.04.01	Loans and Financing	3,811	4,901
2.01.04.01.01	Domestic Currency	3,811	4,901
2.01.05	Other Liabilities	27,402	29,983
2.01.05.01	Related Parties	8,940	11,521
2.01.05.01.02	Subsidaries	8,940	11,521
2.01.05.02	Others	18,462	18,462
2.01.05.02.02	Dividends payable	16,662	16,662
2.01.05.02.04	Advance an agreement	1,800	1,800
2.02	Non-Current Liabilities	253,631	254,190
2.02.01	Loans and Financing	245,231	244,890
2.02.01.01	Loans and Financing	245,231	244,890
2.02.01.01.01	Domestic Currency	245,231	244,890
2.02.02	Other Liabilities	8,400	9,300
2.02.02.02	Others	8,400	9,300
2.02.02.02.03	Advance an agreement	8,400	9,300
2.03	Shareholders' Equity	679,129	618,935
2.03.01	Paid up Capital	364,979	361,573
2.03.02	Capital Reserves	111,766	109,760
2.03.02.04	Options Granted	2,006	13,194
2.03.02.07	Non-distributable profit	109,760	96,566
2.03.04	Revenue Reserves	147,403	147,602
2.03.04.01	Legal Reserve	13,779	13,779

Parent Company Balance Sheet - Liabilities
(in thousands of Reais)

2.03.04.05	Retained Earnings Reserve	140,,170	123,508
2.03.04.08	Additional Dividends Approval	0	16,662
2.03.04.09	Treasury Stock	-6,546	-6,347
2.03.05	Income/Losses Accumulated	54,981	0

The accompanying notes are an integral part of this interim accounting information.

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent Company - Statements of Income
(in thousands of Reais)

Account Code	Account Description	Quarter - current year 04/01/2012 to 06/30/2012	Year-to-date - current year 01/01/2012 to 06/30/2012	Quarter - prior year 04/01/2011 to 06/30/2011	Year-to-date - prior year 01/01/2011 to 06/30/2011
3.04	Operating Revenues (Expenses)	18,279	61,856	7,686	39,144
3.04.02	General and Administrative	-3,632	-6,553	-5,139	-5,120
3.04.04	Other Operating Revenues	896	1,346	811	1,307
3.04.05	Other Operating Expenses	0	0	-9	-9
3.04.05.02	Income of non-ongoing activities	0	0	-9	-9
3.04.06	Equity Pick Up	21,015	67,063	12,024	42,966
3.05	Operating Income (Loss)	18,279	61,856	7,686	39,144
3.06	Financial	-3,125	-6,875	233	-2,493
3.06.01	Financial Revenues	3,362	7,644	613	1,334
3.06.02	Financial Expenses	-6,557	-14,519	-380	-3,827
3.07	Income (Loss) Before Taxes /Profit Sharing	15,064	54,981	7,919	36,651
3.09	Profit (Loss) for the Period	15,064	54,981	7,919	36,651
3.11	Profit (Loss) for the Period	15,064	54,981	7,919	36,651
3.99	Earnings per share (R$/share)				
3.99.01	Basic Earnings per share				
3.99.01.01	Common shares	0,00018	0,00067	0,00009	0,00045
3.99.02	Diluted Earnings per share				
3.99.02.01	Common shares	0,00018	0,00066	0,00000	0,00044

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent Company - Comprehensive Income Statement
(in thousands of Reais)

Account Code	Account Description	Quarter - current year 04/01/2012 to 06/30/2012	Year-to-date - current year 01/01/2012 to 06/30/2012	Quarter - prior year 04/01/2011 to 06/30/2011	Year-to-date - prior year 01/01/2011 to 06/30/2011
4.01	Profit (Loss) for the Period	15,064	54,981	7,919	36,651
4.02	Other Comprehensive Income	0	0	106	-173
4.03	Comprehensive Income for the Period	15,064	54,981	8,025	36,478

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent Company Cash Flow Statement - Indirect Method
(in thousands of Reais)

Account Code	Account Description	Year-to-Date - current year 01/01/2012 to 06/30/2012	Year-to-date - prior year 01/01/2011 to 06/30/2011
6.01	Net cash and cash equivalents generated (used) by operating activities	53,868	33,130
6.01.01	Cash and cash equivalents generated by operating activities	5,097	-804
6.01.01.01	Earning before income tax (EBIT)	54,981	36,651
6.01.01.02	Depreciation and amortisation	1,761	1,156
6.01.01.04	Waiver of debt	0	3,298
6.01.01.06	Options Granted	2,005	1,300
6.01.01.08	Interest on Subsidiaries Loans	-94	-243
6.01.01.09	Equity in results of investments	-67,063	-42,966
6.01.01.11	Interest variation on loans	13,507	0
6.01.02	Variations in assets and liabilities	47,760	33,964
6.01.02.01	Other Assets (Increase)	440	916
6.01.02.02	Suppliers Increase (Decrease)	-289	-254
6.01.02.03	Fiscal Obligations Increase (Decrease)	-195	-127
6.01.02.04	Labor Obligations Increase (Decrease)	-58	6
6.01.02.05	Other Liabilities Increase (Decrease)	-268	124
6.01.02.06	Advance an agreement Increase (Decrease)	-900	-900
6.01.02.07	Non-Current Assets Increase (Decrease)	-929	824
6.01.02.08	Accounts Receivable Increase (Decrease)	22,942	-619
6.01.02.09	Accounts Payable Increase (Decrease)	-2,581	5,535
6.01.02.13	Dividends Received	43,865	28,459
6.01.02.14	Interest paid	-14,505	0
6.02	Net cash and cash equivalents generated (used) by investment activities	-57,500	-42,977
6.02.01	Marketable securities	36,140	34,671
6.02.02	Goodwill	0	-14,585
6.02.03	Property, Plant and Equipament	-580	-308
6.02.04	Other Intangibles	-64	7
6.02.06	Investments on Subsidiaries	-99,252	-883
6.02.08	Advance for future capital increase	6,256	-61,879
6.03	Net cash and cash equivalents generated (used) by financing activities	3,207	8,113
6.03.01	Capital Increase	3,406	-3,949
6.03.02	Dividends Distributed	0	-38,314
6.03.04	Treasury Stocks	-199	-1,030
6.03.05	Offering’s Expenses	0	2,504
6.03.06	Goodwill’s Adjustments on Share Subscription	0	474
6.03.07	Loans and Financing Increase	0	48,428
6.04	Exchange variaton on cash and cash equivalents	0	173
6.05	Increase (decrease) on cash and cash equivalents	-1,425	-1,531

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent Company Cash Flow Statement - Indirect Method
(in thousands of Reais)

6.05.01	Beginning cash and cash equivalents balance	1,530	12.331

Estácio Participações S.A.

Parent Company Cash Flow Statement - Indirect Method
(in thousands of Reais)

6.05.02	Ending cash and cash equivalents balance	105	10.800

The accompanying notes are an integral part of this interim accounting information.

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent Company Statement of Changes in Shareholders' Equity from 01/01/2011 to 06/30/2011
(in thousands of Reais)

Account Code	Account Description	Capital	Capital Reserves	Revenues Reserves	Retained Losses	Equity Valuation Adjustments	TOTAL SHAREHOLDERS' EQUITY
5.01	Beginning balance	361,573	109,760	147,602	0	0	618,935
5.03	Ajusted Beginning balance	361,573	109,760	147,602	0	0	618,935
5.04	Shareholder´s Transactions	3,406	2,006	-199	0	0	5,213
5.04.01	Capital increasing	3,406	0	0	0	0	3,406
5.04.03	Options Granted	0	2,006	0	0	0	2,006
5.04.04	Treasury Stocks	0	0	-199	0	0	-199
5.05	Total Comprehensive Income	0	0	0	54,981	0	54,981
5.05.01	Profit (Loss) for the Period	0	0	0	54,981	0	54,981
5.07	Ending balance	364,979	111,766	147,403	54,981	0	679,129

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent Company Statement of Changes in Shareholders' Equity from 01/01/2011 to 06/30/2011
(in thousands of Reais)

Account Code	Account Description	Capital	Capital Reserves	Revenues Reserves	Retained Losses	Equity Valuation Adjustments	TOTAL SHAREHOLDERS' EQUITY
5.01	Beginning balance	360,137	106,851	119,315	0	-405	585,898
5.03	Ajusted Beginning balance	360,137	106,851	119,315	0	-405	585,898
5.04	Shareholder´s Transactions	1,445	1,300	-20,187	0	0	-17,442
5.04.01	Capital increasing	3,949	0	0	0	0	3,949
5.04.02	Offering's Expenses	-2,504	0	0	0	0	-2,504
5.04.03	Options Granted	0	1,300	0	0	0	1,300
5.04.04	Treasury Stocks	0	0	-1,030	0	0	-1,030
5.04.08	Additional Dividends Approval	0	0	-19,157	0	0	-19,157
5.05	Total Comprehensive Income	0	0	0	36,651	173	36,824
5.05.01	Profit (Loss) for the Period	0	0	0	36,651	0	36,651
5.05.02	Other Comprehensive Income	0	0	0	0	173	173
5.05.02.04	Translation Adjustments	0	0	0	0	173	173
5.06	Internal Changes in Shareholder's Equity	0	-475	0	0	0	-475
5.06.01	Reserves	0	-475	0	0	0	-475
5.07	Ending balance	361,582	107,676	99,128	36,651	-232	604,805

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent Company - Statement of Added Value (in thousands of Reais)

Account Code	Account Description	Year-to-Date -current year 01/01/2012 to 06/30/2012	Year-to-date - prior year 01/01/2011 to 06/30/2011
7.02	Raw Material Acquired from Third Parties	-3,596	-1,073
7.02.02	Material, Energy, Services and Others	-3,596	-3,972
7.02.03	Loss/Recuperation of Active Values	0	-10
7.02.04	Others	0	2,909
7.03	Gross Added Value	-3,596	-1,073
7.04	Retentions	-1,761	-1,156
7.04.01	Depreciation and Amortization	-,1761	-1,156
7.05	Net Added Value Produced	-5,357	-2,229
7.06	Added Value Received from Transfers	76,053	45,607
7.06.01	Equity Pick Up	67,063	42,966
7.06.02	Financial Revenues	7,644	1,334
7.06.03	Others	1,346	1,307
7.07	Total Added Value to Share	70,696	43,378
7.08	Sharing Added Value	70,696	43,378
7.08.01	Labor	876	1,987
7.08.01.01	Cost of Working	876	1,983
7.08.01.03	F.G.T.S	0	4
7.08.02	Taxes, Fees and Contributions	320	913
7.08.02.01	Federal	302	893
7.08.02.03	Municipal	18	20
7.08.03	Earnings - Borrowed Capital	14,519	3,827
7.08.03.01	Interest	14,519	3,827
7.08.04	Earnings - Owned Capital	54,981	36,651
7.08.04.03	Retained Earnings (Losses)	54,981	36,651

Consolidated Balance Sheet - Assets
(in thousands of Reais)

Account Code	Account Description	06/30/2012	12/31/2011
1	Total assets	1,151,001	1,068,718
1.01	Current Assets	520,480	497,708
1.01.01	Cash and Cash Equivalents	17,928	21,857
1.01.01.01	Cash and Cash Equivalents	17,928	21,857
1.01.02	Receivables	149,733	147,565
1.01.02.01	Trade Accounts Receivable	149,733	147,565
1.01.02.01.04	Banking Certificate Deposit	145,545	108,526
1.01.02.01.05	Debentures	4,188	39,039
1.01.03	Accounts Receivable	352,819	328,286
1.01.03.01	Clients	268,002	244,070
1.01.03.02	Other Accounts Receivable	84,817	84,216
1.01.03.02.01	Related Parties	259	259
1.01.03.02.02	Advances to Employees	20,303	17,472
1.01.03.02.03	Prepaid Expenses	12,835	10,318
1.01.03.02.04	Compensation Accounts – Fies System	6,184	16,683
1.01.03.02.07	Taxes and Contributions	18,568	18,297
1.01.03.02.08	Other Current Assets	26,668	21,187
1.02	Non-Current Assets	630,521	571,010
1.02.01	Long-Term Assets	94,406	79,123
1.02.01.06	Deferred Taxes	13,434	13,365
1.02.01.06.01	Deferred Income Tax and Social Contribution	13,434	13,365
1.02.01.07	Prepaid Expenses	655	664
1.02.01.07.01	Prepaid Expenses	655	664
1.02.01.09	Other Non-Current Assets	80,317	65,094
1.02.01.09.03	Escrow Deposits	78,800	63,564
1.02.01.09.04	Others	1,517	1,530
1.02.02	Investments	229	229
1.02.02.02	Investments Properties	229	229
1.02.02.02.01	Work of arts	229	229
1.02.03	Property, Plant and Equipment	275,855	263,801
1.02.03.01	Property, Plant and Equipment in Operation	239,774	229,498
1.02.03.02	Leased asset	14,328	9,713
1.02.03.03	Ongoing asset	21,753	24,590
1.02.04	Intangible	260,031	227,857
1.02.04.01	Intangibles	260,031	227,857
1.02.04.01.02	Goodwill	162,919	141,590
1.02.04.01.03	Other Intangibles	97,112	86,267

(A free translation of the original in Portuguese)
Estácio Participações S.A.

Consolidated Balance Sheet - Liabilities
(in thousands of Reais)

Account Code	Account Description	06/30/2012	12/31/2011
2	Total liabilities	1,151,001	1,068,718
2.01	Current Liabilities	154,237	134,668
2.01.01	Social and Labor Obligations	83,607	57,490
2.01.01.01	Social Obligations	15,356	17, 633
2.01.01.02	Labor Obligations	68,251	39,857
2.01.02	Suppliers	23,523	20,888
2.01.02.01	Domestic Suppliers	23,523	20,888
2.01.02.01.01	Domestic Suppliers	20,673	18,199
2.01.02.01.02	Others	2,850	2,689
2.01.03	Taxes, rates and contributions	9,055	15,846
2.01.03.01	Federal Obligations	5,683	11,068
2.01.03.01.01	Income Tax and Social Contribution Payable	4,445	9,780
2.01.03.01.02	PIS / COFINS Payable	1,022	1,059
2.01.03.01.03	IOF	63	64
2.01.03.01.04	PIS / COFINS Partial Payment	43	41
2.01.03.01.05	INSS	110	124
2.01.03.03	Municipal Obligations	3,372	4,778
2.01.03.03.01	Municipal Obligations	3,357	4,724
2.01.03.03.02	IPTU Partial Payment	15	54
2.01.04	Loans and Financing	7,742	6,549
2.01.04.01	Loans and Financing	7,742	6,549
2.01.04.01.01	Domestic Currency	7,742	6,549
2.01.05	Other Obligations	30,310	33,895
2.01.05.02	Others	30,310	33,895
2.01.05.02.02	Dividends payable	16,662	16,662
2.01.05.02.04	Prepaid Montlhy Payments	7,219	8,972
2.01.05.02.05	Authorizations Payable	3,542	5,374
2.01.05.02.06	Advance an agreement	2,887	2,887
2.02	Non-Current Liabilities	317,635	315,115
2.02.01	Loans and Financing	250,614	247,847
2.02.01.01	Loans and Financing	250,614	247,847
2.02.01.01.01	Domestic Currency	250,614	247,847
2.02.02	Other Obligations	23,612	19,344
2.02.02.02	Others	23,612	19,344
2.02.02.02.03	Advance an agreement	13,470	14,913
2.02.02.02.04	Income Tax and Social Contribution Payable Partial	204	195
2.02.02.02.05	FGTS Partial	12	13
2.02.02.02.06	INSS Partial	3,673	3,914
2.02.02.02.07	PIS / COFINS Partial	300	309

Consolidated Balance Sheet - Liabilities
(in thousands of Reais)

2.02.02.02.08	Others	5,953	0
2.02.03	Deferred Taxes	2,718	1,812
2.02.03.01	Deferred Income Tax and Social Contribution	2,718	1,812
2.02.04	Provisions	40,691	46,112
2.02.04.01	Tax, Labor and Civil Provisions	26,983	32,419
2.02.04.01.05	Provision for contingencies	26,983	32,419
2.02.04.02	Other Provisions	13,708	13,693
2.02.04.02.04	Asset Retirement Obligation	13,708	13,693
2.03	Shareholders' Equity	679,129	618,935
2.03.01	Paid up Capital	364,979	361,573
2.03.01.01	Paid up Capital	364,979	361,573
2.03.02	Capital Reserves	111,766	109,760
2.03.02.04	Options granted	2,006	13,194
2.03.02.07	Non-distributable profit	109,760	96,566
2.03.04	Revenue Reserves	147,403	147,602
2.03.04.01	Legal Reserve	13,779	13,779
2.03.04.05	Earnings Retention Reserves	140,170	123,508
2.03.04.08	Additional Dividends Approval	0	16,662
2.03.04.09	Treasury Stocks	-6,546	-6,347
2.03.05	Accumulated Income (Loss)	54,981	0

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Consolidated Income Statement
(in thousands of Reais)

Account Code	Account Description	Quarter - current year 04/01/2012 to 06/30/2012	Year-to-date - current year 01/01/2012 to 06/30/2012	Quarter - prior year 04/01/2011 to 06/30/2011	Year-to-date - prior year 01/01/2011 to 06/30/2011
3.01	Net Operating Revenues from Goods Sold and/or Services Rendered	341,422	671,974	289,885	565,709
3.02	Cost of Goods Sold and/or Services Rendered	-226,512	-426,079	-203,346	-383,357
3.03	Gross Income	114,910	245,895	86,539	182,352
3.04	Operating Revenues (Expenses)	-94,197	-178,865	-74,177	-141,366
3.04.01	Sales	-48,441	-85,783	-31,816	-60,767
3.04.02	General and Administrative	-49,898	-99,663	-44,472	-84,618
3.04.04	Other Operating Revenues	4,142	6,607	2,343	4,055
3.04.05	Other Operating Expenses	0	-26	-232	-36
3.04.05.01	Income of non-ongoing activities	0	-26	-232	-36
3.05	Operating Income (Loss)	20,713	67,030	12,362	40,986
3.06	Financial	-7,065	-11,119	-2,079	-447
3.06.01	Financial Revenues	5,470	14,073	3,151	12,630
3.06.02	Financial Expenses	-12,535	-25,192	-5,230	-13,077
3.07	Income (Loss) Before Taxes /Profit Sharing	13,648	55,911	10,283	40,539
3.08	Income Tax and Social Contribution	1,416	-930	-2,364	-3,888
3.08.01	Current	3,201	-93	1,653	129
3.08.02	Deferred	-1,785	-837	-4,017	-4,107
3.09	Profit (Loss) for the Period	15,064	54,981	7,919	36,651
3.11	Consolidated Profit (Loss) for the Period	15,064	54,981	7,919	36,651
3.11.01	Atributted to shareholders	15,064	54,981	7,919	36,651
3.99	Earnings per share (R$/share)				
3.99.01	Basic Earnings per share				
3.99.01.01	Common shares	0,00018	0,00067	0,00009	0,00045
3.99.02	Diluted Earnings per share				
3.99.02.01	Common shares	0,00018	0,00066	0,00000	0,00044

(A free translation of the original in Portuguese)
Estácio Participações S.A.

Consolidated Cash Flow Statement - Indirect Method
(in thousands of Reais)

Account Code	Account Description	Quarter - current year 04/01/2012 to 06/30/2012	Year-to-date - current year 01/01/2012 to 06/30/2012	Quarter - prior year 04/01/2011 to 06/30/2011	Year-to-date - prior year 01/01/2011 to 06/30/2011
4.01	Profit (Loss) for the Period	15,064	54,981	7,919	36,651
4.02	Other Comprehensive Income	0	0	106	-173
4.03	Comprehensive Income for the Period	15,064	54,981	8,025	36,478
4.03.01	Atributted to Shareholder's	15,064	54,981	8,025	36,478

Consolidated Cash Flow Statement - Indirect Method
(in thousands of Reais)

Accont Code	Account description	Year-to-Date - current year 01/01/2012 to 06/30/2012	Year-to-date - prior year 01/01/2011 to 06/30/2011
6.01	Net cash and cash equivalents generated (used) by operating activities	62,615	17,202
6.01.01	Cash and cash equivalents generated by operating activities	144,681	79,562
6.01.01.01	Earnings before income tax (EBIT)	55,911	40,539
6.01.01.02	Depreciation and Amortization	27,921	18,536
6.01.01.03	Residual Value of Fixed Asset	143	0
6.01.01.04	Waiver of debt	0	3,298
6.01.01.05	Allowance for doubtful accounts	44,045	22,760
6.01.01.06	Options Granted	2,006	1,300
6.01.01.07	Provision for contingencies	586	-2,729
6.01.01.08	Interest on Subsidiaries Loans	0	-254
6.01.01.10	Interest on Loans	13,507	191
6.01.01.11	Interest on ARO	562	0
6.01.02	Variations in assets and liabilities	-81,519	-63,255
6.01.02.01	Accounts receivable (Increase)	-67,977	-73,810
6.01.02.02	Other Assets (Increase)	-505	-11,063
6.01.02.03	Suppliers Increase (Decrease)	2,474	-3,646
6.01.02.04	Fiscal Obligations Increase (Decrease)	-7,670	-10,403
6.01.02.05	Labor Obligations Increase	26,117	32,374
6.01.02.06	Prepaid Monthly Receivables (Decrease)	-1,753	-9,938
6.01.02.07	Provision for Contingencies Increase (Decrease)	-6,022	-256
6.01.02.08	Other Liabilities Increase (Decrease)	5,114	11,699
6.01.02.09	Advance an agreement (Decrease)	-1,443	-1,444
6.01.02.10	Non-Current Assets Increase (Decrease)	-15,310	-7,559
6.01.02.11	Accounts Receivable Increase (Decrease)	-14,505	6,903
6.01.02.14	Deferred Income Tax and Social Contribution Increase (Decrease)	-69	0
6.01.03	Others	-547	704
6.01.03.01	Obligation arising from asset retirement	-547	704
6.02	Net cash and cash equivalents generated (used) by investment activities	-74,081	-9,624
6.02.01	Marketable securities	-2,168	114,016
6.02.02	Goodwill	0	-65,366
6.02.03	Property, Plant and Equipment	-29,747	-46,587
6.02.04	Other Intangible	-42,166	-18,017
6.02.07	Investments on Subsidiaries	0	6,330
6.03	Net cash and cash equivalents generated (used) by financing activities	7,537	9,044
6.03.01	Capital Increasing	3,406	-3,949
6.03.02	Distibuted Dividends	0	-38,314
6.03.03	Loans and Financing Increasing	4,330	49,359

Consolidated Cash Flow Statement - Indirect Method
(in thousands of Reais)

6.03.04	Treasury Stocks	-199	-1,030
6.03.05	Offering's Expenses	0	2,504
6.03.06	Goodwill's Adjustments on Share Subscription	0	474
6.04	Monetary fluctuations on cash and cash equivalents	0	173
6.05	Increase (decrease) on cash and cash equivalents	-3,928	16,795
6.05.01	Beginning cash and cash equivalents balance	21,857	44,727
6.05.02	Ending cash and cash equivalents balance	17,929	61,522

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Consolidated - Statement of Added Value
(in thousands of Reais)

Account Code	Account Description	Capital	Capital Reserves	Revenues Reserves	Retained Earnings (Losses)	Other Earnings (Losses)	TOTAL SHAREHOLDERS' EQUITY	Minority Interest	Consolidated SHAREHOLDERS' EQUITY
5.01	Beginning balance	361,573	109,760	147,602	0	0	618,935	0	618,935
5.03	Prior year adjusted	361,573	109,760	147,602	0	0	618,935	0	618,935
5.04	Capital transactions with stockholders	3,406	2,006	-199	0	0	5,213	0	5,213
5.04.01	Capital Increasing	3,406	0	0	0	0	3,406	0	3,406
5.04.03	Options granted	0	2,006	0	0	0	2,006	0	2,006
5.04.04	Treasury Stocks	0	0	-199	0	0	-199	0	-199
5.05	Comprehensive income statement	0	0	0	54,981	0	54,981	0	54,981
5.05.01	Net income for the period	0	0	0	54,981	0	54,981	0	54,981
5.07	Ending balance	364,979	111,766	147,403	54,981	0	679,129	0	679,129

(A free translation of the original in Portuguese)
Estácio Participações S.A.

Consolidated - Statement of Added Value
(in thousands of Reais)

Account Code	Account Description	Capital	Capital Reserves	Revenues Reserves	Retained Earnings (Losses)	Other Earnings (Losses)	TOTAL SHAREHOLDERS' EQUITY	Minority Interest	Consolidated SHAREHOLDERS' EQUITY
5.01	Beginning balance	360,137	106,851	119,315	0	-405	585,898	0	585,898
5.03	Prior year adjusted	360,137	106,851	119,315	0	-405	585,898	0	585,898
5.04	Capital transactions with stockholders	1,445	1,300	-20,187	0	0	-17,442	0	-17,442
5.04.01	Capital Increasing	3,949	0	0	0	0	3,949	0	3,949
5.04.02	Offering’s Expenses	-2,504	0	0	0	0	-2,504	0	-2,504
5.04.03	Options Granted	0	1,300	0	0	0	1,300	0	1,300
5.04.04	Treasury Stocks	0	0	-1,030	0	0	-1,030	0	-1,030
5.04.08	Approval por Dividends	0	0	-19,157	0	0	-19,157	0	-19,157
5.05	Comprehensive income statement	0	0	0	36,651	173	36,824	0	36,824
5.05.01	Net income for the period	0	0	0	36,651	0	36,651	0	36,651
5.05.02	Other Comprehensive Income	0	0	0	0	173	173	0	173
5.05.02.04	Translation Adjustments	0	0	0	0	173	173	0	173
5.06	Internal Changes in Shareholders’ Equity	0	-475	0	0	0	-475	0	-475
5.06.01	Reserver Constitution	0	-475	0	0	0	-475	0	-475
5.07	Ending balance	361,582	107,676	99,128	36,651	-232	604,805	0	604,805

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Consolidated - Statement of Added Value
(in thousands of Reais)

Account code	Account description	Year-to-Date - current year 01/01/2012 to 06/30/2012	Year-to-date - prior year 01/01/2011 to 06/30/2011
7.01	Revenues	658,888	567,017
7.01.01	Net Operating Revenues from Goods Sold and/or Services Rendered	700,098	585,275
7.01.02	Other Revenues	2,835	4,502
7.01.04	Provision/Reversal for doubtful debts	-44,045	-22,760
7.02	Raw Material Acquired from Third Parties	-130,957	-112,470
7.02.02	Material, Energy, Services and Others	-130,359	-115,164
7.02.03	Loss/Recuperation of Active Values	-12	90
7.02.04	Others	-586	2,604
7.03	Gross Added Value	527,931	454,547
7.04	Retentions	-27,921	-18,536
7.04.01	Depreciation and Amortization	-27,921	-18,536
7.05	Net Added Value Produced	500,010	436,011
7.06	Added Value Received from Transfers	20,664	16,685
7.06.02	Financial Revenues	14,073	12,630
7.06.03	Others	6,591	4,055
7.07	Total Added Value to Share	520,674	452,696
7.08	Sharing Added Value	520,674	452,696
7.08.01	Labor	284,669	260,705
7.08.01.01	Cost of Working	256,667	237,096
7.08.01.02	Benefits	8,825	5,947
7.08.01.03	F.G.T.S.	19,177	17,662
7.08.02	Taxes, Fees and Contributions	98,842	89,601
7.08.02.01	Federal	64,441	62,814
7.08.02.02	State	2	1
7.08.02.03	Municipal	34,399	26,786
7.08.03	Earnings - Borrowed Capital	82,182	65,739
7.08.03.01	Interest	25,192	13,082
7.08.03.02	Rentals	56,990	52,657
7.08.04	Earnings - Owned Capital	54,981	36,651
7.08.04.03	Retained Earnings (Losses)	54,981	36,651

1. Operations

Estácio Participações S.A. ("Estácio" or "Company") is a corporation headquartered in the city and state of Rio de Janeiro, having been organized through private share subscription on March 31, 2007, and currently listed in Bovespa's *Novo Mercado*. It controls, either directly or indirectly, 8 limited liability business entities. The conglomerate comprises one University, two University Centers and 33 colleges, in 19 Brazilian states. Estácio's main activities are the development and/or management of activities and/or institutions in the areas of college education, professional education and/or other associated areas, management of own assets and businesses, and holding interests, either as a partner or shareholder, in other non-business or business enterprises in Brazil. The Company's corporate head office is located at Avenida Embaixador Abelardo Bueno, 199, Rio de Janeiro - RJ.

The quarterly information of Estácio was approved at the meeting held by the Board of Directors on August 7, 2012.

2. Accounting practices

The consolidated quarterly information was prepared in accordance with CPC 21/IAS 34 - "Interim Statements". The Company also applies accounting policies set out in the Brazilian corporation law and specific rules issued by the Brazilian Securities Commission (CVM), which do not conflict with CPC 21/IAS 34.

The parent company quarterly information was prepared in accordance with CPC 21 - "Interim Statements" and is disclosed together with the consolidated quarterly information.

The information relating to the annual financial statements for the year ended December 31, 2011, presented together with the quarterly information for comparison purposes, was prepared in accordance with accounting principles adopted in Brazil and the International Financial Reporting Standards (IFRS). The accounting practices applied in this parent company and consolidated quarterly information are consistent with those applied in the annual financial statements as at December 31, 2011.

The parent company and consolidated quarterly information was prepared in accordance with various valuation methods used in accounting estimates. Accounting estimates involved in the preparation of the parent company and consolidated interim accounting information were based on objective and subjective factors, involving use of professional judgment by management to determine the appropriate amount to be recorded in the parent company and consolidated interim accounting information. Significant items subject to these estimates and assumptions include selection of useful lives of property and equipment and the recoverability thereof in the normal course of operations, valuation of financial assets at fair value, credit risk assessment to determine the allowance for doubtful accounts, as well as assessment of other risks to determine other provisions, including provisions for contingencies.

(In thousands of reais, unless otherwise stated)

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

The Company has adopted all the standards, amendments to standards and interpretations issued by the Brazilian CPC, IASB and regulatory bodies that were effective as of June 30, 2012, except for the valuation of investments in subsidiaries under the equity accounting method in the parent company quarterly information, as required by ICPC 09, whereas these would be measured at cost or fair value under IFRS.

2.1. Basis of consolidation

The consolidated quarterly information includes the operations of the Company and the following subsidiaries, whose ownership interest as of the balance sheet date is as follows:

	6/30/2012	12/31/2011
	Direct	**Direct**
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	100%	100%
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	100%	100%
Nova Academia do Concurso-Cursos Preparatórios Ltda.	100%	100%
Estácio Editora	100%	100%

	6/30/2012	12/31/2011
	Indirect	**Indirect**
Sociedade Educacional Atual da Amazônia ("ATUAL")	100%	100%
Faculdade de Natal Ltda. ("FAL")	100%	100%
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100%	100%
	100%	
IDEZ EMPREENDIMENTOS EDUCACIONAIS SOCIEDADE SIMPLES LTDA.	100%	

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

The main consolidation procedures are:

- elimination of intercompany current accounts and other asset and liability balances;
- elimination of the effects arising from significant intercompany transactions;
- elimination of interest in capital, reserves and retained earnings of the consolidated companies; and
- elimination of revenues and expenses arising from business transactions between consolidated companies.

2.2. Business combinations

Business combinations are accounted for by the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred - based on the fair value on the acquisition date - and the value of any non-controlling interest in the acquiree. For each business combination, the acquirer must measure all non-controlling interest in the acquiree either at fair value or based on its interest in the net identifiable assets of the acquiree. Costs directly attributable to the acquisition must be expensed as incurred.

When purchasing a business, the Company evaluates the financial assets and liabilities assumed in order to classify and allocate them according to the contractual terms, economic circumstances and the conditions prevailing on the acquisition date, including segregation by the acquiree of existing embedded derivatives in host contracts of the acquiree.

If the business combination is carried out in stages, the fair value at the acquisition date of the previously held equity interest in the acquiree's equity is remeasured at fair value on the acquisition date, and the resulting impacts are recognized in the income statement.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value on the acquisition date. Changes in the fair value of the contingent consideration regarded as an asset or a liability should be recognized in accordance with CPC 38 (IAS 39) in the income statement or other comprehensive income. If the contingent consideration is classified as equity, it should not be revalued until eventually settled in equity.

Initially, goodwill is measured as the excess of consideration transferred in relation to net assets acquired (identifiable assets acquired and liabilities assumed). If the consideration is lower than the fair value of net assets acquired, the corresponding difference should be recognized as a gain in the income statement.

After first-time recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment test purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating unit (CGU) of the Company that is expected to benefit from the synergies of the combination, irrespectively of other assets or liabilities of the acquiree being assigned to that CGU.

When goodwill is part of a cash-generating unit and a portion of that unit is disposed of, the goodwill associated with the portion disposed of shall be included in the cost of the operation to determine the gain or loss on disposal. Goodwill disposed of in such circumstances is determined based on the proportional value of the portion sold in relation to the cash-generating unit retained.

2.2.1 - Indirect subsidiaries

(i) On April 5, 2012, the Company acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"), the total capital of Associação Educacional da Amazônia ("ASSEAMA"), sponsoring entity of Faculdade Seama, with principal offices and campus in the city of Macapá, State of Amapá. The transaction amount was R$ 21,720, including payments to the partners and assumption of the acquiree's obligations.

As of the acquisition date, Seama had 2,750 students enrolled in its in-person undergraduate and graduate courses. The consolidation of the activities in Amapá will enable the Company's expansion in a market where it is already present, and it will thus become the largest private higher education institution in that city (unaudited).

(ii) On June 25, 2012, the Company acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda ("ATUAL"), the total capital of iDEZ Empreendimentos Educacionais Sociedade Simples LTDA ("IDEZ"), sponsoring entity of Faculdade de Tecnologia IBRATEC de João Pessoa ("UNIBRATEC"), with principal offices and campus in the city of João Pessoa, State of Paraíba. The transaction amount was R$2,750, including payments to the partners and assumption of the acquiree's obligations.

As of the acquisition date, IDEZ had 500 students enrolled in its in-person undergraduate and graduate courses. The consolidation of the activities in Paraíba will signal the arrival of Estácio in that State, consolidating its position as leading higher education institution in the Northeast Region.

The Company has not yet proceeded with the allocation of goodwill, since it is in the process of determining the fair value of assets acquired and liabilities assumed and the identification of intangible assets.

2.3. Determination of profit or loss

Profit or loss is determined on the accrual basis of accounting, and the following is highlighted:

- Revenues from activities are recognized upon rendering of the related services;
- Cost of services rendered is recognized when incurred in rendering the related services;
- Operating income and expenses are recognized when incurred.

2.4. Foreign currency translation

The functional currency of the Company and its subsidiaries in Brazil is the Brazilian real, which is also the presentation currency of both the parent company and consolidated interim financial information. The financial information of each subsidiary included in the Company's consolidation, and by the equity method in the parent company financial information, is prepared in the functional currency of each entity.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash, bank account balances, and highly liquid short-term investments with an insignificant risk of change in market value, which are held to meet the Company's short-term cash commitments. These investments are stated at cost plus interest to the balance sheet date, and marked to market, with any related gains and losses being included in the income statement. The breakdown of these short-term investments by type of classification is presented in note 3.

2.6. Marketable securities

The Company classifies its marketable securities as held for trading, considering the purpose for which the security was acquired.

Marketable securities held for trading are measured at fair value. Interest and monetary and foreign exchange differences are recognized in the income statement as incurred, when applicable. The breakdown of these investments by type of classification is presented in note 3.

2.7. Accounts receivable and prepaid monthly tuition fees

Accounts receivable arise from the provision of educational services and do not include any amounts for services provided after the balance sheet date. Services billed but not yet provided at the balance sheet date are recorded as prepaid monthly tuition fees and will be recognized in the respective income statement for the period on the accrual basis.

2.8. Allowance for doubtful accounts

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

2.9. Investments in subsidiaries

The company's investments in subsidiaries are stated by the equity method, according to CPC 18 (IAS 28), for purposes of the parent company's interim financial information.

Under the equity method, the investment in a subsidiary is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the subsidiary. Goodwill relating to the subsidiary is included in the carrying amount of the investment (not recognized separately) and is neither amortized nor individually tested for impairment.

Ownership interest in subsidiaries is reflected in the parent company income statement as equity in the results, representing net income attributable to shareholders of the subsidiary. The interim financial information of subsidiaries is prepared for the same reporting period as that of the Company.

After application of the equity method for purposes of its parent company interim financial information, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in the subsidiary. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying amount and recognizes this amount in the Company's income statement.

2.10. Property and equipment

These are stated at acquisition or construction cost, less accumulated depreciation. Depreciation is calculated under the straight-line method over the useful life of the assets at the rates mentioned in Note 9. Amortization of leasehold improvements is calculated over the related lease term. Costs subsequent to initial recognition are included in the net book value of property and equipment or recognized as a specific item, as applicable, only if the economic benefits related to these items are probable and the amounts can be reliably measured. The residual balance of the replaced item is written off. Other repair and maintenance expenses are recognized directly in the income statement when incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' net book values and useful lives are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.11. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, other than development costs, are not capitalized and expenditure is reflected in the income statement in the period the expenditure is incurred.

Intangible assets substantially comprise software, licenses, projects, commercial goodwill (students' portfolio) and goodwill based on expected future profitability and incremental revenues, in connection with business combinations of the Company and its subsidiaries.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, which are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.12. Provision for impairment of non-financial assets

Management annually tests the net book value of assets with a view to determining whether there are any events or changes in economic, operating or technological circumstances that may indicate an impairment loss. If such evidence is identified and net book value exceeds the recoverable amount, a provision for impairment is set up, adjusting net book value to the recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates. Fair value less costs to sell is determined considering, whenever possible, firm sale agreements in arm's length transactions between knowledgeable and willing parties less costs to sell the asset; if no firm sale agreements can be identified, this will be based on the market price of an active market or the price of the most recent transaction involving similar assets.

The following criteria are also applied in assessing impairment of assets:

a) Goodwill based on expected future profitability

Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired.

b) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, as appropriate, and also when circumstances indicate that the carrying amount may be impaired. When such evidence is identified and net book value exceeds recoverable value, a provision for impairment is set up adjusting net book value to the recoverable value, as applicable (note 9).

2.13. Lease

- Finance leases

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

- Operating leases

Operating lease expenses are recognized in the income statement based on payments made and on a straight line accrual basis during the lease term.

2.14. Loans and financing and debentures

After initial recognition, interest-bearing loans and financing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process. The corresponding transaction costs are presented net in the loans and financing category.

2.15. Dividends

The distribution of dividends to shareholders of the Company is recognized as a liability in the financial statements at the year end, based on the Company's bylaws. Any amount above the mandatory minimum is only accrued on the date it is approved by the shareholders in a General Meeting.

2.16. Provision for decommissioning of assets

This represents the estimated cost of renovation of rented buildings where the Company's teaching units are located. The Company records the present value of such costs in property and equipment, against the "provision for decommissioning of assets" under liabilities.

2.17. Other assets and liabilities

Assets are recognized in the balance sheet when they are controlled by the Company, result from past events and from which future economic benefits are expected to flow to the Company.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and their settlement will likely require an outflow of economic benefits.

2.18. Taxation

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

- Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL), introduced by Law 7689, of December 15, 1988.
- Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS), introduced by Supplementary Law 70, of December 30, 1991
- Social Contribution Tax on Gross Revenue for Social Integration Program (PIS), introduced by Supplementary Law 7 of September 7, 1970.

The above exemptions are applicable to the amount of revenues earned from post-secondary education activities, derived from undergraduate and occupationally specific sequential courses. Also as a result of the change in the form of organization to business entities, some subsidiaries and Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES") became subject to the following events as of October 2005 and February 2007, respectively:

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

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

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

Income tax and social contribution - current

Current income tax and social contribution were determined considering the criteria established by the Revenue Procedure issued by the Brazilian IRS, with specific regard to PROUNI, whereby such taxes may not be paid on profits from regular undergraduate and technological educational activities that benefit from a favorable tax treatment ("*lucro da exploração*") and may be subsequently transferred to a reserve account.

PIS and COFINS

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

Income tax and social contribution - deferred

Deferred tax is generated from temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the interim financial information. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- on taxable temporary differences referring to investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and the temporary differences will not likely be reversed in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- on deductible temporary differences referring to investments in subsidiaries, deferred tax assets are recognized only to the extent that the temporary differences will likely be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Derecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

2.19. Share-based payment

The Company grants to its key executives and officers a share-based payment program. The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21(b). Expenses of these transactions are recognized in profit or loss during the period in which services are rendered, against a capital reserve.

2.20. Other employee benefits

Benefits granted to Company employees and officers include, in addition to fixed remuneration (salaries and social security contributions (INSS), vacation pay, 13th salary), variable remuneration such as profit sharing, bonuses and share-based payment. These benefits are recorded in the income statement when the Company has an obligation on the accrual basis, as they are incurred.

2.21. Earnings per share

The Company calculates earnings per thousand shares using the weighted average number of outstanding common shares, in the period to which net income refers, according to accounting pronouncement CPC 41 (IAS 33).

2.22. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the parent company and consolidated financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, the uncertainty involved in these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

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

Impairment of non-financial assets

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or on observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Company is not yet committed or significant future investments that will enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth used for extrapolation purposes. The assumptions and conclusions on the evaluation of the recoverable amount are disclosed in notes 9 and 10.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and related assumptions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 20(b).

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. The amount of such provisions is based on various factors, such as past tax audit experience and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective tax domicile of the Company.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions for tax, civil and labor risks

The Company recognizes provisions for civil and labor cases. The assessment of the probability of loss includes an analysis of available evidence, the hierarchy of laws, available case law, the latest decisions of courts of law and their relevance in the legal system, as well as the opinion of external legal advisors. The provisions are reviewed and adjusted to take into account changes in circumstances, such as the applicable statute of limitations, outcomes of tax inspections, or additional exposures that may be identified based on new issues or court decisions.

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

2.23. Statements of cash flows

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

2.24. Statement of value added

The purpose of the statement of value added is to disclose the wealth generated by the Company and its subsidiaries and the wealth distribution over a given period. As required by Brazilian corporate law, this statement is an integral part of the parent company interim financial information and supplementary information to the consolidated financial information, considering that it is not required under IFRS.

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

2.25. Financial instruments

a) Initial recognition and measurement

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

b) Subsequent measurement

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

Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. The Company evaluated its financial assets at fair value through profit or loss considering its intention to sell them in the near term. When the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

(In thousands of reais, unless otherwise stated)

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by CPC 38 (IAS 39). Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

The Company does not have any financial liabilities measured at fair value through profit or loss.

2.26. Segment information

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

3. Cash and cash equivalents and marketable securities

	Parent company		Consolidated	
	6/30/2012	12/31/2011	6/30/2012	12/31/2011
Cash and banks	105	154	17,928	18,509
Short-term investments		1,376		3,348
	105	1,530	17,928	21,857
Bank Deposit Certificates (CDB)	107,852	109,424	145,545	108,526
Debentures of Financial Institutions	3,103	37,671	4,188	39,039
	110,955	147,095	149,733	147,565
Total	**111,060**	**148,625**	**167,661**	**169,422**

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or any other purposes. The Company considers cash equivalents to be short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, being represented by an exclusive investment fund, Bank Deposit Certificates and repurchase agreements.

(In thousands of reais, unless otherwise stated)

Bank Deposit Certificates of BTG Pactual Fund, are remunerated at 101.5% to 101.8% of CDI at June 30, 2012 (from 101.5% to 101.8% of CDI at December 31, 2011).

BTG Pactual Fund repurchase agreements backed by first-tier debentures are recorded at fair value, bearing interest at 102.5% of CDI, parent company and consolidated, at June 30, 2012 (102.5% of CDI at December 31, 2011)

The Company has policies on short-term investments under which investments must be concentrated in low-risk marketable securities from first-tier banks and are substantially remunerated based on a percentage of the Interbank Deposit Certificate (CDI) rate.

4. Accounts receivable

	Consolidated	
	6/30/2012	**12/31/2011**
FIES	36,476	36,452
Monthly tuition fees	261,655	241,404
Receivables on credit cards	20,008	12,165
Renegotiated receivables	32,827	26,430
Charges receivable	(30)	4,379
	350,936	320,830
Unidentified credits	(5,738)	(7,468)
Allowance for doubtful accounts	(77,196)	(69,292)
	268,002	244,070

The breakdown of accounts receivable was reordered for purposes of better presentation of balances relating to agreements and negotiations. Credit card receivables are shown separately from renegotiated receivables, considering that a substantial amount arises from origination and renewal of non-defaulting debtors.

The aging of accounts receivable is as follows:

	Consolidated			
	6/30/2012	**%**	**12/31/2011**	**%**
FIES	36,476	10%	36,452	11%
Not yet due	76,246	22%	60,578	19%
Overdue up to 30 days	43,860	12%	39,986	12%
Overdue from 31 to 60 days	29,015	8%	30,649	10%
Overdue from 61 to 90 days	33,576	10%	31,485	10%
Overdue from 91 to 179 days	54,567	16%	52,388	16%
Overdue for more than 180 days	77,196	22%	69,292	22%
	350,936	100%	320,830	100%

(In thousands of reais, unless otherwise stated)

Accounts receivable - FIES Program are represented by educational loans obtained by students from Caixa Econômica Federal (CEF) and Fundo Nacional de Desenvolvimento da Educação (FNDE), whereby the financed funds are transferred monthly by CEF and Banco do Brasil to a specific bank account. This amount has been used exclusively to pay the social security taxes withheld from the Company's employees (INSS on salaries) and converted into cash by means of auctions of Brazilian National Treasury securities.

The aging of renegotiated receivables is as follows:

	Consolidated			
	3/30/2012	%	12/31/2011	%
Not yet due	14,149	43%	9,098	34%
Overdue up to 30 days	6,476	20%	4,006	15%
Overdue from 31 to 60 days	1,560	5%	2,360	9%
Overdue from 61 to 90 days	1,533	5%	2,414	9%
Overdue from 91 to 179 days	3,414	10%	4,396	17%
Overdue for more than 180 days	5,695	17%	4,156	16%
	32,827	100%	26,430	100%

Because of the recently implemented adjustments in handling default-related procedures, receivables from agreements/negotiations are substantially settled within 60 days. The Company's management has strict criteria that prevents debt from rolling over from one semester to another. The Company offers various payment methods to students, within their related credit limits.

Changes in the consolidated allowance for doubtful accounts were as follows:

Description	12/31/2011	Gross increase in allowance for doubtful accounts	Recovered doubtful accounts	Net provision effect	Write-off	6/30/2012
Monthly tuition and fees	56,815	73,515	(31,763)	41,752	(26,658)	71,909
Other	12,477	7,497	(5,552)	1,945	(9,135)	5,287
	69,292	81,012	(37,315)	43,697	(35,793)	77,196

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

For the periods ended June 30, 2012 and 2011, expenses for the allowance for doubtful accounts, recognized in the income statement as "selling expenses", comprised:

(In thousands of reais, unless otherwise stated)

	6/30/2012	6/30/2011
Supplementary allowance	38,697	24,958
Credit risk – FIES (*)	6,202	181
Unidentified deposits and collections written off	(1,469)	(2,379)
Other	615	
	44,045	**22,760**

(*) Refers to the default provisioning of students FIES, which was constituted as follows:

(i) 2.25% for students with guarantors, which refers to the historical loss percentage of receivables;

(ii) 7% for students who participate in the Guarantee Fund of the FIES (FGEDUC) until March 2012

(iii) 5.63% for students who participate in the Guarantee Fund of the FIES (FGEDUC) after April 2012

(In thousands of reais, unless otherwise stated)

5. Transactions with related parties

Transactions with related parties were based on agreed-upon conditions, as follows:

	Parent company		Consolidated		
Type of transaction	**6/30/2012**	**12/31/2011**	**6/30/2012**	**12/31/2011**	**Interest**
CURRENT ASSETS					
Intercompany loan					
Subsidiaries					
SESES	814	19,783			110% CDI
IREP		2,722			110% CDI
NOVA ACADEMIA DO CONCURSO		182			110% CDI
FAL		924			110% CDI
FATERN		51			110% CDI
IREP	78	78			110% CDI
ATUAL					110% CDI
	892	23,740			
Related individuals			259	259	100% CDI
	892	**23,740**	**259**	**259**	
Prepaid expenses (i)	158	1,399	158	1,415	
	158	**1,399**	**158**	**1,415**	
NON-CURRENT ASSETS					
AFAC					
IREP	1,500				
NOVA ACADEMIA	390	1,204			
ESTÁCIO EDITORA		250			
SESES	36,950	43,642			
	38,840	**45,096**			
CURRENT LIABILITIES					
Subsidiaries					
SESES	2,870	2,688			
IREP	6,070	8,833			
	8,940	**11,521**			

(i) On June 4, 2008, the Company entered into a Consulting Agreement ("Agreement") with Marone Consultoria e Participações Ltda. ("Marone"), a company controlled by André Cleófas Uchôa Cavalcanti and Marcel Cleófas Uchôa Cavalcanti, holders of approximately 0.8% of common shares issued by the Company and members of the Shareholders' Agreement, executed on June 4, 2008. The Consulting Agreement involves the rendering of services relating to academic and post-secondary educational activities, as well as strategic planning and development of new businesses, in addition to defining the non-compete obligation on the part of Marone. This Agreement will be in effect for 48 (forty-eight) months as of the date of execution.

In return for the commitment to not engage in competitive activities in the education sector or in any way compete with the Company and its subsidiaries, and for the monthly services to be rendered under the Agreement, a total compensation in the amount of R$ 14,000 has been agreed and will be paid as follows: R$ 2,800, upon execution of the Agreement, as an advance payment to be diluted over the life of the Agreement, not subject to monetary restatement or financial charges, and 48 equal consecutive monthly installments in the amount of R$ 233, the first having matured on June 6, 2008. Moreover, the amount of these installments will be adjusted, in the shortest period allowed by legislation, based on the IGP-M/FGV rate or, in the absence thereof, based on an equivalent index, from the date of the Agreement until the effective payment date of each installment.

The non-compete obligation undertaken by Marone, its partners and any companies in which they might hold a controlling interest is valid in the whole of Brazil. However, the following entities have been excluded from such obligation: SESSE, SESAL, SESAP and UNEC, merged into IREP on June 30, 2010, according to the merger protocol entered into on said date, the controlling interest of which had already been transferred to the Company.

The Agreement may be terminated by either party, upon a prior 60 (sixty) day notice to the other party. In such case, all the conditions set forth in the Agreement shall be observed, including the obligation to pay a lump-sum compensation to Marone, duly restated by the IGP-M/FGV rate, in an amount equivalent to the sum of installments payable until contract termination, should the Company decide to terminate it. If Marone decides to terminate the Agreement, subject to the proper previous notice, no indemnification to the Company shall be paid.

The Board of Directors, in a meeting held on July 23, 2008, approved the execution of said Consulting Agreement. On January 15, 2010, an Amendment to the Consulting Agreement was executed, whereby the amount of R$ 4,909 will be paid in the form of an advance, representing a 30% discount on the total agreement value, which remains in full force regarding the non-compete clause, being recorded in prepaid expenses.

On July 5, 2011, the Company entered into a Management Service Agreement with ARemor Consultoria e Treinamento Ltda. ("ARemor") for the provision of management and administration services of those units located at the Contracting Party's *Regional Norte,* comprising services relating to the Contracting Party's best practices and efforts to (i) obtain licenses, certificates and authorizations from the Education and Culture Ministry or any other governmental body, that may required to perform or expand the activities of those units pertaining to the Contracting Party's *Regional Norte;* (ii) when so requested, represent the interests of the units located at the Contracting Party's *Regional Norte* before local, state of federal government departments*;* (iii) provide guidance and any support required for the Contracting Party's *Regional Norte* units to become a University Center, (iv) maintain orderly records and processes to ensure the successful outcome of internal and external audit processes*;* (v) prepare and comply with the budget of the Contracting Party's *Regional Norte* units, in accordance with instructions from the Contracting Party*;* (vi) develop local marketing strategies and campaigns (in line with the guidelines provided by the Contracting Party and its controlling shareholders) to acquire new students and foster the growth of the Contracting Party's *Regional Norte* units*;* (vii) develop strategies for the maintenance of the student body of the Contracting Party's *Regional Norte* units*;* (viii) ensure the students' satisfaction with the Contracting Party and a good environment for its employees*;* (ix) build a relationship network with the external public, (x) ensure the execution of the expansion plan for Estácio's *Regional Norte* units as per the CAPEX plan, (xi) ensure the implementation of large corporate projects in the Contracting Party's *Regional Norte* units (e.g. GDO, Modelo 11, Ensino) *;* (xii) provide guidance on improvements in the activities of the local secretary*;* (xiii) implement and maintain the Contracting Party's and its controlling shareholders' culture, vision, mission and values*;* (xiv) ensure good operating conditions in the Contracting Party's *Regional Norte* units*;* and (xv) carry out other activities associated with the Contracting Party's *Regional Norte* units that may be reasonably required by the Contracting Party. In October 2011 and January 2012, advances of R$ 1,354 and R$ 1,000, respectively, were made to ARemor, for a total of R$ 2,354, which is equal to the full contract amount. This price is associated with the accomplishment of student body targets to be made possible through the obtainment of licenses, certificates and authorizations required to turn the *Regional Norte* into a University Center. The prepaid amount will be considered to have been incurred as the targets are consistently attained.

(In thousands of reais, unless otherwise stated)

6. Prepaid expenses

	Consolidated	
	6/30/2012	**12/31/2011**
Insurance	949	95
Property tax (IPTU)	1,245	
Educational material (*)	5,981	3,517
Advances - Vacation and related charges	2,726	4,652
Other prepaid expenses	2,589	2,718
Total	**13,490**	**10,982**
Current	12,835	10,318
Non-current	655	664
	13,490	**10,982**

(*) Refers to costs associated with copyright, printing and postage expenses which are recorded as prepaid expenses and appropriate over the period to which they relate.

7. Taxes and contributions

	Parent Company		Consolidated	
	06/30/2012	**12/31/2011**	**06/30/2012**	**12/31/2011**
IRPJ	5,626	5,142	14,252	13,249
CSLL	243	155	2,109	1,467
PIS	2	2	234	220
COFINS	14	13	770	758
ISS	74	58	502	1.906
INSS			586	586
FGTS			6	6
IOF	103	99	109	105
	6,062	**5,469**	**18,568**	**18,297**

(In thousands of reais, unless otherwise stated)

8. Investments in subsidiaries

Changes in investments

	12/31/2011	Options granted	Disposal of investment	Dividends	Equity in results	AFAC	6/30/2012
Investments							
SESES	349,144	2,005			31,624	64,737	447,510
IREP	237,963			23,866	36,335	1,500	299,664
NOVA ACADEMIA	(243)		(256)		(896)	1,144	(251)
ESTACIO EDITORA	(15)						(15)
Total	**586,849**	**2,005**	**(256)**	**23,866**	**67,063**	**67,381**	**746,908**

	SESES	IREP	NOVA ACADEMIA	ESTÁCIO EDITORA
Ownership interest	100%	100%	100%	100%
Units of interest held	249,177	209,500	3015	1
Paid-up capital	249,177	209,500	3015	1
Equity (capital deficiency)				
June 30, 2012	410,560	298,164	(641)	(15)
December 31, 2011	305,502	237,963	(608)	(265)
January 1, 2011	113,337	224,131		
Reserve balance - PROUNI				
June 30, 2012	27,663	28,464		
December 31, 2011	27,663	28,464		
January 1, 2011	12,080	15,463		
Net income (loss) for the year				
June 30, 2012	31,624	36,334	(3,656)	(266)
December 31, 2011	30,358	51,873		
January 1, 2011	10,332	72,010	563	
Advances for future capital increase				
June 30, 2012	36,950	1,500	390	
December 31, 2011	43,642		365	250
January 1, 2011	126,035	833		
Goodwill on the acquisition of investment				(250)
December 31, 2012				
December 31, 2011				
Total Investments:				
June 30, 2012	447,510	299,664	(251)	(15)
December 31, 2011	349,144	237,963	(243)	(15)
January 1, 2011	239,372	224,964		

Total Investments:	
June 30, 2012	746,908
December 31, 2011	586,849
January 1, 2010	464,336

(i) During the year ended December 31, 2011, subsidiary IREP proposed the distribution of dividends of R$ 36,865. The General and Special Shareholders' Meeting held on May 3, 2012 approved the payment of dividends of R$ 13,000 from this proposed amount, while the remaining R$ 23,865 was allocated to the profit retention reserve.

On September 8, 2011, the Company sold 100% of its equity interest in Sociedad de Enseñanza Superior S.A., a company headquartered in the city of Asunción, Paraguay. The transaction value was US$ 1,200,000.00, which at the exchange rate on the date of sale was R$ 1,988. The first installment of US$ 200,000.00 was paid in October 2011, and the others are to be received in four annual installments of US$ 250,000.00. With this transaction the Company had a loss of R$ 2,171, recorded as expenses from discontinued activities.

The equity in results recorded by the Company comprises the amount of the PROUNI tax incentive recorded in the subsidiaries' result, as established by Law 11638/07, in the amount of R$ 20,412 (R$ 25,968 for the year ended December 31, 2011).

The accounting information used for application of the equity method of accounting was prepared as of June 30, 2012.

(In thousands of reais, unless otherwise stated)

9. Property and equipment

Property and equipment - Parent company

	Computers and peripherals	Final Balance
Balance at December 31, 2011	6,068	6,068
Acquisition		
Write-off		
Transfer		
Depreciation/amortization	(1,181)	(1,181)
Balance at June 30, 2012	4,887	4,887
Balance at June 30, 2012		
Total cost	9,079	9,079
Accumulated depreciation	(4,192)	(4,192)
Net book value	4,887	4,887
Balance at December 31, 2011		
Total cost	9,079	9,079
Accumulated depreciation	(3,011)	(3,011)
Net book value	6,068	6,068

(In thousands of reais, unless otherwise stated)

Property and equipment - Consolidated

	Land	Buildings	Leasehold improvements	Furniture and fixtures	Computers and peripherals	Machinery and equipment	Physical activity/hospital equipment	Library	Facilities	Other	Constructions in progress	Asset decommissioning	Useful life	Final Balance
Balance at December 31, 2011	19,830	45,514	29,409	22,957	33,320	21,940	10,206	40,362	6,872	9,002	21,660	2,729	-	263,801
Acquisition				350	318	576	60	275		25	-	-	-	1,604
Addition		161	1,759	1,460	1,294	6,857	1,503	3,869	643	5,268	5,863	512	-	29,189
Write-off				(3)	(132)	(4)				(3)	-	(1,047)	-	(1,189)
Transfer		1,255	10,642					(18)		18	(11,897)	-	-	-
Depreciation/amortization		(546)	(3,598)	(1,407)	(6,212)	(2,895)	(397)	(1,256)	(434)	(501)		(304)	-	(17,550)
Balance at June 30, 2012	19,830	46,384	38,212	23,357	28,588	26,474	11,372	43,232	7,081	13,809	15,626	1,890		275,855
Balance at June 30, 2012														
Deriving from business combinations				350	318	576	60	275		25				1,604
Total cost	19,830	84,126	99,300	49,619	78,453	48,014	22,307	76,581	11,532	17,673	15,626			523,061
Accumulated depreciation		(37,742)	(61,088)	(26,612)	(50,183)	(22,116)	(10,995)	(33,624)	(4,451)	(3,889)		1,890		(248,810)
Net book value	19,830	46,384	38,212	23,357	28,588	26,474	11,372	43,232	7,081	13,809	15,626	1,890	-	275,855
Deriving from business combinations			463	2,196	784	1,331	91	1,713	1,421	234	465			8,698
Total cost	19,830	82,710	86,436	45,272	89,557	39,018	20,632	69,035	9,468	12,057	21,195			495,210
Accumulated depreciation		(37,196)	(57,490)	(24,511)	(57,021)	(18,409)	(10,517)	(30,386)	(4,017)	(3,289)		2,729		(240,107)
Net book value	19,830	45,514	29,409	22,957	33,320	21,940	10,206	40,362	6,872	9,002	21,660	2,729	-	263,801
Annual depreciation rate - %		1.67%	11.11%	8.33%	25.00%	8.33%	6.67%	5.00%	8.33%	16.67%				

In addition, as mentioned in note 10, certain assets acquired through financing were provided as financing guarantee. The Company has not pledged any other of its properties to secure obligations.

Impairment of assets

Under Accounting Pronouncement CPC 01 (IAS 36), "Impairment of Assets", property and equipment items that present evidence their recorded costs exceed their recoverable value (market value) shall be reviewed to determine the need of setting up a provision for impairment. Management performed an annual analysis of operating and financial performance of its assets and did not identify changes in circumstances or indication of technological obsolescence. At June 30, 2012 and December 31, 2011, there was no need to record any provision for impairment of fixed assets.

(In thousands of reais, unless otherwise stated)

10. Intangible assets

	Parent company				Consolidated								
	Goodwill on investments acquisition	Software and use licenses	Students portfolio	Total	Goodwill on investment acquisition	Software and use licenses	Integration and distance learning project	CSC	Learning Center	Relationship Center	Students portfolio	Other	Total
Balance at December 31, 2011	76,209	6	818	77,033	141,590	26,967	7,988	925	30,121	1,878	10,395	7,993	227,857
Additions	256			256	21,504	8,214			6,551		1,143	4,920	42,332
Write-off					(175)								(175)
Depreciation/amortization		(1)	(191)	(192)		(4,586)	(1,426)	(194)	(536)	(234)	(2,844)	(163)	(9,983)
Balance at June 30, 2012	76,465	5	627	77,097	162,919	30,595	6,562	731	36,136	1,644	8,694	12,750	260,031

					Consolidated								
	Goodwill on investments acquisition	Software and use licenses	Students portfolio	Total	Goodwill on investments acquisition	Software and use licenses	Integration and distance learning project	CSC	Learning Center	Relationship Center	Students portfolio	Other	Total
Balance at June 30, 2012													
Total cost	80,726	7	818	81,551	169,843	65,982	14,255	1,940	41,791	2,348	11,538	13,178	320,875
Accumulated amortization	(4,261)	(2)	(191)	(4,454)	(6,924)	(35,387)	(7,693)	(1,209)	(5,655)	(704)	(2,844)	(428)	(60,844)
Net book value	76,465	5	627	77,097	162,919	30,595	6,562	731	36,136	1,644	8,694	12,750	260,031
Balance at December 31, 2011													
Total cost	80,470	7	818	81,296	148,514	57,768	14,255	1,940	35,240	2,348	10,395	8,258	278,718
Accumulated amortization	(4,261)	(1)		(4,263)	(6,924)	(30,801)	(6,267)	(1,015)	(5,119)	(470)		(265)	(50,861)
Net book value	76,209	6	818	77,033	141,590	26,967	7,988	925	30,121	1,878	10,395	7,993	227,857
Annual amortization rates - %	Undefined	20% pa	20% pa		Undefined	20% pa	20% pa	20% pa	25% pa	20% pa		20% pa	

(In thousands of reais, unless otherwise stated)

At June 30, 2012 and December 31, 2011, goodwill on investments comprised the following:

	Parent company		Consolidated	
	6/30/2012	12/31/2011	6/30/2012	12/31/2011
Goodwill on investment acquisition				
IREP	62,442	62,442	89,090	89,090
ATUAL			15,503	15,503
SEAMA			18,868	
IDEZ			2,380	
FAL			8,076	8,076
FATERN			14,979	15,154
NOVA ACADEMIA	14,018	13,762	14,018	13,762
ESTACIO EDITORA	5	5	5	5
	76,465	76,209	162,919	141,590

The Company carries out annual analyses for impairment purposes, the last being for the year ended December 31, 2011, relative to goodwill on investment acquisitions and mergers, based on expected future profitability, considering projections of future results for the next five years, at the nominal perpetuity growth rate of 4.5% p.a. (equivalent to the long-term inflation rate, not considering any incremental growth) and a single nominal discount rate of 13.9% to discount estimated future cash flows. Asset impairment testing did not result in the need to recognize losses.

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

The main assumptions used to estimate value in use are:

Revenues - Revenues were projected for the period 2012 to 2016 considering growth in the student base of the cash generating units.

Operating costs and expenses - Costs and expenses were projected considering the Company's historic performance, as well as historical revenues.

Capital investments - Such investments were estimated considering acquisition of new units and improvements.

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

(In thousands of reais, unless otherwise stated)

11. Loans and financing

Type	Financial charges	Parent company 6/30/2012	Parent company 12/31/2011	Consolidated 6/30/2012	Consolidated 12/31/2011
Local currency					
Working capital	1.70% p.m. and/or CDI + 0.25% p.m.			214	252
Lease agreements	IGPM + 12,3% p.a			4	39
Lease agreements	11,8% a 22,1% p.a				
Lease agreements - Colortel	INPC + 0.32% p.a.			7,283	2,471
Lease agreements - Assist				1,658	1,842
Lease agreements - CIT				129	
Aymoré financing	1.78% p.m.			12	
FINAME contracts	80% of contract 4,5% p.a. 20% of contract 7% p.a.				
IFC loan	CDI +1.53%	46,760	46,728	46,760	46,728
Issue of debentures	CDI +1.60%	200,459	201,472	200,459	201,472
Share Repurchase Option - Banco Itáu		1,823	1,591	1,823	1,591
Loan - Banco do Brasil				14	
		249,042	249,791	258,356	254,395
Current liabilities		3,811	4,901	7,742	6,548
Non-current liabilities		245,231	244,890	250,614	247,847
		249,042	249,791	258,356	254,395

The IFC transaction cost at June 30, 2012 amounts to R$ 2,637 (of which R$ 794 refers to the 1st loan and R$ 1,842 to the 2nd loan) and the Debentures transaction cost amounts to R$ 1,519.

The maturity schedule of amounts recorded in non-current liabilities at June 30, 2012 and December 31, 2011 is as follows:

	Parent company 6/30/2012	Parent company 12/31/2011	Consolidated 6/30/2012	Consolidated 12/31/2011
2013	2,740	1,468	4,552	2,947
2014	25,972	26,006	27,758	27,484
2015	45,973	46,006	47,758	46,006
2016	65,973	66,006	65,973	66,006
2017	85,973	86,006	85,973	86,006
2018	6,200	6,466	6,200	6,466
2019	6,200	6,466	6,200	6,466
2020	6,200	6,466	6,200	6,466
Non-current liabilities	**245,231**	**244,890**	**250,614**	**247,847**

Promissory notes endorsed by shareholders and leased assets were given in guarantee of the lease agreements.

Part of receivables of certain IREP units in an escrow account was given in guarantee of IFC debts, there being no attachment of assets or pledged securities or investments; a minimum monthly flow in the escrow account was set at R$ 10,000.

(In thousands of reais, unless otherwise stated)

Debentures and contracts with IFC provide for covenants requiring the maintenance of certain financial ratios with pre-established parameters. In the interim financial information as of June 30, 2012, the Company and its subsidiaries met all contractually required ratios.

Debentures were issued as registered, book-entry and without certificates. They are subordinated, simple debentures, non-convertible into shares, bearing interest at 100% of the Interbank Deposit Certificates - CDI rate plus a spread of 1.60% per annum.

The issue date was November 25, 2011 and the maturity date will be November 25, 2017, except for any early redemption offers and accelerated maturity events as provided in the deed.

The proceeds of the issue will be used to meet the cash requirements of expansion including, but not limited to, the acquisition of other enterprises in the industry and/or the organization of new campi.

12. Payroll and related charges

		Parent company		**Consolidated**
	6/30/2012	12/31/2011	6/30/2012	12/31/2011
Payroll and related charges payable	123	181	47,883	47,082
Accrued vacation pay			22,550	10,408
Accrued 13th salary			13,174	
	123	181	83,607	57,490

13. Taxes payable

		Parent company		**Consolidated**
	6/30/2012	12/31/2011	6/30/2012	12/31/2011
ISS	14	16	3,357	4,724
IRRF	13	60	4,405	5,344
IRPJ			0	3,215
CSLL		7	40	1,220
PIS and COFINS	40	179	1,022	1,060
IOF			63	64
	67	262	8,887	15,627

(In thousands of reais, unless otherwise stated)

14. Taxes payable in installments

Tax	Consolidated	
	6/30/2012	1/1/2012
IRPJ	78	70
CSLL	126	125
FGTS	12	13
PIS	88	80
COFINS	255	270
INSS	3,783	4,038
IPTU	15	54
	4,357	4,650
Current liabilities	168	219
Non-current liabilities	4,189	4,431
	4,357	4,650

These refer basically to taxes and social security contributions payable in installments.

Monthly installments amount to approximately R$ 33. 26 and 140 installment payments still remain, which are expected to end in August 2014 and November 2024, respectively.

	Consolidated	
	6/30/2012	12/31/2011
2013	357	361
2014	357	361
2015	357	361
2016	357	361
2017	357	361
2018 to 2027	2,404	2,626
	4,189	**4,431**

(In thousands of reais, unless otherwise stated)

15. Commitments payable

	Consolidated	
	06/30/2012	**12/31/2011**
Atual	1,274	1,275
Fal	87	1,332
Fatern	893	1,267
Seama	5,000	
Idez	697	
Montessori	1,500	1,500
Others	44	
	9,495	**5,373**
Current liabilities	3,542	5,374
Non-current liabilities	5,953	
	9,495	**5,374**

Refers to the amount payable for the acquisition of related businesses.

16. Provisions for contingencies

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

At June 30, 2012 and December 31, 2011, the provision for contingencies comprised the following:

(In thousands of reais, unless otherwise stated)

	Consolidated	
	Provision for contingencies	Court deposits
Balance at June 30, 2012		
Civil	5,299	15,636
Labor	21,676	55,591
Tax	8	7,573
Total balance	26,983	78,800
Balances at December 31, 2011		
Civil	4,206	11,929
Labor	27,870	45,273
Tax	343	6,362
Total balance	32,419	63,564

Changes in the provision for contingencies are as follows:

	Tax	Labor	Civil	Consolidated
Balance at December 31, 2011	343	27,894	4,182	32,419
Proforma		277	25	302
Additions		2,460	2,468	4,928
Reversals	(335)	(3,226)	(781)	(4,342)
Write-offs		(5,704)	(620)	(6,324)
Balance at June 30, 2012	8	21,701	5,274	26,983

For the quarter ended June 30, 2012, the expense on the provision for contingencies, recognized in the income statement under general and administrative expenses, was as follows:

Income Statement	
Additions	4,928
Reversals	(4,342)
	586

a) Civil proceedings

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

The Company's legal advisors reviewed, assessed and quantified the civil-related proceedings and, in order to cover probable losses on such claims, management records a provision in the amount of R$ 5,299 at June 30, 2012 (R$ 4,206 at December 31, 2011).
The main lawsuit involving probable loss is related to a claim for damages that was

filed against SESES in connection with an accident resulting from a stray bullet which injured a student at the Rebouças Campus. The trial court ruling considered the claim was partially grounded and established that the Company should pay to the student: (a) the amount of R$ 600 for pain, suffering and aesthetical damages; (b) monthly pension in the amount of a minimum salary until the student reaches 65 years of age; and (c) the cost of medical treatment necessary for her recovery, the amount of which is to be determined in the subsequent ruling settlement phase. The ruling also granted indemnification for pain and suffering to her parents in the amount of R$ 100 each, and R$ 50 to each of her siblings, for the same purpose. The parties filed appeals against this ruling. The Company's appeal was partially granted to reduce indemnification for pain and suffering and aesthetical damages due to the student to R$ 400. As to the student's appeal, it was also partially granted, converting the pension granted to the student into a life-long pension and determining that a trust fund guaranteeing such pension should be set up. The court ruling also established that the Company should pay the psychological treatment costs of the victim's parents and siblings. The claimants, not agreeing with the ruling handed down on the student's appeal, lodged a request for reconsideration of ruling. Such request was granted for the increase of the indemnification amount due to the victim for pain, suffering and aesthetical damages to R$ 600, reconfirming the trial court ruling specifically in this respect. The parties lodged special appeals against the aforementioned rulings, which did not reverse the decision. As such, SESES filed an appeal to the Supreme Court, which is pending judgment. The balance at June 30, 2012 is R$ 1,373 (R$ 1,647 at December 31, 2011).

The Company's legal advisors reviewed, assessed and quantified the various civil-related proceedings for which the likelihood of loss is possible, aggregating the amount at June 30, 2012 of R$ 30,742 (R$ 43,185 at December 31, 2011).

The major suit for which no provision was set up, are as follows:

(i) Suit for Collection of Rent Payments and Other Obligations against IREP and its guarantor under the Sublease Agreement for the property located at Rua Coronel Luiz Barroso, No. 566, currently Rua Dr. Antônio Bento, No. 509, entered into on January 1, 1998 and terminated on September 15, 2008, when the keys were handed over. In summary, with this suit, the plaintiff claims that the defendants be ordered to pay (i) rent differences in the amount of R$ 496; (ii) the amount necessary to repair the property, defined at R$ 1,080, as duly supported by three quotes obtained and presented by the plaintiff; (iii) rent payments for the period in which the property has been/will be supposedly unavailable for use, in view of its allegedly poor state of repair, for the time required for completion of repairs; (iv) fine corresponding to three months' rent, for alleged breach of the obligation to submit the property's documentation and to return the property in usable conditions. On February 3, 2009, a hearing was held by the Grievance

Settlement Department of the Central Court, which was to no avail. A partially-valid decision was awarded whereby SESES was sentenced to pay losses and damages. Presently, the appeal filed by SESES awaits judgment. Appeals dismissed. Civil appeal filed by both parties. The amount involved in this case was estimated at R$ 1,500;

(ii) Claim for damages filed by Hudson José Roque Lima et al against STB, which claims the issue of clinical lab technologist certificates in connection with a course that was extinguished by the Ministry of Education - MEC, as well as compensation for losses and damages and pain and suffering. The case is at the fact-finding stage, and requests for production of testimonial and documentary evidence have been made, to be analyzed by the court. A discovery hearing was scheduled for 11/8/2011. The case records were forwarded to the judge on 11/10/2011. The amount involved in this case was estimated at R$ 190;

(iii) Class action suit together with a motion for interim relief filed by the Federal Department of Justice against several educational institutions, including SESES, seeking to restrain the defendants from collecting charges for issuing a first copy of the course conclusion certificate and to repay an amount equivalent to double the charges collected from students who have already graduated and obtained their certificates. Relief was granted to suspend collection of the first certificate copy fees. SESES had stopped collecting such charge before relief was granted, and an order was subsequently published in the official press, on April 16, 2010, requesting the defendants to provide answers and evidence. The plea was held partially valid by the court and SESES was ordered to refrain from collecting any amounts for issuing and registering a first copy of the course conclusion certificate. SESES already complies with the court order as it no longer charges certificate issue fees. Therefore, such decision does not have a financial impact. An appeal was lodged by the Department of Justice, which awaits judgment. The amount involved in this case was estimated at R$ 1,000.

b) <u>Labor proceedings</u>

The main labor claims refer to overtime, unused vacation time, recognition of employment relationship, salary parity and salary differences arising from the decrease in the working hours of certain teachers. The Company's legal advisors reviewed, assessed and quantified the labor-related claims and, in order to cover probable losses on such claims, management records a provision in the amount of R$ 21,676 at June 30, 2012 (R$ 27,870 at December 31, 2011).

Among the main labor claims, we highlight:

(i) Labor claim filed by the regional Union against SESES, seeking payment, in favor of SESES's administrative staff, of private pension amounts owed under Clause 10 of the Collective Labor Agreement, which establishes that 6% of the total payroll of administrative assistants should be paid to a private pension entity, to be equally allocated among the employees participating in the plan. The execution was closed and the Union raised R$ 1,702 that had been filed by the Institution for execution embargoes. Waiting for the archiving process.

(ii) Labor claim brought by a former employee against SESES, seeking reinstatement to the position of teacher, and claims that the Company should be ordered to pay the amount corresponding to double vacation pay plus the 1/3 vacation pay bonus, among other minor requests. The case is currently in the execution stage and the Company has filed appeals. The estimated amount of the case is R$ 1,560.

The Company's legal advisors reviewed, assessed and quantified the various labor-related proceedings for which the likelihood of loss is possible, aggregating the amount at June 30, 2012 of 89,746 (R$ 77,311 at December 31, 2011).

Among the main labor claims for which no provision was set up, the following are highlighted:

(i) Lawsuit filed by the Teachers' Union of Rio de Janeiro City against SESES, whereby the entity claims the payment of salary adjustment to the Company's faculty (about 5,595 teachers when the suit was filed), as defined in the Collective Bargaining Convention: from April 1, 2004, 3% on salary payable in October 2003, and, from October 1, 2004, 6.62% on salary payable in October 2003. It also claims a fine of 10% on base salary of each teacher replaced due to noncompliance with collective labor rules. An unfavorable ruling was issued against the Company. The case is at the appeal stage, awaiting judgment of the appeal lodged by SESES, and its estimated amount is R$ 1,500;

(ii) Lawsuit filed by the Federal Labor Prosecution Office against SESES, challenging the legality of the amendment made by the Company in employment agreements executed with hourly-paid teachers, with the consequent change in the calculation of salary payments, and the legality of the labor procedure of having teachers on its faculty with no classes, a situation where employment agreements may be tacitly and unilaterally interrupted. The case is pending a decision by the court of first instance. The estimated amount involved is R$ 500;

(iii) Enforcement action filed by the Teacher's Union of Minas Gerais State, claiming the payment of salary differences arising from the supposed noncompliance with salary parity standards that should apply to the Company's faculty, in addition to payment of a 10% fine as defined in the Collective Bargaining Convention for failure to comply with related obligations. The proceeding is currently awaiting a decision. The amount assigned to the case by the plaintiff is R$ 50.

c) Tax contingencies

The Company's legal advisors reviewed, assessed and quantified the various tax-related proceedings and, in order to cover probable losses on such claims, management records a provision in the amount of R$ 8 at June 30, 2012 (R$ 343 at December 31, 2011).

Similarly, the legal advisors reviewed, assessed and quantified the various tax-related proceedings, assessed as possible losses, in the amount of R$ 233,926 at June 30, 2012 (R$ 206,934 at December 31, 2011).

Among the main tax-related proceedings not provisioned in the financial statements, we highlight:

(i) Brazilian IRS issued 27 tax delinquency notices against SESES, due to alleged debts of social security contributions for 2003, 2004 and 2005, and noncompliance with record-keeping and reporting obligations. A restriction on SESES's properties was recorded in connection with the total amount of the notices. These notices mainly contest SESES's fulfillment of legal requirements to be recognized as a social welfare non-profit entity and its corresponding right to the exemption from paying social security contributions, a condition that it held up to February 9, 2007, when it was converted into a profit-oriented company. The related defense was filed on January 22, 2009, whereby SESES held, in summary, that it has always been in full compliance with all legal requirements for entitlement to such right of exemption from social security contributions until the date it changed its legal form. At September 30, 2011, SESES and Estácio Participações had received notices for acknowledgment of first administrative level decisions regarding part of these tax notices, some of which granting partial approval to the respective defenses, to acknowledge the loss of procedural rights and withdraw the assessments relating to the period from January 2003 to November 2003, with the remaining arguments of the tax audit having been sustained. Upon handing down of such decisions, voluntary appeals were filed, which are awaiting trial in the Board of Tax Appeals. The total amount involved, without considering the reduction arising from recognition of the mentioned procedural rights, is R$ 543,510. According to the opinion of our legal advisors, the possibility of loss in these cases remains remote.

(ii) Brazilian IRS issued 4 tax delinquency notices against SESES, due to alleged debts of social security contributions for the period from January 2006 to January 2007 and noncompliance with record-keeping and reporting obligations**.** These notices mainly contest SESES's fulfillment of legal requirements to be recognized as a social welfare entity and its corresponding right to the exemption from paying social security contributions, a condition that it held up to February 9, 2007. The related defense was filed on September 22, 2011, whereby SESES held, in summary, that it has always been in full compliance with all legal requirements for entitlement to such right of exemption from social security contributions until the date it changed its legal form**.** Currently, the referred to defenses are pending judgment by the Special IRS Office for the Largest Contributors of the Rio de Janeiro state (DEMAC/RJO). The total case amount is R$ 188,111. According to the opinion of the legal advisors, the possibility of loss in these cases remains remote**.**

(iii) Class action suit filed by Luiz Claudio de Lemos Tavares against SESES and the Company in order to annul the Welfare Charitable Entity Certificate (CEBAS), related to the three-year period 2001 to 2003 and, consequently, for SESES to pay previously unpaid taxes due to its tax immunity. On September 22, 2009, a ruling was handed down stating that it would not be legitimate to consider the Company as debtor. On November 26, 2010, an appeal requesting clarification of decision was lodged by claimant, which was rejected pursuant to the decision issued on February 11, 2011. An appeal was lodged by the claimant on March 1, 2011, and is pending judgment. On June 14, 2011, SESES presented counter arguments for the appeal. At this time, the trial of the appeal is awaited. The legal advisors assess an unfavorable outcome on the case as remote and its updated amount aggregates R$ 207,817;

(iv) A tax notice was served by the Rio de Janeiro City Tax Department against SESES, indicating the following alleged violations: (i) failure to pay ISS on college educational services, in the period January 2005 to January 2007, for having transferred all of its equity in February 2007 to a "new limited liability company"; (ii) unpaid ISS on college educational services, in the period February 2007 to July 2009, for failure to include the amount relating to scholarships awarded through PROUNI in the ISS tax base; and (iii) insufficient ISS amounts withheld and paid for services rendered by property security, surveillance, maintenance and cleaning firms from January 2005 to May 2009. On February 19, 2010, the Company filed a defense against the tax notice. On September 10, 2010, the case was referred to the Technical Support management. The case is pending a decision by the court of first instance. The updated tax notice amount aggregates R$ 158,988. The outside legal advisor assessed that the case involves a remote chance of an unfavorable outcome;

(v) Common civil action filed by SESES against the Federal Government/ National Treasury, seeking authorization to pay social security contributions on a graduated scale as defined by Article 13 of Law 11096/05 ("PROUNI Act"), with this escalation starting in the first month in which the general meeting that authorized its transformation into a for-profit entity was held, namely February 2007, resulting therefore in the following escalated payment of contributions by SESES: 20% in 2007; 40% in 2008; 60% in 2009; 80% in 2010 and 100% in 2011, notwithstanding the understanding of INSS inspectors, who claim that the 5 (five) year period for application of the escalated rates as defined in article 13 of the PROUNI Act should start to be counted as from the date of publication of this Act, which occurred in 2005. SESES also requests an interim relief so that the National Treasury refrains from refusing to issue a Tax Clearance Certificate regarding amounts payable to the Social Security and Third Parties, as well as to perform any other acts intended to demand from SESES alleged debts included in the "Consultation of Good Standing with the Social Security", with their payment liability being suspended or even those arising from the SESES interpretation of Article 13 of Law 11,096/05. A ruling was published on August 16, 2010 dismissing the SESES claim, against which an appeal was lodged, awaiting judgment. On November 4, 2010, the case was forwarded to the Ministério Público Federal, being returned to TRF on November 11, 2010 with an opinion favorable to SESES. On September 30, 2011, a request was filed for reconsideration of the decision denying the request for delivery of SESES's Letter of Bank Guarantee, in order to obtain an effective tax clearance certificate. On February 7, 2012, the reconsideration request was rejected. On February 23, 2012 an appeal against the decision was filed. On February 29, 2012 there was withdrawal of requests on the basis of filing a lawsuit with the presentation of a surety to suspend the requirement to pay the debt and obtain the CND. The outside legal advisors assessed that the case involves a possible loss and its updated amount is R$ 11,948. On August 7, 2012, the TRF judged favorably to our appeal. Thus, according to the decision, the beginning of the enjoyment starts from the date of the Shareholders' Meeting which changed the legal nature of SESES and not the date of publication of the Law of Prouni;

(vi) Tax notices were served by the City of Niterói on SESES, demanding payment of ISS for the period January 2004 to January 2007, considering the suspension of its tax immunity status by the City Public Administration based on the supposed noncompliance with the requirements for entitlement to tax immunity as defined in article 14 of the National Tax Code (CTN), i.e. for having failed to present the tax and accounting records as required by applicable law. Additionally, several fines for breach of ancillary obligations are imposed, some without any legal support and others that may have been imposed for purposes of confiscation. Voluntary appeals were lodged against the lower administrative level rulings dismissing the defense filed by SESES. The case is pending a higher administrative level ruling. The tax notices total R$ 11,882, which were assessed by the outside legal advisor as involving a possible loss.

(vii) Declaratory Action and Claim for Tax Refund filed by SESES against the Federal Government, challenging the legal requirement to pay Social Contribution Tax on Gross Revenue for Social Integration Program (PIS). This suit aims at declaring the non-existence of a legal-tax relationship for purposes of payment of PIS, since the Company held a Welfare Entity Certificate (CEBAS), in addition to recognition of the right to refund of amounts paid over the past ten years. The courts of first and second instances handed down favorable decisions to the Company, acknowledging its tax-immunity and tax credit for overpaid amounts. Currently, a special appeal filed by the Company in order to increase lawyers' fees and an extraordinary appeal lodged by the Federal Government seeking dismissal of the original plea are pending trial. On account of this suit, the amount of R$ 8,980, which would be due in the form of PIS (1% of payroll) while SESES had not changed from a civil non-profit entity to a profit-oriented company, on February 9, 2007, has been deposited with the courts. The total amounts R$ 8,980;

(viii) Tax notice issued by Brazilian IRS against SESES, due to alleged COFINS debts for 1996, considering that the SESES did not meet all the legal requirements to qualify as a social welfare entity and its right to tax immunity. This tax notice continues to be discussed at the administrative level, specifically at the Board of Tax Appeals. The outside legal advisors assessed the case as involving possible loss, the updated amount of which is R$ 3,490;

(ix) Action for Annulment filed by SESES against the Federal Government, seeking to reverse the tax credit dealt with in Tax Payment Notice No. 86202/2008, based on the collection of social security contributions supposedly due in the period between December 2005 and February 2008. The case is currently at the fact-finding stage, pending a lower administrative level ruling. The outside legal advisors assessed this case as a possible loss and the adjusted amount involved is R$ 2,755;

(x) Tax notice issued by the Brazilian IRS claiming payment by SESES of Social Contribution on Gross Revenue for Social Security Financing (COFINS), for the period January 31, 2006 to January 31, 2007, supposedly levied on revenues not arising from the company's own activities. The Company filed a defense on October 13, 2010, which is currently pending analysis. The outside legal advisors assessed that this case involves a possible loss estimated at R$ 1,877; and

(xi) Action for Annulment of Debt with request for preliminary injunction for the suspension of the credit demand related to ISS amounts supposedly owing for the period from January 2003 to January 2007, prior to the actions by the Municipal

Public Treasure, in view of request for waiver of proceeding No. 201112200298, and clearance of the defect of form related to Tax Notice No. 132460. The outside legal advisors assessed the case as involving possible loss, the updated amount of which is R$ 4,228;

(xii) Brazilian IRS issued 5 tax delinquency notices against SESES, for the period February 2007 to December 2007, due to alleged debts of (a) social security contributions (employers' share) on the compensation of employees registered with the social security and individual taxpayers, and those allocated to RAT (Work-related Environmental Risks) on the compensation of employees registered with the social security; (b) alleged failure to report in GFIP social security contributions calculated and deducted from the compensation of employees registered with the social security and individual taxpayers; (c) social security contributions (INCRA, FNDE, SESC and SEBRAE) levied on the compensation of employees registered with the social security; and (d) fine for noncompliance with a reporting obligation arising from alleged inaccuracies and/or omissions related to GFIP. The related defense was presented on January 30, 2012 and is pending judgment by the Special IRS Office for the Largest Contributors of the Rio de Janeiro state (DEMAC/RJO). The total case amount is R$ 21,553. According to the opinion of the legal advisors, the possibility of loss in these cases remains possible.

(In thousands of reais, unless otherwise stated)

17. Advances under exclusivity agreements

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

In exchange for the exclusivity granted to Unibanco, and for maintaining such a condition during the term of the agreement, i.e. until July 31, 2011, Unibanco paid to SESES and controlled entities a fixed amount of R$ 15,954, which has been recognized in income over the term of the agreement. On February 18, 2008, without significant changes in the main contractual clauses, the parties entered into a new agreement extending the partnership until February 18, 2018. In consideration for the exclusive rights granted to Unibanco while the agreement remains effective, Unibanco paid the Company an additional amount of R$ 18,000. At June 30, 2012, the balance related to amounts advanced in connection with the agreement amounted to R$ 16,356 (R$ 17,800 - December 31, 2011) recorded under non-current liabilities, which will be amortized over the life of the agreement.

18. Equity

a) Capital

Capital may be increased by the Board of Directors, regardless of any amendment to the bylaws, up to the limit of 1,000,000,000 (one billion) shares. At June 30, 2012 capital comprises 82,434,559 common shares.

The Company's shareholding structure at June 30, 2012 and June 30, 2011 is as follows:

Shareholders	**6/30/2012**	**%**	**6/30/2011**	**%**
Private Equity C, LLC	15,290,209	18.5%	15,290,209	18.6%
GPCP4 - Fundo de Investimento em Participações	426,804	0.5%	426,804	0.5%
Management and Board	471,491	0.6%	3,486,906	4.2%
Held in Treasury	252,500	0.3%	59,000	0.1%
Other	65,993,555	80,1%	62,989,018	76.6%
	82,434,559	**100.0%**	**82,251,937**	**100.0%**

b) Changes in shares

The Company had no change in types of shares in the six-month period ended June 30, 2012.

c) Treasury stock

The Board of Directors' held a meeting on May 12, 2010 and approved the Company's share repurchase plan, completed on May 11, 2011. A new program was opened on July 14, 2011 expected to be closed on July 13, 2012.

The shares acquired may be kept in treasury, subsequently cancelled and/or disposed of, or used in connection with the exercise, if any, of options granted under the Company's stock option plans. . The program provides for repurchase of up to 1,527,788 shares.

(In thousands of reais, unless otherwise stated)

Up to June 30, 2012 and after completion of this program, the Company had purchased 252,500 shares, at an average cost of R$ 18.84 per share, and market price of R$ 24.30 per share at that date.

Changes in treasury stock:

	Common	Balance
Acquisition in 2Q10	**15,000**	**291**
Acquisition in 3Q10	**300**	**6**
Acquisition in 1Q11	**43,700**	**1,029**
Acquisition in 3Q11	**173,900**	**3,113**
Acquisition in 4Q11	**19,600**	**317**
	252,500	**4,756**
Average acquisition cost per share at June 30, 2012	**18.84**	
Market value at June 30, 2012	**24.30**	

d) Capital reserve

d.1) Share premium

Upon its initial organization, SESES was recognized as a non-profit entity and, therefore, was entitled to tax immunity and exemption, being recognized as an entity of public interest at the federal and state levels. On February 9, 2007, when its form of business organization changed to a for-profit entity, SESES became subject to the tax burden levied on business entities, except for exemptions in connection with the enrollment under the PROUNI Program. Similarly to SESES, although not philanthropic in nature, the controlled entities were also recognized as non-profit entities when they were established, being entitled to certain tax exemptions up to September 30, 2005, when their form of business organization changed to business enterprise.

For the capital increase referred to above, the Company's shareholders assigned the stock issue price at R$ 27,072, whereas assets used for capital subscription indicated that SESES' and the controlled entities' units of interest had a book value of R$ 123,554.

This capital increase (R$ 27,072) is equivalent to funds actually contributed by nonprofit entities to business entities.

d.2) Option grants

The Company established a capital reserve for options granted in the amount of R$ 2,006 for the quarter ended June 30, 2012 (R$ 3,385 for the year ended December 31, 2011), as mentioned in note 21(b). As required by the applicable technical accounting pronouncement, the fair value of options was determined on the grant date and has been recognized over the vesting period up to the date of these parent company and consolidated financial statements.

e) Revenue reserves

e1) Legal reserve

The legal reserve is increased by 5% of net income for the year until its balance reaches 20% of the amount of paid-in capital, or 30% of capital plus capital reserves. After this limit is reached further transfer to such reserve is not necessary. The capital reserve may only be used to increase capital or to offset accumulated losses.

e.2) Profit retention reserve

This reserve is intended to be used for scheduled investments as per the capital budget, in conformity with article 196 of Brazilian corporation law.

f) Dividends

The Company's bylaws provide for a mandatory minimum dividend, equivalent to 25% of net income, after transfer to the legal reserve, as established by the Corporate Law, except for cases in which the Company's Shareholders' Agreement otherwise provides, when applicable. Since the secondary public offering held in 2010, there are no shareholders' agreements with respect to the Company.

On June 30, 2012 the Company has proposed dividend on December 31, 2011 to pay R$ 16,622 and R $ 11,288 of dividend receivable, whose date of receipt will happen in August 2012

19. Financial instruments and sensitivity analysis of financial assets and liabilities

The market value of financial assets and liabilities was determined based on available market information and appropriate valuation methodologies for each situation. However, considerable judgment is required in interpreting market data to develop the most adequate estimates of realizable value. As a result, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Company's financial assets and liabilities at June 30, 2012 and 2011 are recorded in the balance sheet at amounts that are consistent with those prevailing in the market. The main financial instruments are described below, as well as the criteria and assumptions used in the calculation of market values and their limitations:

a) Cash and cash equivalents

The recorded amounts approximate market value due to the short-term maturity of these instruments.

b) Related parties

These are presented at book value, since there are no similar instruments in the market.

c) Loans and financing

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

d) Accounts receivable

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

e) Other financial assets and liabilities

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

Risk factors

All operations of the Company and its subsidiaries are carried out with first-tier banks, which minimizes risks. Management set up an allowance for doubtful accounts for an amount considered sufficient to cover expected losses on the realization of receivables; therefore the risk of incurring losses on billed amounts receivable is duly measured and recorded. The main market risk factors that affect the Company's business are as follows:

a) Credit risk

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

The Company and its subsidiaries are also subject to credit risk from their short-term investments.

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

With respect to credit risk associated with financial institutions, the Company and its subsidiaries operate in accordance with the Cash Use Policy, approved by the Board of Directors.

b) Interest rate risk

The Company is exposed to CDI (Interbank Deposit Certificate) rate fluctuation, which applies to its short-term investments and its debts. Additionally, any increase in interest rates could drive up the cost of student loans, including loans under the FIES program, and reduce the demand for the courses.

c) Foreign exchange rate risk

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

d) Liquidity risk

Liquidity risk consists of the possibility that the Company and its subsidiaries may not have sufficient funds to comply with their financial commitments due to the different currencies and settlement terms of their rights and obligations.

The Company's and its subsidiaries' liquidity and cash flow control is monitored on a daily basis by the Company's financial management department, in order to ensure that cash flow from operations and funding, when necessary, are sufficient to meet its commitment schedule, not generating liquidity risks for the Company and its subsidiaries. There was no significant change in the financial liabilities of the Company as of June 30, 2012 compared to December 31, 2011.

e) Sensitivity analysis

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

The Company's financial instruments are represented by cash and cash equivalents, short-term investments, accounts receivable, accounts payable, loans and financing, and are recorded at cost plus earnings or charges incurred, which at June 30, 2012 and December 31, 2011 approximate market value.

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

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

With respect to loans, these refer to transactions for which the recorded amount approximates the market value of these financial instruments.

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

To verify the sensitivity of the index of financial investments to which the Company was exposed as of June 30, 2012, three different scenarios were built. The most recent benchmark rate (SELIC) determined by the Brazilian Central Bank's Monetary Policy Committee at its May 30, 2012 meeting - 8.50% p.a. -, was used as the probable scenario for the year. Rate changes of 25% and 50% were then calculated.

For each scenario, a "gross finance income" was calculated, disregarding the effect of taxes on the investment yields. The portfolio base date used was June 30, 2012, with projections for one year and determination of the CDI sensitivity in each scenario.

(In thousands of reais, unless otherwise stated)

SELIC increase scenario

Transactions	Risk	Probable scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI	8.50%	10.63%	12.75%
R$ 149,733		12,727	15,909	19,091

Transactions	Risk	Probable scenario(I)	Scenario (II)	Scenario (III)
Debentures	CDI+1.60	8.50%	10.63%	12.75%
R$ 200,459		20,519	24,847	29,175
IFC	CDI+1.53	8.50%	10.63%	12.75%
R$ 46,760		4,751	5,759	6,769
Net position		**(12,543)**	**(14,697)**	**(16,853)**

SELIC decrease scenario

Transactions	Risk	Probable scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI	8.50%	6.38%	4.25%
R$ 149,733		12,727	9,545	6,364

Transactions	Risk	Probable scenario (I)	Scenario (II)	Scenario (III)
Debentures	CDI+1.60	8.50%	6.38%	4.25%
R$ 200,459		20,519	16,192	11,863
IFC	CDI+1.53	8.50%	6.38%	4.25%
R$ 46,760		4,751	3,742	2,733
Net position		**(12,543)**	**(10,389)**	**(8,232)**

f) Derivative operations

On September 27, 2011, the Company's Board of Directors authorized the repurchase of its own shares, by entering into call and put options (jointly "options") on shares issued by the Company, for the purpose of cancelling, keeping in treasury and/or subsequently disposing of such shares, which may also be used to cover options exercised under the Company's share repurchase programs, as defined by CVM Rule 390/03, according to the conditions below, and having Banco Itaú as agent in the transaction. This operation carries a floating-rate cost for the Company since the obligation represents the amount disbursed by the financial institution on the date of repurchase, plus a fixed rate equivalent to the DI rate and a spread of 1.5%, which corresponds to approximately 110% of CDI.

(In thousands of reais, unless otherwise stated)

The number of put and call options to be issued or acquired is the same as that disclosed in the Notice of Material Fact published on July 15, 2011.

The options will be settled by means of physical delivery of shares against payment of the exercise price, which will be determined on the basis of the price of the options plus applicable financial charges.

At June 30, 2012, the Company carried out operations involving options maturing up to April 15, 2013 for an average exercise price of R$21.33 per share.

The maximum period for carrying out the operations referred to is 180 (one hundred and eighty) days as from October 3, 2011 and the maturity of the options shall not exceed 365 (three hundred and sixty-five) days as from the date of each operation.

No options have been exercised by any of the parties involved in the transaction since the share repurchase funding program started.

20. Insurance coverage

The Company and its subsidiaries have a risk management program designed to limit their risks, seeking to contract insurance compatible with their size and operations. Insurance coverage is considered sufficient by management for possible losses, given the nature of the activity, the risks involved in operations and the guidance of its insurance brokers.

The Company and its subsidiaries had the following main insurance policies:

	6/30/2012	**12/31/2011**
Directors and Officers (D&O) liability	80,000	80,000
Fire - Fixed assets	97,530	66,792
Third party liability	10,000	10,000
Fixed expenses	5,000	5,000
Electronic equipment	200	200
Other	273,070	27,719

21. Compensation of key management personnel

a) Compensation

According to Brazilian Corporate Law and the Company's bylaws, shareholders are responsible for setting the aggregate amount of management's annual compensation at a General Meeting. The Board of Directors is responsible for the allocation of funds among officers. The Annual General Meeting held on April 03, 2012, fixed the monthly limit of total compensation of management (Board of Directors and Executive Officers) of the Company.

For the six-months periods ended June 30, 2012 and June 30, 2011, total compensation (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R$ 7,470 and R$ 6,307, respectively. These amounts are within the limits fixed at the corresponding General Meetings.

The Company and its subsidiaries do not grant post-employment benefits, employment termination benefits or other long-term benefits to its management and employees, except for the share option plan described in note 19(b).

b) Share option plan

The Extraordinary Shareholders' Meeting held on September 13, 2008 approved the Company's Share Option Plan (the "Plan"), for the Company's management, employees and service providers (the "beneficiaries"). The Plan is managed by the Plan Administration Committee, established by the Board of Directors specifically for this purpose at a meeting held on July 1, 2008. The Committee is responsible for periodically creating stock option programs and for granting the options to eligible beneficiaries (reviewed on a regular basis) as well as for creating specific applicable rules, pursuant to the general rules of the Plan ("Program").

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

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

For the second share option program, as approved by the Committee on April 20, 2010, the exercise price of the options is equivalent to the average price of the shares over the last thirty (30) trading days on the Sao Paulo Stock Exchange prior to date the beneficiary joins the 2nd program, adjusted by reference to the IGPM index from the date the beneficiary is included in the 2nd program, less the amount of dividends and interest on equity per share that may be paid by the Company from the date of execution of the individual contracts with the beneficiaries. The Committee may, upon inclusion of the beneficiary in the 2nd program, determine the granting of a discount of up to 10% (ten percent) in the exercise price.

On December 20, 2010, upon termination of the 2nd program, the creation of the 3rd program was approved, with an issue price of shares to be acquired of R$ 23.60 (twenty-three reais and sixty cents), to be increased based on the variation of the IGPM index from January 3, 2011 until the date of actual exercise of the option.

On April 2, 2012, upon termination of the 3rd program, the creation of the 4th program was approved, with an issue price of shares to be acquired of R$ 19.00 (nineteen reais), to be increased based on the variation of the IGPM index from April 2, 2012 until the date o factual exercise of the option.

At June 30, 2012, 616,552 options granted had been exercised. The balance of shares represented by options is 2,982,308.

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

(In thousands of reais, unless otherwise stated)

Grant date	Spot price*	Annual volatility	Actual interest rate	Exercise price	Average term (years)	Dividend Yield
7/11/2008	23.50	57.49%	6.85%	16.5	4.68	0.97%
9/30/2008	14.05	56.00%	8.42%	16.5	4.68	1.62%
10/2/2008	14.60	55.87%	7.66%	16.5	4.68	1.56%
11/10/2008	14.65	64.90%	9.68%	16.5	4.68	1.55%
1/13/2009	13.20	63.99%	6.83%	16.5	4.68	1.72%
8/10/2009	24.05	58.14%	5.77%	16.5	4.68	0.95%
9/29/2009	20.10	56.75%	5.64%	16.5	4.68	1.13%
1/11/2010	24.50	63.15%	6.23%	16.5	4.68	0.93%
3/1/2010	22.50	62.20%	6.21%	16.5	4.68	1.01%
5/6/2010	18.99	60.71%	6.30%	19.2	4.68	1.62%
7/28/2010	20.20	58.84%	6.25%	19.2	4.68	1.52%
11/3/2010	25.20	57.60%	5.88%	19.2	4.68	1.52%
1/3/2011	27.00	56.55%	5.79%	23.6	4.68	1.14%
4/20/2011	23.40	54.94%	6.20%	23.6	4.68	1.32%
4/2/2012	19.51	51.66%	4.29%	19	4.68	1.65%

* Market price on the respective grant dates

Pursuant to the requirements of Technical Pronouncement CPC 10, share-based payments that were outstanding as of June 30, 2012 were measured and recognized by the Company.

The Company recognizes, on a monthly basis, the share options granted in a capital reserve account with a corresponding entry in the income statement, having recorded the amount of R$ 1,608 for the quarter ended June 30, 2012 (R$ 2,006 year to date through June 30, 2012) (R$ 3,385 for the year ended December 31, 2011).

The Company did not offer any other benefits to its management at June 30, 2012 in addition to the Share Option Plan.

22. Earnings per share

In compliance with CPC 41 (IAS 33) (approved by CVM Rule No. 636 - Earnings per Share), the Company sets out below the information on earnings per share as at June 30, 2012.

Basic earnings per share are calculated by dividing the profit for the period attributable to common shareholders of the parent company by the weighted average number of common shares outstanding during the period.

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

The following tables reflect the income and share data used in the basic and diluted earnings per share computations:

a) Basic earnings per share

	6/30/2012	6/30/2011
Numerator		
Profit for the period	54,981	36,651
Denominator (in thousands of shares)		
Weighted average number of outstanding shares	82,343,248	82,144,989
Basic earnings per share	0.000667705	0.000446175

b) Diluted earnings per share

	6/30/2012	6/30/2011
Numerator		
Profit for the period	54,981	36,651
Denominator (in thousands of shares)		
Weighted average number of outstanding shares	82,343,248	82,144,989
Potential increase in the number of shares relating to the share option plan	1,013,019	715,967
Adjusted weighted average number of outstanding shares	83,356,267	82,860,956
Diluted earnings per share	0.000659590	0.000442319

23. Net sales revenue

	Consolidated	
	6/30/2012	6/30/2011
Gross operating revenue	965,956	806,023
Deductions from gross revenue	(293,983)	(240,314)
Grants - scholarships	(256,069)	(206,919)
Returned monthly tuition fees and charges	(4,163)	(4,953)
Discounts granted	(2,791)	(4,374)
Taxes	(30,960)	(24,068)
Net operating revenue	671,974	565,709

24. Other operational revenue

	Parent company		Consolidated	
	06/30/2012	06/30/2011	06/30/2012	06/30/2011
Other Operational Revenue	446	407	638	515
Agreement Revenue	900	900	1,532	1,552
Rent Revenue			4,235	1,988
Reversion of operational provision			201	
	1,346	**1,307**	**6.606**	**4,055**

(In thousands of reais, unless otherwise stated)

25. Direct costs of services rendered

	Consolidated	
Direct costs of services rendered	**6/30/2012**	**6/30/2011**
Payroll and related social charges	(303,911)	(284,133)
Electricity, water, gas and telephone	(14,074)	(12,927)
Rents, condominium fees and property taxes	(57,575)	(51,031)
Mailing and courier expenses	(3,088)	(1,320)
Depreciation and amortization	(19,212)	(11,343)
Educational material	(14,876)	(11,419)
Third party services - security and cleaning	(13,342)	(11,184)
Other		
Direct costs of services rendered	(426,079)	(383,357)

(In thousands of reais, unless otherwise stated)

26. Expenses by nature

	Parent company		Consolidated	
	6/30/2012	**6/30/2011**	**6/30/2012**	**6/30/2011**
Allowance for doubtful accounts			(44,045)	(22,760)
Advertising			(32,066)	(27,926)
Sales and marketing			(9,671)	(10,081)
Selling expenses			**(85,783)**	**(60,767)**
Payroll and related social chafges	(1,047)	(2,209)	(41,709)	(32,797)
Outsourced services	(2,303)	(2,495)	(22,632)	(20,368)
Machinery rent and leases			(562)	(1,381)
Consumables			(745)	(753)
Maintenance and repairs				
Depreciation and amortization	(1,761)	(1,156)	(8,709)	(7,194)
Other	(1,442)	(2,169)	(24,721)	(24,854)
Provision for contingencies		2,909	(586)	2,729
General and administrative expenses	**(6,553)**	**(5,120)**	**(99,663)**	**(84,618)**

27. Financial income (expenses)

		Parent company		Consolidated
	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Financial income				
Late payment fines and interest received			5,486	6,873
Income on short-term investments	6,246	949	7,329	4,957
Other	1,398	385	1,258	800
	7,644	1,334	14,073	12,630
Financial expenses				
Bank expenses	419	25	3,397	2,293
Interest and financial charges	13,676	445	14,351	1,843
Debt waiver		3,298		3,298
Financial discounts			5,098	3,856
Other	424	59	2,345	1,787
	14,519	3,827	25,191	13,077

Financial discounts refer to the discounts granted upon renegotiation of overdue monthly tuition fees.

28. Income tax (IRPJ) and social contribution (CSLL)

Under Law 11,096/2005, regulated by Decree 5,493/2005 and Revenue Service Procedure 456/2004, in the terms of article 5 of Provisional Executive Act 213/2004, college educational entities while participating in the PROUNI program are exempt from IRPJ and CSLL, among other taxes, and the taxes shall be computed based on profit from operations benefitting from incentives ("*lucro da exploração")*.

Reconciliation of income tax and social contribution determined at statutory rates and taxes recognized in the income statement for the periods ended June 30, 2012 and June 30, 2011 is as follows:

(In thousands of reais, unless otherwise stated)

	Parent company		Consolidated	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Income before income tax and social contribution	54,981	36,651	55,911	40,539
Combined statutory rate of income tax and social contribution	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(18,694)	(12,461)	(19,010)	(13,783)
Adjustments for calculation of the effective rate				
Adjustments arising from Law 11638/2007			181	(429)
Equity in the results of subsidiaries	22,801	14,609		
Non-deductible expenses (a)	(402)	(1,514)	(710)	(2,163)
Provision for bonus (a)			3,060	
Tax losses offset	(3,706)	(633)	(3,862)	(1,268)
Initial adjustments upon adoption of the new accounting practices			(103)	
Provision for contingencies			(204)	(61)
Reversal of non-deductible allowance for doubtful accounts and monthly payment advices to be cancelled (b)				4,621
Unrecorded deferred tax assets (c)				
Reversal of administrative provisions (d)			68	
Provision for losses on property and equipment				
Other			60	48
			(20,520)	(13,035)
Tax benefits from incentive operations - PROUNI			20,412	13,164
Income tax and social contribution in the income statement for the period			(108)	129
Effective rate	0.00%	0.00%	-0.19%	0.32%

(a) These primarily refer to expenses for employee bonuses, sponsorships, donations and giveaways.
(b) Refers to non-deductible allowance for doubtful accounts relating to students with payments overdue for less than 180 days, and the provision for cancellation of monthly payment advices.

(In thousands of reais, unless otherwise stated)

The breakdown of income tax and social contribution expenses in the consolidated income statements for the six-month periods ended June 30, 2012 and June 30, 2011 is summarized below:

	Parent company		Consolidated	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Income tax and social contribution for the current period			(108)	129
Deferred income tax and social contribution for the current period			(837)	(4,017)
Income tax and social contribution for prior years			15	
			(930)	**(3,888)**

At June 30, 2012, subsidiaries SESES and IREP have net deferred tax assets on temporary differences in the amount of R$ 10,716. The breakdown of the tax effects of temporary differences which originated deferred tax assets and liabilities is summarized below:

	6/30/2012	12/31/2012
Provision for contingencies	**10,651**	**10,581**
Monthly tuition fees to be cancelled	**43**	**44**
Provision for decommissioning of assets	**2,739**	**2,740**
Amortization of goodwill	**(2,717)**	**(1,812)**
	10,716	**11,553**
Assets	13,434	13,365
Liabilities	(2,718)	(1,812)
	10,716	**11,553**

Deferred tax assets on temporary differences recorded at June 30, 2012 will be realized as the provisions that originated them are utilized. Consequently, it is not currently possible to present expected annual realization, since the Company's management is not yet able to forecast the timing of the realization of the provision for contingencies and the provision for decommissioning of assets.

At June 30, 2012, subsidiary IREP accounted for deferred tax liability in the amount of R$ 2,718 due to the tax depreciation of goodwill generated upon acquisition of the companies merged into it.

At June 30, 2012 the Company has tax credits resulting from income tax and social contribution losses in the amount of R$ 13,613. (R$ 8,023 at December 31, 2011) not yet recognized in the accounting records, since it is not possible to confirm at this point whether their realization is probable.

28. Subsequent events

On May 28, 2012 an agreement was entered into, subject to fulfilling certain conditions, for the purchase and sale of UB Unisãoluis Educacional S.A. ("Unisãoluis"), with principal offices and campus in the city of São Luis, State of Maranhão, through the indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"). On August 28, 2012 the required conditions for both parties will be complied with and the acquisition will be concluded.

The transaction amount was R$ 28,000, including payments to the partners and assumption of the acquiree's obligations.

As of the acquisition date, Unisãoluis had 4,000 students enrolled in its courses (unaudited). The consolidation of the activities in Maranhão will signal the arrival of Estácio in that State, consolidating its position as leading private higher education institution in the Northeast Region.

On August 1, 2012 the Company acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. (“ATUAL”), all the shares of SOCIEDADE EDUCACIONAL DO RIO GRANDE DO SUL S/S LTDA. (“FARGS”), sponsor of Riograndenses College, an institution with headquarters and campuses in the city of Porto Alegre, Rio Grande do Sul.

The value of the transaction of FARGS was R$ 9,320, including payments to shareholders and assumption of liabilities of the company.

FARGS was founded in 1990 and has approximately 1,100 students and 117 teachers allocated into two campuses, provides 1,680 jobs annually, counting in its portfolio 11 higher education courses and eight graduate as well as extension courses and free courses.

On the same date, the Company made a commitment to purchase all the shares of UNIUOL Gestão de Empreendimentos Educacionais e Participações S.A. (“UNIUOL”), which maintains the Faculty of Technology Uniuol, an institution with headquarters and campus in the city of João Pessoa, State of Paraíba.

The transaction value was R$ 1,725, including payments to shareholders and assumption of liabilities of the company.

UNIUOL was founded in 2001 and has approximately 300 students and 37 teachers allocated to a campus, in your portfolio contains three undergraduate and six technologists graduate.