1Q12 RESULTS

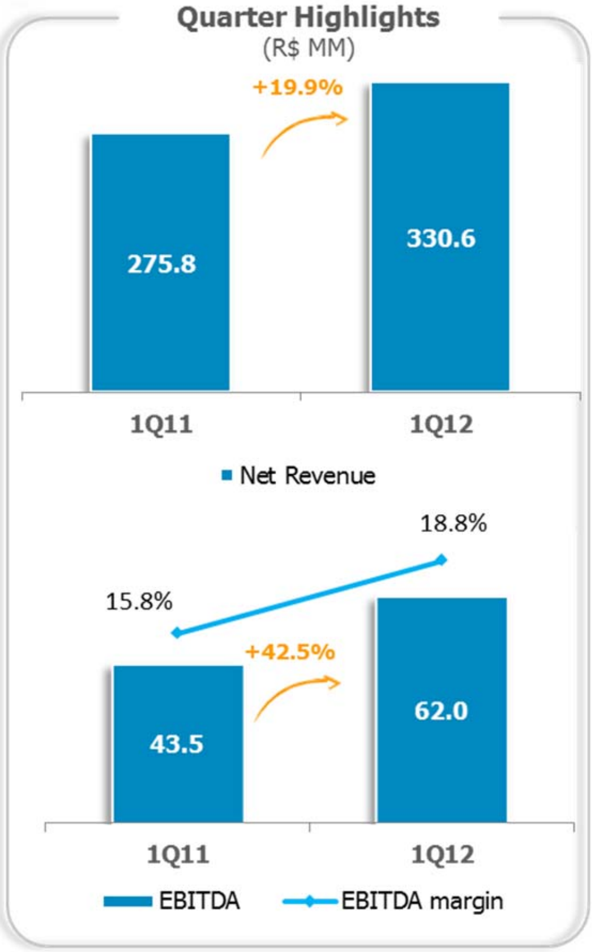
Growing with Sustainability

42.5% EBITDA growth and 3 p.p margin gain

Rio de Janeiro, May 10, 2012 – **Estácio Participações S.A.** – "Estácio" or "Company" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA) – announces its results for the first quarter of 2012 (1Q12) in comparison with the same period of the previous year (1Q11). Except where stated otherwise, the following financial and operating information is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

Highlights

- Estácio ended 1Q12's intake and renewal cycle with a student base of **278,600 students,** 15.4% higher than in 1Q11, of which 228,400 students were enrolled in on-campus programs (12.1% up on 1Q11, excluding acquisitions in 2011) and 50,200 in distance learning programs (62.5% more than in 1Q11).
- **Net operating revenue** came to R$330.6 million in 1Q12, an increase of 19.9% year-on-year, due to the growth of the student base and average ticket.
- Consolidated **EBITDA** reached R$62.0 million in 1Q12, up 42.5% year-over-year, with a margin increase of 3 p.p. over 1Q11.
- **Net income** totaled R$39.9 million in 1Q12, up 39.0% over 1Q11. **Earnings per share** came to R$0.49, a 40% increase in comparison with 1Q11.
- **Operating cash flow** in the period was R$13.5 million.
- At the end of 1Q12, Estácio had **cash and cash equivalents** of R$182.7 million.



ESTC3
(on 05/09/2012)

Price: R$25.00 /share
Number of Shares: 82,434,559
Market Cap: R$2.1 billion
Free Float: 80%

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Key Indicators in the Quarter

	Consolidated			Excluding Acquisitions		
Financial Highlights	**1Q11**	**1Q12**	**Change**	**1Q11**	**1Q12**	**Change**
Net Revenue (R$ million)	275.8	330.6	19.9%	271.3	316.3	16.6%
Gross Profit (R$ million)	95.8	131.0	36.7%	94.7	124.7	31.7%
Gross Profit margin	*34.7%*	*39.6%*	*4.9 p.p.*	*34.9%*	*39.4%*	*4.5 p.p.*
EBIT (R$ million)	28.4	46.3	63.0%	28.1	40.9	45.6%
EBIT Margin	*10.3%*	*14.0%*	*3.7 p.p.*	*10.4%*	*12.9%*	*2.5 p.p.*
EBITDA (R$ million)	43.5	62.0	42.5%	43.0	56.2	30.7%
EBITDA Margin	*15.8%*	*18.8%*	*3.0 p.p.*	*15.8%*	*17.8%*	*2.0 p.p.*
Net Income (R$ million)	28.7	39.9	39.0%	28.7	34.9	21.6%
Net Income Margin	*10.4%*	*12.1%*	*1.7 p.p.*	*10.6%*	*11.0%*	*0.4 p.p.*

Note: Adjusted EBITDA with the addition of the Operating Financial Result (Revenue from Fines and Interest over Monthly Fees).

Message from the Management

It took us three years of hard work, from 2008 to mid-2011, to build a new Estácio based on solid pillars that sustain any company designed for longevity: excellent **products**, organized and standardized **processes** and well-prepared, motivated **people,** who seek grand objectives.

It is in this context that we present our results for 1Q12, which confirm the trend of recovery in organic growth, with growth in revenue and average ticket, significant efficiency gains and a substantial increase in margin - all this followed by another positive result in our internal climate and student satisfaction surveys, as well as better results in our evaluations by the Ministry of Education (MEC), and, once again, by the adoption of rigorous criteria for negotiating with students debtors.

As announced during the quarter, we began the year with a record high enrollment, for the fourth cycle in a row. This time, we had 94,300 new on-campus and distance learning undergraduate students enrolled, up 29.5% over 1Q11. Altogether, there were more than 278,000 post-secondary students enrolled in our undergraduate and graduate courses, 15.4% more than in the same quarter last year.

The distance learning student base grew 62.5%, totaling 50,200 students at the end of 1Q12, also as the result of the quality of our educational platform, built 100% within Estácio and fully integrated with the Academic Model of our on-campus courses, using the same principles of autonomy, mobility, transparency and digital inclusion. This platform applies, in a highly efficient manner, the most modern teaching tools to provide content via online classes and broadcasting, with plenty of interaction and follow-up by our professors and tutors. It also invests onan increasing development of applications for devices such as tablets and smartphones, in line with the demands of the 21st century student.

As expected, the 1Q12 results were substantially driven by the increase in the student base and by our capacity to pass on the inflation effect to our prices. Estácio's net revenue this quarter was R$330.6 million, an increase of 19.9% year-on-year. The quality of our product, our facilities and our rapidly improving customer service are a few factors that enable us to increase our prices while continuing to expand our student base significantly.

At the same time, Estácio's management model once more proved to be sustainable and, with the help of tools such as matrix budgeting and planning and control of faculty costs, together with revenue growth and theimplementation of our Academic Model, allowed us to increase our operational efficiency and thus deliver an EBITDA of R$62.0 million, with an EBITDA margin gain of 3.0 p.p. over 1Q11. This operational efficiency is visible in processes that are fundamental to the business, such as more adequate class sizing and the consequent increase in the average classroom occupancy, and also the dilution of costs and expenses which are relatively fixed due to the increase in revenue. All this founded on a culture completely focused on results and meritocracy, which ensures that our people put in consistent efforts in the same direction planned for the Institution.

The gains seen in COGS and G&A were partially offset by the increase in the provision for doubtful accounts this quarter, which, as a ratio to net revenue, varied 2.3 p.p. over the same period in 2011. This result was directly impacted by the increase in delinquency throughout the second half of 2011, which, in the absence of payments or negotiation with debtors, ends up being automatically provisioned for after 180 days. Once again, here at Estácio we decided to preserve our values and think about the medium and long terms, preferring not to renew enrollments of students that chose not to negotiate under the terms offered or to take loans such as FIES. This policy is corroborated by the amount shown under the item “Aging og Agreements Receivables”, which remained practically stable in nominal terms (and 5 p.p. lower in relative terms) when compared with 1Q11. Besides this, the beginning of provisioning for FIES receivables, detailed in the “Accounts Receivable” section, caused an increase in this account, since it anticipates the provision for these students, as our standard provision criteria would normally wait 180 days to build the provision.

Our net income was R$39.9 million, up 39.0% year-on-year, mainly due to the 42.5% growth in EBITDA, which offset the increase in financial expenses related to the servicing of debt taken out during 2011. With that, our “Earnings per Share” grew from R$0.35 in 1Q11 to R$0.49 in 1Q12, up 40% on 1Q11, reflecting our capacity to generate good returns with limited invested capital.

The Operational Cash Flow already started showing the effects of our measures and action plans focused on Cash generation and closed the quarter with a R$13.5 million gain, compared to a R$6 million loss in 1Q11, which means a R$20 million increase compared to 1Q11. Note that the cash generation in the period was favored by the fact that our ex-FIES receivables remained practically in the same levels they were at the end of last year, despite the increase in revenue. The increase over 1Q11 was mainly due to the increase in FIES receivables, which practically doubled, and the increase in credit cards and checks receivables.

On April 16, we held Estácio Day at the Tom Jobim Campus in Rio de Janeiro. The goal of the event was to show, in a more tangible manner, the solid tools and fundamentals resulting from the efforts made by the Company over the past four years. Besides reinforcing the outlook for our 2014 vision, we showed that more than just projections, goals and dreams, we have a team with the quality, tools, systems and internal controls that sustain our strategy.

The real value of the achievements this quarter is much greater than the numbers. It is clear proof that our business model is fundamentally solid and that we are building a strong structure that will ensure our sustainable growth, in a way completely aligned with our shareholders’ interests. We are fully confident in our business model, because we believe that the value of a higher education degree is growing at this time of transition to the knowledge economy and that the aspirations of young, working professionals looking for a higher education degree are not fully met in Brazil. We know that the quality of Estácio's Academic Model, combined with aspects such as innovation, convenience, accessibility and unbeatable cost-benefit, make our business plan ideal for meeting this growing demand. Thus, we have a ready and prepared company, streamlined processes and the best available product, at the right moment for a market which has been showing concrete signs of a growth rebound.

Student base

Estácio ended the 1Q12 intake and renewal process with a **student base** of 278,600 (up 15.4% on 1Q11), of which 228,400 were enrolled in on-campus programs and 50,200 in distance learning ones, including the acquisitions of Atual, FAL and FATERN. Excluding the acquisitions made in 1Q11, the student base under the 'same shops' concept grew 18.8% year-on-year. We shall also consider the 2,800 students from the acquisition of SEAMA, announced in February and which will still be consolidated in our results.

Table 1 – Total Student Base

'000	1Q11	2Q11	3Q11	4Q11	1Q12	Change
On-Campus	**210.5**	**204.7**	**207.2**	**200.6**	**228.4**	**8.5%**
Undergraduate	200.5	191.6	196.9	189.9	219.4	9.4%
Graduate	10.0	13.1	10.3	10.7	9.0	-10.0%
Distance Learning	**30.9**	**34.0**	**40.6**	**39.4**	**50.2**	**62.5%**
Undergraduate	28.2	31.4	37.4	37.5	46.3	64.2%
Graduate	2.7	2.6	3.2	1.9	3.9	44.4%
Total Student Base	**241.4**	**238.7**	**247.8**	**240.0**	**278.6**	**15.4%**
# Campi	70	72	69	68	69	-1.4%
On-Campus Students per Campus	**3,007**	**2,843**	**3,003**	**2,950**	**3,311**	**10.1%**
# Distance Learning Centers	52	52	52	52	52	0.0%
Distance Learning Students per Center	**594**	**654**	**781**	**758**	**965**	**62.5%**

Note: The acquisitions made in 2011 have already been incorporated into the total student base for on-campus undergraduate students.

At the end of 1Q12 intake and renewal cycle, Estácio's **on-campus undergraduate base** totaled 219,400 students, 9.4% more than in 1Q11, resuming the trend of organic growth of the student base after a new cycle of record high enrollments. It is important to note that we lost around 3,000 students after the sale of our unit in Paraguay, as disclosed in 3Q11. Excluding this sale and the acquisitions made in 2011, Estácio's growth under the 'same-shops' concept would have been 8.3%.

Table 2 – Evolution of On-Campus Student Base (undergraduate)

'000	1Q11	1Q12	Change
Students - Starting balance	**173.1**	**189.9**	**9.7%**
(-) Acquisitions in 2011	-	(10.0)	N.A.
(-) Operation in Paraguay	(3.0)	-	N.A.
(-) Graduates	(14.2)	(14.7)	3.8%
Renewable Base	**155.9**	**165.2**	**5.9%**
(+) Enrollments	61.3	73.0	19.2%
(-) Not Renewed	(26.6)	(31.8)	19.5%
Students - same shops	**190.6**	**206.4**	**8.3%**
(+) Operation in Paraguay	3.0	-	N.A.
Students - ex-acquisitions	**193.7**	**206.4**	**6.6%**
(+) Acquisitions in 2011	6.8	10.0	47.0%
(+) 2011 Acquisitions' Enrollments	-	3.0	N.A.
Students - Ending balance	**200.5**	**219.4**	**9.4%**

At the end of the enrollment cycle, our student base using FIES loans totaled 23,000, which corresponds to 10.5% of our on-campus undergraduate student base. We also had approximately 12,000 students in ProUni, which represents 99.3% of utilization to the slots offered according to the Ministry of Education rules.

Table 3 – Evolution of FIES Student Base

'000	1Q11	2Q11	3Q11	4Q11	1Q12	Change
FIES Student Base	**8.3**	**10.2**	**13.0**	**15.2**	**23.0**	**177.1%**

Our **distance learning undergraduate student** base grew 64.2% year-over-year to reach 46,300 students, reflecting the excellent enrollment levels in 1Q12 and demonstrating, once again, the tendency for significant growth in Estácio's distance learning segment. It is worth noting that enrollments for the 2nd distance learning intake have already begun and are showing strong rate, keeping the good pace seen during the 1st intake (the process is expected to end in early June).

Table 4 – Evolution of Distance Learning Student Base (undergraduate)

'000	1Q11	1Q12	Change
Students - Starting Balance	**23.7**	**37.5**	**58.0%**
(-) Graduates	-	(0.5)	N.A.
(+) Enrollments	11.5	18.3	58.5%
(-) Dropouts	(7.1)	(9.0)	26.8%
Students - Ending Balance	**28.2**	**46.3**	**64.2%**

Operating Revenue

Net operating revenue totaled R$330.6 million in 1Q12, up 19.9% over 1Q11, due to the 15.4% growth in the student base and the increase in the average ticket.

Table 5 – Operating Revenue

R$ MM	1Q11	1Q12	Change
Gross Operating Revenue	**398.2**	**481.2**	**20.8%**
Monthly Tuition Fees	394.5	476.9	20.9%
Others	3.8	4.3	13.2%
Gross Revenue Deductions	**(122.4)**	**(150.6)**	**23.0%**
Scholarships and Discounts	(111.0)	(135.8)	22.3%
Taxes	(11.4)	(14.8)	29.8%
% Scholarships and Discounts/ Gross Operating Revenue	*27.9%*	*28.2%*	*0.3 p.p.*
Net Operating Revenue	**275.8**	**330.6**	**19.9%**

The **on-campus average ticket** increased by 8.3%, reflecting the increase in tuition due to the pass-through of inflation during the period. Note that the calculation of average ticket will adopt the concept of revenue generating base, as shown in the table below; that is, excluding from the base students that were not included in any class and those who already dropped out during the quarter.

Table 6 – Calculation of Average Ticket – On-Campus

'000	1Q11	1Q12	Change
On-Campus Undergraduate Student Base	**200.5**	**219.4**	**9.4%**
(-) Students not enrolled in class	-	(5.1)	N.A.
(-) Dropouts	(7.4)	(5.5)	-25.6%
(=) Revenue Generating On-Campus Undergraduate Student Base	**193.1**	**208.9**	**8.2%**
(+) On-Campus Graduate Student Base	**10.0**	**9.0**	**-10.0%**
(=) Revenue Generating On-Campus Student Base	**203.1**	**217.9**	**7.3%**
On-Campus Gross Revenue	**375.8**	**440.6**	**17.2%**
On-Campus Deductions	(115.2)	(137.8)	19.7%
On-Campus Net Revenue (R$ million)	**260.6**	**302.8**	**16.2%**
On-Campus Average Ticket (R$)	**427.7**	**463.2**	**8.3%**

The **average ticket from distance learning** went up 0.5%, mainly due to the discounts offered during the enrollment process, which were offset by the increase in tuition fees according to the inflation during the period.

Table 7 – Calculation of Average Ticket – Distance Learning

'000	1Q11	1Q12	Change
Distance Learning Undergraduate Student Base	**28.2**	**46.3**	**64.2%**
(-) Students not enrolled in class	(1.0)	(0.9)	-5.6%
(-) Dropouts	(0.4)	(1.0)	156.0%
(=) Revenue Generating Distance Learning Undergraduate Student Base	**26.8**	**44.3**	**65.4%**
(+) Distance Learning Graduate Student Base	**2.7**	**3.9**	**44.4%**
(=) Revenue Generating Distance Learning Student Base	**29.5**	**48.2**	**63.5%**
Distance Learning Gross Revenue	**22.4**	**37.5**	**67.4%**
Distance Learning Deductions	(7.2)	(12.4)	71.1%
Distance Learning Net Revenue (R$ million)	**15.2**	**24.9**	**64.4%**
Distance Learning Average Ticket (R$)	**171.5**	**172.4**	**0.5%**

Cost of Services

In 1Q12, the **ratio of cash cost to net revenue** registered a margin gain of 5.2 p.p. over 1Q11, mostly due to the significant reduction in personnel costs (4.6 p.p. gain), reflecting the increasing efficiency in the control of faculty costs, and in INSS (1.2 p.p. gain), thanks to the end of the INSS (labour tax) step-up, which more than offset the already expected increase in textbook material costs (-0.6 p.p.).

Table 8 – Cost of Services

R$ MM	1Q11	1Q12	Change
Cost of Services	**(174.5)**	**(191.9)**	**10.0%**
Personnel	(136.0)	(143.9)	5.8%
Salaries and Payroll Charges	(111.2)	(117.9)	6.0%
Brazilian Social Security Institute (INSS)	(24.8)	(25.9)	4.4%
Rentals / Real Estate Taxes Expenses	(25.1)	(29.9)	19.1%
Textbooks Materials	(3.1)	(5.5)	77.4%
Third-Party Services and Others	(10.3)	(12.6)	22.3%

Table 9 – Vertical Analysis of Costs of Services

% of Net Operating Revenue	1Q11	1Q12	Change
Cost of Services	**-63.2%**	**-58.0%**	***5.2 p.p.***
Personnel	-49.3%	-43.5%	*5.8 p.p.*
Salaries and Payroll Charges	-40.3%	-35.7%	*4.6 p.p.*
Brazilian Social Security Institute (INSS)	-9.0%	-7.8%	*1.2 p.p.*
Rentals / Real Estate Taxes Expenses	-9.1%	-9.0%	*0.1 p.p.*
Textbooks Materials	-1.1%	-1.7%	*-0.6 p.p.*
Third-Party Services and Others	-3.7%	-3.8%	*-0.1 p.p.*

Table 10 – Reconciliation of Cost

R$ MM	1Q11	1Q12	Change
Cash Cost of Services	**(174.5)**	**(191.9)**	**10.0%**
(+) Depreciation	(5.5)	(7.6)	38.2%
Cost of Services	**(180.0)**	**(199.6)**	**10.9%**

Gross Income

Table 11 – Statement of Gross Income

R$ MM	1Q11	1Q12	Change
Net Operating Revenue	275.8	330.6	19.9%
Cost of Services	(180.0)	(199.6)	10.9%
Gross Profit	**95.8**	**131.0**	**36.7%**
(-) Depreciation	5.5	7.6	38.2%
Cash Gross Profit	**101.3**	**138.6**	**36.8%**
Cash Gross Margin	*36.7%*	*41.9%*	*5.2 p.p.*

Selling, General and Administrative Expenses

In the first quarter of 2012, **general and administrative expenses** represented 13.1% of net revenue, with a margin loss of 0.5 p.p., mainly due to: (i) the rise of 0.8 p.p. in personnel expenses, due to the increase in the concession of some additional benefits to our workforce (healthcare plan, meal tickets) and beginning of provision for yearly variable compensation; and (ii) the increase of 1.7 p.p. in the provision for contingencies line, which last year was benefited by a reversion due to the sale of our operation in Uruguay (the "Escuela"), as well as another reversion in the amount of R$1 million.

Selling expenses represented 11.3% of the net revenue in 1Q12, causing a reduction in the margin (-0.8 p.p.) over 1Q11, mostly due to the 2.3 p.p. increase in the ratio of PDA to net revenue, reflecting the scenario of delinquency verified throughout last year and captured through our strict and transparent criteria for provisioning. Besides this, the beginning of provisioning for FIES receivables, detailed in the "Accounts Receivable" section, caused an increase in this account, since it anticipates the provision for these students, as our standard provision criteria would wait 180 days to constitute provisions for these students.

On the other hand, the 1.5 p.p. gain in **marketing expenses** is worth to mention, as it results in an extremely competitive cost per enrollment in our segment. It also represents a strategy to spread a little more our marketing expenses throughout the year, aiming a significant intake cycle in the second semester.

Table 12 – Selling, General and Administrative Expenses

R$ MM	1Q11	1Q12	Change
Selling, General and Administrative Cash Expenses	**(63.7)**	**(80.6)**	**26.5%**
Selling Expenses	**(29.0)**	**(37.3)**	**28.6%**
Provisions for Doubtful Debts	(5.2)	(14.0)	169.2%
Marketing	(23.7)	(23.3)	-1.7%
General and Administrative Expenses	**(34.7)**	**(43.3)**	**24.8%**
Personnel	(16.3)	(20.9)	28.2%
Salaries and Payroll Charges	(12.7)	(18.0)	41.7%
Brazilian Social Security Institute (INSS)	(3.5)	(2.9)	-17.1%
Others	(18.5)	(22.4)	21.1%
Third-Party Services	(10.3)	(12.2)	18.4%
Machinery rentals and leasing	(1.1)	(0.6)	-45.5%
Consumable Material	(0.3)	(0.3)	0.0%
Provision for Contingencies	3.2	(1.7)	N.A.
Other Operating Renevue (expenses)	1.7	2.5	47.1%
Others	(11.7)	(10.1)	-13.7%
Depreciation	**(3.7)**	**(4.0)**	**8.1%**

Table 13 – Vertical Analysis of Selling, General and Administrative Expenses

% of Net Operating Revenue	1Q11	1Q12	Change
Selling, General and Administrative Cash Expenses	**-23.1%**	**-24.4%**	***-1.3 p.p.***
Selling Expenses	**-10.5%**	**-11.3%**	***-0.8 p.p.***
Provisions for Doubtful Debts	-1.9%	-4.2%	*-2.3 p.p.*
Marketing	-8.6%	-7.1%	*1.5 p.p.*
General and Administrative Expenses	**-12.6%**	**-13.1%**	***-0.5 p.p.***
Personnel	-5.9%	-6.3%	*-0.4 p.p.*
Salaries and Payroll Charges	-4.6%	-5.4%	*-0.8 p.p.*
Brazilian Social Security Institute (INSS)	-1.3%	-0.9%	*0.4 p.p.*
Others	-6.7%	-6.8%	*-0.1 p.p.*
Third-Party Services	-3.7%	-3.7%	*0.0 p.p.*
Machinery rentals and leasing	-0.4%	-0.2%	*0.2 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*
Provision for Contingencies	1.2%	-0.5%	*-1.7 p.p.*
Other Operating Renevue (expenses)	0.6%	0.8%	*0.2 p.p.*
Others	-4.2%	-3.1%	*1.1 p.p.*
Depreciation	**-1.3%**	**-1.2%**	***0.1 p.p.***

EBITDA

In 1Q12, **EBITDA** totaled R$62.0 million, 42.5% above 1Q11, with an EBITDA margin of 18.8%, representing a gain of 3.0 p.p. over the previous year, mainly as the result of better personnel cost and expenses management, which offset the increase in textbooks costs and PDA expenses.

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

R$ MM	1Q11	1Q12	Change
Net Revenue	**275.8**	**330.6**	**19.9%**
(-) Cash Cost of Services	(174.5)	(191.9)	10.0%
(-) Selling, General and Administrative Cash Expenses	(63.7)	(80.6)	26.5%
(+) Operating Financial Result	5.8	4.0	-31.0%
EBITDA	**43.5**	**62.0**	**42.5%**
EBITDA Margin	*15.8%*	*18.8%*	*3.0 p.p.*

Excluding the acquisitions made in 2011, EBITDA under the 'same-shops' concept came to R$56.2 million in 1Q12, an increase of 30.6%, with a margin gain of 2.0 p.p. over 1Q11. This result is explained by the successful integration of the acquisitions made last year and also shows that they are substantially contributing to our margin gains.

Table 15 – Statement of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) – same shop concept

R$ MM	1Q11 ex-acquisitions	1Q12 ex-acquisitions	Change
Net Revenue	**271.3**	**316.3**	**16.6%**
(-) Cash Cost of Services	(171.1)	(184.2)	7.7%
(-) Selling, General and Administrative Cash Expenses	(63.0)	(79.8)	26.7%
(+) Operating Financial Result	5.8	3.9	-32.6%
EBITDA	**43.0**	**56.2**	**30.6%**
EBITDA Margin	*15.8%*	*17.8%*	*2.0 p.p.*

Acquired Companies

The following chart shows the results of the companies acquired in 2011. We will provide these details up to 12 months from the date of acquisition to enable follow-up of the Company's performance under the 'same shops' concept. After this period, the results of acquired companies will be included in the consolidated data.

Table 16 – Key Indicators of Acquired Companies in 1Q12

R$ million	Atual	FAL	FATERN	Academia do Concurso
Net Revenue	6.0	3.6	2.9	2.7
Gross Profit	2.8	1.7	0.9	1.5
Gross Margin	*46.7%*	*47.2%*	*31.0%*	*55.6%*
EBITDA	2.9	1.6	1.1	0.7
EBITDA Margin	*48.3%*	*44.4%*	*37.2%*	*25.9%*
Net Income	2.7	1.5	0.9	0.4
Income Margin	*45.0%*	*41.7%*	*31.0%*	*14.8%*

As shown above, the acquired companies once again delivered excellent results and their margins are already contributing significantly to Estácio's consolidated results after their successful integration. The acquisitions made in Natal, Estácio-FAL and Estácio-Fatern, contributed positively in 1Q12, with EBITDA margins of 44.4% and 37.2%, respectively. Both Units are benefitting from the creation of the "Natal Cluster" together with our original Unit in the city, gaining synergies and economies of scale, thus leveraging their margins.

It is important to highlight that the acquisitions in Natal were crucial to repositioning Estácio in this important city in northeast Brazil. In 1Q11, when we had only the original operation in Natal and were only one month into the consolidation of FAL, our EBITDA was approximately R$0.06 million. In 1Q12, adding the two acquisitions to our original operation in Natal, which has also improved significantly throughout the year, EBITDA of the "Natal Cluster" was more than R$3.0 million, demonstrating the quick generation of value from our acquisitions, regardless of their sizes.

Estácio-Atual, our first acquisition in 2011 and the most advanced in terms of integration, delivered an EBITDA margin of 48.3% in 1Q12, once again proving its excellent performance and the success of the acquisition, performing significantly better than the business plan that justified this business. It is worth noting the increase in the Student Satisfaction Survey (PESA) at Atual, further backing up the success of the integration and the strong student acceptance of the new Academic Model at the new Units acquired.

Academia do Concurso managed to reverse the results from the past quarters and registered a positive performance after the adjustments made in 2011. It continues to structure its platform for distance learning courses and to prepare to market a platform of non-regulated courses, offering, for example, Estácio's successful PrOAB (preparatory course for the Bar exam) to the public in general, which will help to generate revenues, thus increasing its margins and expanding its growth prospects.

Financial Result

Table 17 – Breakdown of the Financial Result

R$ MM	1Q11	1Q12	Change
Financial Revenue	**9.5**	**8.6**	**-9.5%**
Fines and interest charged	5.8	4.0	-31.0%
Income of financial applications	3.3	4.2	27.3%
Other	0.4	0.4	0.0%
Financial Expenses	**(7.8)**	**(12.7)**	**62.8%**
Bank charges	(1.1)	(2.3)	109.1%
Interest and fianancial charges	(0.5)	(7.8)	1460.0%
Debt relief	(3.3)	-	N.A.
Financial Discounts	(1.6)	(0.9)	-43.8%
Other	(1.3)	(1.6)	23.1%
Financial Result	**1.6**	**(4.1)**	**N.A.**

In 1Q12, the **financial result** was negative by R$4.1 million, as the result of the R$4.9 million increase in financial expenses. This result is mainly due to the increase of R$7.3 million in interest and financial expenses relating to the servicing of debt taken in 2011, in particular the credit line from the IFC and the issuance of bonds.

Net Income

Table 18 – Reconciliation of EBITDA and Net Income

R$ MM	1Q11	1Q12	Change
EBITDA	**43.5**	**62.0**	**42.5%**
Operating Financial Result	(5.8)	(4.0)	-31.0%
Financial Result	1.6	(4.1)	-356.3%
Depreciation	(9.2)	(11.6)	26.1%
Non-operating result	0.2	-	-100.0%
Social Contribution	(0.4)	(0.6)	50.0%
Income Tax	(1.1)	(1.7)	54.5%
Net Income	**28.7**	**39.9**	**39.0%**

In the first quarter of 2012, **net income** came to R$39.9 million, increasing 39.0% year-on-year, mostly due to the 19.9% increase in net revenue and the efficiency gains in cost lines, resulting in the 42.5% growth of EBITDA, which more than offset the losses in our financial results.

In 1Q12, our **earnings per share** was R$0.49, up 40% in comparison with the R$0.35 recorded in 1Q11.

Accounts Receivable and Average Receivable Days

The number of **days receivables from students** (tuitions and agreements) came to 67 days in 1Q12. Disregarding the acquisitions in 2011, this figure was 65 days, stable in comparison with 4Q11, but with a clear increase in the credit cards and checks receivables mix, which is healthier in the medium term.

Table 19 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R$ MM)	1Q11	2Q11	3Q11	4Q11	1Q12	1Q12 ex-acquisitions
Gross Accounts Receivable	**234.4**	**273.1**	**283.2**	**320.8**	**358.5**	**329.8**
FIES	21.2	25.4	31.0	36.5	55.4	55.3
Tuition monthly fees	164.6	198.7	195.0	241.4	246.6	220.5
Credit Cards receivable	12.8	10.8	16.4	12.2	21.9	21.3
Renegotiation receivables	31.7	32.4	35.5	26.4	33.7	31.8
Fees receivables	4.1	5.7	5.3	4.4	0.8	0.8
Credits to identify	(5.5)	(6.8)	(5.2)	(7.4)	(6.1)	(6.1)
Provision for bad debts	(49.9)	(55.8)	(56.0)	(69.3)	(73.9)	(62.4)
Net Accounts Receivable	**179.0**	**210.5**	**221.9**	**244.1**	**278.5**	**261.3**
(-) FIES	(21.2)	(25.4)	(31.0)	(36.5)	(55.4)	(55.3)
Net Accounts Receivable Ex. FIES	**157.8**	**185.0**	**190.9**	**207.6**	**223.0**	**206.0**
Net Revenue (last twelve months)	**1,288.4**	**1,119.3**	**1,106.5**	**1,148.4**	**1,203.2**	**1,147.8**
Days Receivables Ex. FIES	**44**	**60**	**62**	**65**	**67**	**65**

Following with our commitment to transparency in the disclosure of results, we once again publish the calculation of the average days of receivables of FIES and the calculation of the gross average receivables, which uses gross accounts receivables (including FIES and without discounting PDA), given that this indicator has a direct impact on the working capital and operating cash generation by the Company.

Table 20 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	1Q11	2Q11	3Q11	4Q11	1Q12
FIES Receivables	21.2	25.4	31.0	36.5	55.4
Carry-Forward Credits	22.6	18.2	9.7	16.7	11.0
FIES Net Revenue (last twelve months)	49.8	67.6	82.7	101.4	117.7
FIES Days Receivables	**317**	**233**	**177**	**189**	**203**

FIES accounts receivable stood at R$55.4 million, a R$18.9 million increase over 4Q11, basically due to the increased number of FIES students in our base (23,000 students at the end of 1Q12) and to the delay in the conclusion of the contracts' amendment process, which ended up contributing to the increase of FIES days receivables. On the other hand, throughout the quarter we managed to improve the processes to use the certificates already issued, which allowed us to end the period with R$11.0 million in FIES carry-forward credits, R$5.7 million less than we had in 4Q11. Despite not having delinquency risk on FIES receivables, their increase impacts on our working capital and for this reason we continue our efforts to shorten the FIES days receivables as much as possible. In April, we received new FIES certificates totaling R$26.1 million, as well as managed to release R$6.1 million of the old FIES which were in our accounts receivable. From this amount, we have already used around R$11.7 million for the payment of INSS and had R$16.3 million repurchased in auctions, indicating a recovery in relation to previous periods. At the same time, we continue with our policy to use this financing instrument as part of our efforts to retain students, directing FIES, as much as possible, to students with a history or tendency of payment difficulties.

The **provisioning for eventual delinquency of FIES students** will be as follows: (i) 2.25% for students with a guarantor and (ii) 7% for students who are part of the FIES Guarantee Fund. The provisioning for FIES students was carried out retroactively and also for the 1Q12 balance, which ended up increasing PDA of 1Q12 in R$2.2 million. As a matter of fact, at this time our PDA was negatively affected by this new criteria, because we make the provision along with the invoicing, thus anticipating a provision that would normally wait 180 days under Estácio's regular criteria.

Gross accounts receivable, presented in the table below, takes both FIES and gross accounts receivable into consideration, without discounting PDA. As shown, this amount is higher than the days receivables usually presented (as indicated in Table 20 – Accounts Receivable and Average Receivable Days), as PDA balance is not discounted and FIES receivables are also included.

Table 21 – Gross Accounts Receivable and Average Receivable Days

Average Days Receivables	1Q11	2Q11	3Q11	4Q11	1Q12
Gross Accounts Receivable	234.4	273.1	283.2	320.8	358.5
Net Revenue (last twelve months)*	1,288.4	1,119.3	1,106.5	1,148.4	1,203.2
Gross Days Receivables	**65**	**88**	**92**	**101**	**107**
Gross Days Receivables Ex. FIES	**60**	**80**	**82**	**89**	**91**

The increase of 6 days in the gross average days receivables when compared to 4Q11 is mainly related to the higher penetration of FIES in the student base, as the FIES days receivables are still much higher than Estácio's average.

Table 22 – Gross Total Aging of Accounts Receivable

Breakdown of Accounts Receivable by Age (R$ million)	1Q11	%	1Q12	%
FIES	21.2	9%	55.4	15%
Not yet due	68.7	29%	101.4	28%
Overdue up to 30 days	40.2	17%	52.9	15%
Overdue from 31 to 60 days	18.5	8%	20.8	6%
Overdue from 61 to 90 days	5.8	2%	6.9	2%
Overdue from 91 to 179 days	30.2	13%	47.2	13%
Overdue more than 180 days	49.9	21%	73.9	21%
TOTAL	**234.4**	**100%**	**358.5**	**100%**

Table 23 – Aging of Agreements Receivable

Breakdown of Agreements by Age (R$ million)	1Q11	%	1Q12	%
Not yet due	23.1	73%	19.5	58%
Overdue up to 30 days	1.9	6%	2.5	7%
Overdue from 31 to 60 days	0.8	3%	1.2	4%
Overdue from 61 to 90 days	0.7	2%	1.3	4%
Overdue from 91 to 179 days	2.0	6%	4.1	12%
Overdue more than 180 days	3.2	10%	5.1	15%
TOTAL	**31.7**	**100%**	**33.7**	**100%**
% over Accounts Receivable	**14%**		**9%**	

On the other hand, our accounts receivable remains healthy. Thanks to the rigorous policies that we adopted for debt renegotiation, in 1Q12 only 9% of total receivables came from agreements with students. In addition, the percentage of receivables overdue more than 60 days represents 31% of all agreements, or 2.9% of our accounts receivable.

Our criteria remain strict, clear and objective, as we provision for 100% of receivables overdue for more than 180 days. The tables 24 and 25 demonstrate how our PDA is recorded, and reconciles the balance with the amounts that pass through the result.

Table 24 – Constitution of Provision for Doubtful Accounts in the P&L

R$ MM	12/31/2011	Gross increase in the provision for deliquency	Deliquency recover	Net provision effect	Write off	3/31/2012
Tuitions and fees	56.8	28.8	(14.4)	14.3	(8.8)	62.4
Acquired Companies	12.5	3.5	(4.5)	(1.0)	-	11.5
TOTAL	**69.3**	**32.2**	**(18.9)**	**13.3**	**(8.8)**	**73.9**

Table 25 – Reconciliation of the Provision for Doubtful Balances in the Balance Sheet

	3/31/2012
Additional Provision	13.3
Credit Risk - FIES	2.2
Write off of charges and unidentified deposits	(1.5)
Total	**14.0**

Investments (CAPEX and Acquisitions)

Table 26 – CAPEX Breakdown

R$ million	1Q11	1Q12	Change
Total CAPEX	**53.7**	**24.8**	**-53.9%**
Maintenance	**6.6**	**8.4**	**27.3%**
Discretionary, Expansion and Acquisitions	**47.1**	**16.4**	**-65.3%**
Academic Model	3.3	4.0	**21.7%**
New IT Architecture	0.8	4.5	467.9%
Tablet Project	-	3.6	N.A.
Computers	9.9	-	N.A.
Expansion	5.9	4.2	-28.8%
Acquisitions	27.2	-	N.A.

Total CAPEX in 1Q12 fell by 54%, mainly because there were no acquisition expenditure recorded this quarter (against R$27.2 million in 1Q11) and also because in 2011 we replaced our entire computer network, a “one-time” investment.

Maintenance CAPEX totaled R$8.4 million in 1Q12, allocated mainly to the upgrade of sotware and hardware, equipment acquisition, libraries and laboratories in our units. This quarter, maintenance CAPEX went up due to the leasing of air-conditioning equipment in the amount of R$3.8 million.

Approximately R$4.0 million was also invested in the **Academic Model** (building of content and development and production of distance-learning products); R$3.6 million in the ‘Tablet Project’; and R$4.5 million to acquire hardware and licenses for the development of our IT architechture revamp project, which aims to replace our legacy academic systems and also to enable our network to deal with the growth forecast for Estácio.

Investments in expansion projects, revitalizations and improvements of units totaled R$4.2 million in 1Q12 and include the investments made at our new campus Via Brasil, which saw its operation begin this quarter, besides the other units to be launched in 2012.

Capitalization and Cash

Table 27 – Capitalization and Cash

R$ MM	03/31/2011	12/31/2011	03/31/2012
Shareholders' Equity	**614.2**	**618.9**	**659.6**
Cash & Cash Equivalents	**128.2**	**169.4**	**182.7**
Total Gross Debt	**(21.6)**	**(264.4)**	**(273.9)**
Loans and Financing	(11.3)	(254.4)	(265.3)
Short Term	(4.4)	(6.5)	(15.5)
Long Term	(6.9)	(247.8)	(249.8)
Commitments to Pay	(4.9)	(5.4)	(4.1)
Taxes Paid in Installments	(5.4)	(4.6)	(4.5)
Cash / Net Debt	**106.5**	**(95.0)**	**(91.2)**

At the end of 1Q12, **cash** totaled R$182.7 million, which was conservatively invested in fixed-income instruments pegged to the CDI rate, in government bonds and in certificates of deposits at first class Brazilian banks.

The **debt** balance of R$265.3 million corresponds to the Company's first local bond issuance amounting to R$200 million, the R$48.5 million loan taken from the IFC and the capitalization of equipment leasing expenses in accordance with Federal Law 11,638. We have also included the commitments for future payments related to acquisitions already made, of around R$4.1 million, as well as taxes payable in installments, to determine our **gross debt**, which totaled R$273.9 million at the end of 1Q12.

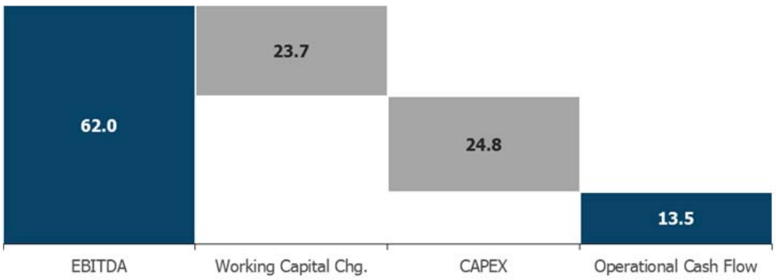
Thus, the Company's **net debt** at the end of 1Q12 stood at R$91.2 million.

Cash Flow

In 1Q12, the working capital of R$23.7 million and the R$24.8 million CAPEX, consumed R$48.5 million of our EBITDA, generating a **positive operational cash flow** of R$13.5 million, in comparison with the negative operational cash flow of R$6 million in 1Q11.

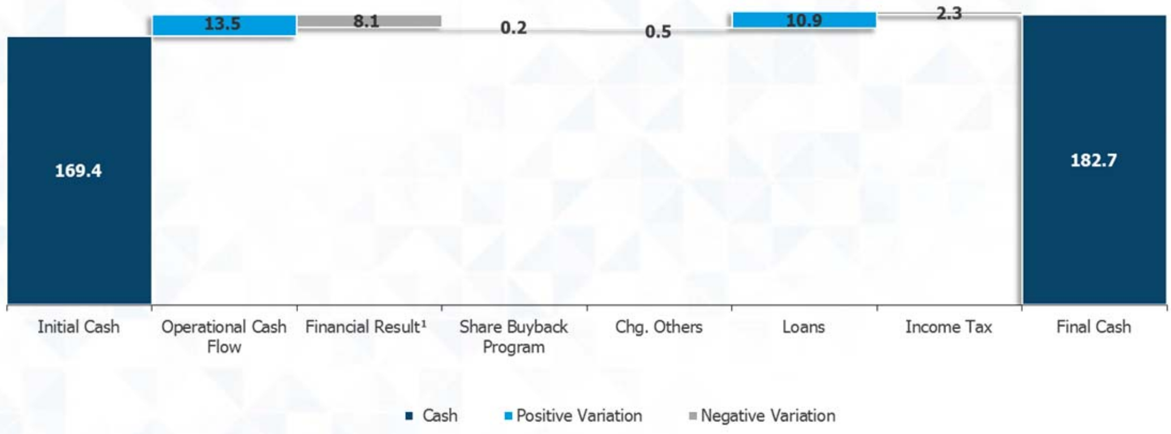
The **working capital change** is explained basically by the increase in accounts receivable (R$34.4 million). It is important to highlight that the change in accounts receivable was mostly affected by the R$19.0 million increase in FIES receivables, whose balance totaled R$55.4 million at the end of 1Q12, which directly impacted our operational cash flow, although it does not present a credit risk.

Graph 1 – Operational Cash Flow (R$ million) - Quarter



In 1Q12, the positive operating cash flow more than offset the negative financial result (R$8.1 million) and the variations in other accounts, contributing to an increase of R$13.3 million in our cash position, which closed the quarter with a balance of R$182.7 million. We must remember that at the end of the quarter we had in our hands R$11.0 million FIES certificates already issued, not included under cash and equivalents in our reports, that are already being used for tax payment or sold at buyback auctions, besides the R$55.4 million of FIES receivables still awaiting the issuance of certificates.

Graph 2 – Cash Flow (R$ million) - Quarter



¹Financial Result excluding the Operating Financial Result

Key Material Facts in 1Q12

Estácio Day in Rio de Janeiro

Picture: Paula Caleffi, Eduardo Alcalay, João Barroso, Rogério Melzi, Pedro Graça, Miguel de Paula, Gilberto Castro e Virgílio Gibbon (from left to right).

In an effort to strengthen our relations with investors and to demonstrate in detail Estácio's model and structure, we held the first Estácio Day in Brazil on April 16th. The event, held at the Tom Jobim Campus in Rio de Janeiro, brought together around 100 investors, shareholders and analysts interested in knowing more about the history of the institution and its prospects over the coming years.

The event marked the first public presentation by the whole Board of Executive Officers of Estácio Participações at an event for capital markets, besides other officers and corporate managers who were also present. Estácio Day was opened with speeches by the Chairman of Estácio's Board of Directors, Eduardo Alcalay, and our Chief Executive Officer, Rogério Melzi, followed by the other Executive Officers. During the lunch break, we presented two successful case studies of our management model: Kesi Sodré, Director at the 'Núcleo Recife', and Ana Flavia Chaves, Director at the 'Núcleo Fortaleza', presening the case study "Growing with Estácio". Kesi, who entered the Company through the Trainee program, which began 3 years ago, talked about his experience at the Company, highlighting the pillars of training, retention of talents and growth by meritocracy.

The event was organized so those present could live, in practice, all the work developed here over the last years. In the afternoon, four rooms were set to demonstrate the following subjects: Distance Learning, Market Dynamic, Management and Efficiency Systems and Shared Services Center (SSC). In the rooms, the investors and analysts could experiment and get to know the operational aspects of all areas, and were able to "taste" the quality of our distance learning classes and observe the differential of our control of faculty costs, among other experiences.

"I can affirm that all of those present will leave impressed with Estácio as for the first time they were able to visualize and in some cases to touch what Alcalay, Flavia, and myself, have been trying to describe for some years" explained Rogério Melzi, Estácio's CEO.

Acquisition of SEAMA

On February 6th, Estácio announced the acquisition of Associação Educacional da Amazônia (ASSEAMA), which maintains Faculdade SEAMA, institution with headquarters and campus in the city of Macapá, Amapá state. The total amount invested was R$21.7 million. SEAMA has around 2,800 students enrolled in its courses and an average ticket of approximately R$630. The consolidation of activities in Macapá will allow the Company to further expand in a market in which it already operates, becoming the largest private post-secondary Higher Education provider in the city. The transaction also complements the portfolio of courses that now covers all the main segments with high demand in the job market, focusing particularly on health courses. The operation in the city will allow important gains to be explored for academic quality, efficiency and scale.

Demonstrating Estácio's commitment to the Units it acquired and to strengthen our culture, only in the period between the closing of the acquisition and the disclosure of this release, the Chief Operating Officer, the Human Resources Officer (twice) and Estácio's CEO, as well as other employees from several areas, went to SEAMA to talk with students, professors and administrative employees, showing with complete transparency the advantages of "being Estácio".

University Centers

We also informed that Faculdade Estácio do Ceará (Estácio FIC) and Faculdade Estácio de Sá de Santa Catarina (FESSC) had their applications for accreditation as Universities (Centros Universitários) unanimously approved by the National Education Council (CNE), on April 10th and 12th, 2012, respectively, after going through all the levels of quality measurement of a higher education institution. This means that the quality of the institutions was certified by the Ministry of Education (MEC) at its highest instance so that, with the ratification of the approval and the publication of the respective Ministerial Decree, the institutions will enjoy the autonomy of a "Centro Universitário", which includes increasing the seats for courses, as well as creating new courses and opening new units in its respective cities merely on resolutions of the institutions themselves, regardless the authorization from MEC.

Work Environment Survey

For the third consecutive year, the 2012 Work Environment Survey, concluded in February, was favorable, with a 65% approval rating from employees throughout Brazil, compared to a 62% approval rate in the previous year. 6,740 collaborators participated, representing 71 % of our functional workforce. This result shows the effective involvement of professors and other employees in Estácio's business model, allowing us to seek efficiency and reduce faculty costs at the same time that we win the respect and satisfaction of our employees, which has direct impact in the attraction and retention of our students and, consequently, in our results as well.

2011 Annual Report

Guided by the principles of ethics and transparency, Estácio disclosed its 2nd Annual Report at the end of April. The publication details all the work carried out by the Company and also the achievements in 2011 for our shareholders, employees, suppliers and the community in general. We presented 2011's results, allowing for the continued evaluation of the excellent work by Estácio's Management, as well as outlining the challenges ahead in 2012.

Besides showing the achievements of the Company as a whole, the Annual Report also details the main awards and achievements of our professors and students. To check out the document, go to our Investor Relations site: www.estacioparticipacoes.com.br.

Conference Calls Relating to Results

Conference Call (in Portuguese)	Conference Call (in English)
Date: May 11, 2012 (Friday)	Date: May 11, 2012 (Friday)
Time: 10 a.m. (Brasília) / 9 a.m. (U.S. ET)	Time: 12 p.m. (Brasília) / 11 a.m. (U.S. ET)
Connection Dial-in: +55 (11) 2188 0155	Connection Dial-in: +1 (412) 317-6776
Access Code: Estácio	Access Code: Estácio
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available until May 18, 2012	Replay: available until May 20, 2012
Access Dial-in: +55 (11) 2188 0155	Access Dial-in: +1 (412) 317-0088
Access Code: Estácio	Access Code: 10013185

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

Income Statement in IFRS

R$ MM	Consolidated 1Q11	Consolidated 1Q12	Consolidated Change	Excluding Acquisitions 1Q11	Excluding Acquisitions 1Q12	Excluding Acquisitions Change
Gross Operating Revenue	**398.2**	**481.2**	**20.8%**	**392.0**	**462.5**	**18.0%**
Monthly Tuition Fees	394.5	476.9	20.9%	388.3	461.4	18.8%
Others	3.8	4.3	13.2%	3.8	1.1	-71.1%
Gross Revenue Deductions	**(122.4)**	**(150.6)**	**23.0%**	**(120.8)**	**(146.3)**	**21.1%**
Scholarships and Discounts	(111.0)	(135.8)	22.3%	(109.7)	(132.5)	20.8%
Taxes	(11.4)	(14.8)	29.8%	(11.1)	(13.8)	24.3%
Net Operating Revenue	**275.8**	**330.6**	**19.9%**	**271.3**	**316.3**	**16.6%**
Cost of Services	**(180.0)**	**(199.6)**	**10.9%**	**(176.5)**	**(191.6)**	**8.6%**
Personnel	(136.0)	(143.9)	5.8%	(133.1)	(137.8)	3.5%
Rentals / Real Estate Taxes Expenses	(25.1)	(29.9)	19.1%	(24.8)	(29.0)	16.9%
Textbooks Materials	(3.1)	(5.5)	77.4%	(3.1)	(5.5)	77.4%
Third-Party Services and Others	(10.3)	(12.6)	22.3%	(10.1)	(11.9)	17.4%
Depreciation	(5.5)	(7.6)	38.2%	(5.4)	(7.4)	37.0%
Gross Profit	**95.8**	**131.0**	**36.7%**	**94.7**	**124.7**	**31.7%**
Gross Margin	***34.7%***	***39.6%***	***4.9 p.p.***	***34.9%***	***39.4%***	***4.5 p.p.***
Selling, General and Administrative Expenses	**(67.4)**	**(84.6)**	**25.5%**	**(66.7)**	**(83.8)**	**25.6%**
Selling Expenses	**(29.0)**	**(37.3)**	**28.6%**	**(28.7)**	**(37.4)**	**30.3%**
Provisions for Doubtful Debts	(5.2)	(14.0)	169.2%	(5.0)	(14.3)	186.0%
Marketing	(23.7)	(23.3)	-1.7%	(23.7)	(23.1)	-2.5%
General and Administrative Expenses	**(34.7)**	**(43.3)**	**24.8%**	**(34.3)**	**(42.4)**	**23.6%**
Personnel	(16.3)	(20.9)	28.2%	(16.2)	(20.6)	26.8%
Others	(18.5)	(22.4)	21.1%	(18.0)	(21.8)	21.1%
Depreciation	**(3.7)**	**(4.0)**	**8.1%**	**(3.7)**	**(4.0)**	**8.1%**
EBIT	**28.4**	**46.3**	**63.0%**	**28.1**	**40.9**	**45.6%**
EBIT Margin	***10.3%***	***14.0%***	***3.7 p.p.***	***10.4%***	***12.9%***	***2.5 p.p.***
(+) Depreciation	9.2	11.6	26.1%	9.1	11.4	25.3%
(+) Operating Financial Result	5.8	4.0	-31.0%	5.8	3.9	-32.8%
EBITDA	**43.5**	**62.0**	**42.5%**	**43.0**	**56.2**	**30.7%**
EBITDA Margin	***15.8%***	***18.8%***	***3.0 p.p.***	***15.8%***	***17.8%***	***2.0 p.p.***
Operating Financial Result	(5.8)	(4.0)	-31.0%	(5.8)	(3.9)	-32.8%
Financial Result	1.6	(4.1)	-356.3%	2.1	(4.0)	-290.5%
Depreciation and Amortization	(9.2)	(11.6)	26.1%	(9.1)	(11.4)	25.3%
Non-operating result	0.2	-	N.A.	0.2	(0.0)	N.A.
Social Contribution	(0.4)	(0.6)	50.0%	(0.4)	(0.5)	25.0%
Income Tax	(1.1)	(1.7)	54.5%	(1.2)	(1.5)	25.0%
Net Income	**28.7**	**39.9**	**39.0%**	**28.7**	**34.9**	**21.6%**
Net Income Margin	***10.4%***	***12.1%***	***1.7 p.p.***	***10.6%***	***11.0%***	***0.4 p.p.***

Balance Sheet in IFRS

R$ MM	03/31/2011	12/31/2011	03/31/2012
Short-Term Assets	**378.6**	**497.7**	**545.1**
Cash & Cash Equivalents	38.8	21.9	6.7
Short-Term Investments	89.4	147.6	176.0
Accounts Receivable	179.0	244.1	278.5
Carry-Forwards Credits	22.6	16.7	11.0
Advance to Employees / Third-Parties	4.2	17.5	14.8
Related Parties	0.3	0.3	0.3
Prepaid Expenses	16.2	10.3	19.1
Taxes and contributions	-	18.3	16.9
Others	28.1	21.2	21.9
Long-Term Assets	**460.8**	**571.0**	**591.9**
Non-Current Assets	**61.0**	**79.1**	**86.8**
Prepaid Expenses	1.5	0.7	0.7
Related Parties	-	-	-
Judicial Deposits	43.2	63.6	69.9
Deferred Taxes	16.3	14.9	16.2
Permanent Assets	**399.8**	**491.9**	**505.0**
Investments	0.2	0.2	0.2
Fixed Assets	228.3	263.8	269.2
Intangible	171.3	227.9	235.6
Total Assets	**839.4**	**1068.7**	**1137.0**
Short-Term Liabilities	**146.0**	**134.7**	**159.7**
Loans and Financing	4.4	6.5	15.5
Suppliers	15.6	18.2	18.2
Salaries and Payroll Charges	81.0	57.5	78.7
Taxes Payable	12.2	15.6	14.8
Prepaid Monthly Tuition Fees	5.3	9.0	5.3
Advances under Partnership Agreement	-	2.9	2.9
Taxes Paid in Installments	0.3	0.2	0.2
Dividends Payable	19.2	16.7	16.7
Commitments Payable	4.9	5.4	4.1
Others	3.1	2.7	3.3
Long-Term Liabilities	**79.2**	**315.1**	**317.7**
Loans and Financing	6.9	247.8	249.8
Provisions for Contingencies	34.3	32.4	33.3
Advances under Partnership Agreement	20.0	14.9	14.2
Taxes Paid in Installments	5.1	4.4	4.3
Provision for asset retirement obligations	12.9	13.7	13.9
Deferred Taxes	-	1.8	2.3
Others	0.1	-	-
Shareholders' Equity	**614.2**	**618.9**	**659.6**
Capital	360.1	364.4	364.4
Share Issuance Expenses	-	(2.8)	(2.8)
Capital Reserves	107.2	109.8	110.7
Earnings Reserves	100.5	153.9	153.9
Retained Earnings	28.7	-	39.9
Addicional Proposed Dividend	19.2	-	-
Retained Translation Adjustments	(0.1)	-	-
Treasury Stocks	(1.3)	(6.3)	(6.5)
Total Liabilities and Shareholders' Equity	**839.4**	**1068.7**	**1137.0**

About Estácio

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

Estácio's strengths are:

Strong Positioning to Explore the Market's Growth Potential

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

High Quality Learning Experience

- Nationally integrated syllabi
- Unique teaching methodology
- Highly qualified faculty

Professional and Integrated Operational Management

- Result oriented management model
- Focus on educational quality

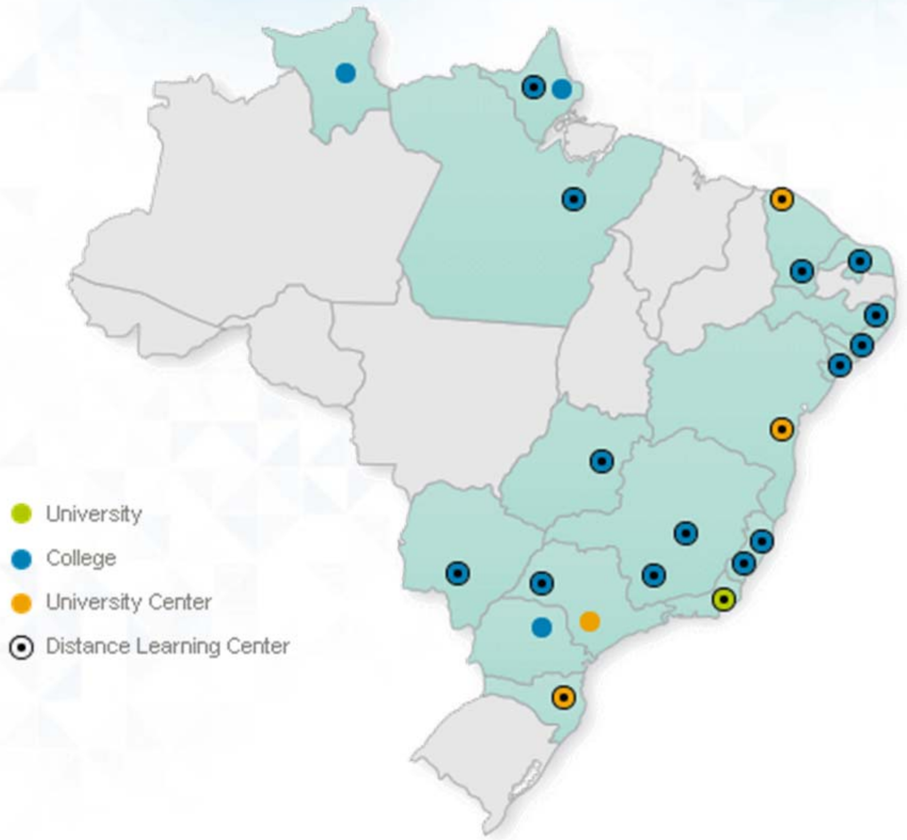
Scalable Business Model

- Growth with profitability
- Organic expansion and through acquisitions

Financial Solidity

- Strong cash reserve
- Capacity to generate and raise funds
- Control of working capital

At the end of first quarter of 2012, Estácio had 278,600 students enrolled in its undergraduate, graduate and distance learning education network with nationwide coverage, as the map shows:



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Estácio Participações S.A.

Quarterly information - ITR
at March 31, 2012 and
Report on review of quarterly information

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Parent company and consolidated ínterim accounting information

March 31, 2012

Contents

(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 parent company and consolidated interim accounting information of Estácio Participações S.A. (the "Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2012, comprising the balance sheet as at that date and the statements of income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Estácio Participações S.A.

Conclusion on the parent company interim information

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

Conclusion on the consolidated interim information

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

Other matters

Interim statements of value added

We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2012. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Estácio Participações S.A.

Audit and review of prior year numbers

The Quarterly Information – ITR referred to in the first paragraph includes accounting information corresponding to income, comprehensive income, changes in equity, cash flows, and added value for the quarter ended March 31, 2011, which 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 ended March 31, 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 May 11, 2011 and February 28, 2012, respectively.

Rio de Janeiro, May 10, 2012

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

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

Estácio Participações S.A.

Balance sheets
March 31, 2012 and December 31, 2011
(In thousands of reais)

	Parent company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Assets				
Current assets				
Cash and cash equivalents (Note 3)	71	1,530	6,690	21,857
Marketable securities (Note 3)	129,115	147,095	176,033	147,565
Accounts receivable (Note 4)			278,487	244,070
Accounts recoverable – FIES program			11,007	16,683
Advances to employees / third parties	19	19	14,804	17,472
Related parties (Note 5)	892	23,740	259	259
Prepaid expenses (Note 6)	820	1,399	19,127	10,318
Dividends receivable	31,288	55,153		
Interest on equity receivable	1,275	1,275		
Tax and contributions recoverable	6,717	6,766	16,887	18,297
Outros	273		21,851	21,187
	170,470	236,977	545,145	497,708
Non-current assets				
Long-term receivables				
Prepaid expenses			664	664
Court deposits (Note 15)	1,021	685	69,923	63,564
Deferred taxes			14,766	13,365
Consortium			107	96
Others	1,367	1,433	1,367	1,434
	2,388	2,118	86,827	79,123
Investments				
In subsidiaries (Note 7)	698,089	586,849		
Others			229	229
	698,089	586,849	229	229
Property and equipments (Note 8)	5,478	6,068	269,196	263,801
Intangible assets (Note 9)	77,033	77,033	235,601	227,857
	780,600	669,950	505,026	491,887
Total non-current assets	782,988	672,068	591,853	571,010
Total assets	953,458	909,045	1,136,998	1,068,718

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

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Liabilities and equity				
Current liabilities				
Loans and financing (Note 10)	12,368	4,901	15,499	6,549
Trade accounts payable	323	325	18,221	18,199
Payroll and related charges (Note 11)	188	181	78,670	57,490
Taxes payable (Note 12)	63	262	14,772	15,627
Prepaid monthly tuition fees			5,347	8,972
Advances under agreements (Note 15)	1,800	1,800	2,887	2,887
Taxes paid in installments (Note 13)			193	219
Related parties (Note 5)	8,487	11,521		
Dividends payable	16,662	16,662	16,662	16,662
Commitments payable (Note 2.2)			4,129	5,374
Others	246	268	3,297	2,689
	40,137	35,920	159,677	134,668
Non-current liabilities				
Long-term payables				
Loans and financing (Note 10)	244,881	244,890	249,782	247,847
Provision for contingencies (Note 14)			33,262	32,419
Advances under agreements (Note 15)	8,850	9,300	14,191	14,913
Taxes paid in installments (Note 13)			4,330	4,431
Deferred taxes (Note 25)			2,265	1,812
Provision for asset decommissioning			13,901	13,693
Total non-current liabilities	253,731	254,190	317,731	315,115
Equity (Note 16)				
Capital	364,392	364,392	364,392	364,392
Share issue costs	(2,819)	(2,819)	(2,819)	(2,819)
Capital reserves	110,697	109,760	110,697	109,760
Treasury stock	(6,546)	(6,347)	(6,546)	(6,347)
Income reserves	153,949	153,949	153,949	153,949
Addiitonal dividends proposed	39,917		39,917	
	659,590	618,935	659,590	618,935
Total liabilities and equity	953,458	909,045	1,136,998	1,068,718

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

Estácio Participações S.A.

Income statements
Periods ended March 31
(In thousands of Reais)

	Parent company		Consolidated	
	3/31/2012	**12/31/2011**	**3/31/2012**	**12/31/2011**
Net operating revenue (Note 21)			**330,552**	**275,824**
Direct costs of services rendered (Note 22)			(199,567)	(180,011)
Gross profit			**130,985**	**95,813**
Operating Income (expenses)				
Selling expenses (Note 23)			(37,342)	(28,950)
General and administrative (Note 23)	(2,921)	18	(49,765)	(40,147)
Equity pickup, net (Note 6)	46,048	30,942		
Other operating income	450	497	2,464	1,713
Income (expenses) from discontinued activities			(26)	196
Operating profit before financial income and expenses	**43,577**	**31,457**	**(84,669)**	**(67,188**
Financial income (expenses) (Note 24)				
Financial income	4,282	721	8,603	9,479
Financial expenses	(7,942)	(3,446)	(12,656)	(7,848)
	(3,660)	(2,725)	**(4,053)**	**(1,631)**
Operating profit before income and social contribution taxes	39,917	28,732	42,263	30,256
Social contribution (Note 25)			(622)	(414)
Income tax (Note 25)			(1,724)	(1,110)
Net income for the period	**39,917**	**28,732**	**39,917**	**28,732**

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

Estácio Participações S.A.

Statements of cmprehensive income
Periods ended March 31
(In thousand of reais)

	Parent company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Net income for the period	39,917	28,732	39,917	28,732
Exchange variation on foreign investments		(279)		(279)
Other comprehensive income	39,917	28,453	39,917	28,453

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

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Statements of changes in equity

(In thousand of reais)

			Capital reserves			Income reserves					
	Capital	Share Issue costs	Share Subscription premium	Options granted	Equity Valuation adjustment	Legal	Retained profits	Treasury Stock	Dividends Proposed	Retained earnings	Total
At January 1, 2011	**360,443**	**(306)**	**97,041**	**9,810**	**(405)**	**10,270**	**90,185**	**(297)**	**19,157**		**585,898**
Cumulative translation adjustments					279						279
Net income for the period										28,732	28,732
Options granted				368							368
Treasury stock acquired								(1,030)			(1,030)
At March 31, 2011	**360,443**	**(306)**	**97,041**	**10,178**	**(126)**	**10,270**	**90,185**	**(1,327)**	**19,157**	**28,732**	**614,247**
Capital increase	3,949										3,949
Cumulative translation adjustments					126						126
Net income for the year										41,423	41,423
Allocation of net income:											
Recognition of reserves						3,509	49,985			(53,494)	
Dividends proposed										(16,661)	(16,661)
Additional dividends proposed									(19,157)		(19,157)
Special goodwill reserve on merger			(476)								(476)
Share issue costs		(2,513)									(2,513)
Options granted				3,017							3,017
Treasury stock acquired								(3,429)			(3,429)
Share repurchase option								(1,591)			(1,591)
At December 31, 2011	**364,392**	**(2,819)**	**96,565**	**13,195**		**13,779**	**140,170**	**(6,347)**			**618,935**
Net income for the period										39,917	39,917
Options granted				937							937
Treasury stock acquired								(199)			(199)
At March 31, 2012	**364,392**	**(2,819)**	**96,565**	**14,132**		**13,779**	**140,170**	**(6,546)**		**39,917**	**659,590**

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

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Statements of cash flows
Periods ended March 31
(In thousand of reais)

	Parent company		Consolidated	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax for the period	39,917	28,732	42,263	30,256
Adjustment to reconcile net income to cash generated from operating activities:				
Depreciation and amortization	591	550	11,613	9,202
Net book value of fixed assets written off			11	5
Allowance for doubtfull accounts			14,044	5,216
Options granted	937	368	937	368
Debt waiver		3,298		3,298
Provision for contingencies			1,661	(3,228)
Interest on loans to subsidiaries	(231)		380	(10)
Interest on loans and financing	7,213		7,213	
Increase in provision for asset decommissioning			208	
Equity pickup	(46,048)	(30,942)		
	2,379	**2,006**	**78,330**	**45,107**
Changes in assets and liabilities:				
(Increase) in accounts receivable			(48,460)	(27,832)
Decrease (increase) in other assets	354	(1,628)	269	(9,559)
Increase (decrease) in Trade accounts payable	(2)	(128)	22	(2,286)
Increase (decrease) in taxes payable	(199)	51	(3,201)	(8,244)
Increase in deferred income and social contribution taxes			(1,401)	(871)
Increase (decrease) in payroll and related charges	7	(9)	21,180	22,973
(Decrease) in prepaid monthly tuition fees			(3,625)	(13,571)
(Decrease) in provision for contingencies			(817)	1,119
Provision for asset decommissioning costs				154
Increase in other liabilities	(22)	148	(312)	7,027
(Decrease) in advances under agreements	(450)	(450)	(722)	(722)
Changes in transactions with related parties:				
Decrease (increase) in accounts receivable	23,228	(988)	(380)	6,662
Increase (decrease) in accounts payable	(3,183)	736		
Increase (decrease) in non-current assets	(270)	353	(6,292)	(4,560)
Net cash generated from (used in) operating activities	**21,842**	**91**	**34,591**	**15,397**
Cash flows from investing activities:				
Short-term investments	17,980	34,077	(28,468)	31,332
Propert and equipment			(13,517)	(24,159)
Intangible assets		(7)	(11,246)	(37,007)
Dividends receivable	23,865			
Investments in subsidiaries	(26,394)	(647)		7,500
Future capital contribution	(38,798)	(39,600)		
Net cash used in investing activities	**(23,347)**	**(6,177)**	**(53,231)**	**(22,334)**
Cash flow from financing activities:				
Treasury stock	(199)	(1,030)	(199)	(1,030)
Increase in loans and financing	245	(15)	3,672	1,778
Exchange gains on foreign investments		279		279
Net cash generated from financing activities	**46**	**(766)**	**3,473**	**1,027**
Decrease in cash and cash equivalents	(1,459)	(6,852)	(15,167)	(5,910)
At the beginning of the period	1,530	12,331	21,857	44,727
At the end of the period	71	5,479	6,690	38,817
Decrease in cash and cash equivalents	**(1,459)**	**(6,852)**	**(15,167)**	**(5,910)**

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

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Statements of value added
Periods ended March 31
(In thousand of reais)

	Parent company		Consolidated	
	2012	2011	2012	2011
Revenue				
Educational services			345,371	285,392
Other revenues			(17)	1,847
Allowance for doubtfull acounts			(14,044)	(5,216)
			331,310	282,023
Bought-in inputs				
Materials, energy and services	(1,618)	(1,396)	(62,414)	(56,808)
Loss/recovery of assets			(26)	196
Outrer		2,909	(1,661)	3,228
	(1,618)	1,513	(64,101)	(53,384)
Gross value added	(1.618)	1,513	267,209	228,639
Retentions				
Depreciation and amortization	(591)	(550)	(11,613)	(9,202)
Net value added generated by the Company	(2.209)	963	255,596	219,437
Value added received in transfer				
Equity pickup	46,048	30,942		
Financial income	4,282	721	8,603	9,672
Other	450	497	2,464	1,713
	50,780	32,160	11,067	11,385
Value added to be distributed	48.571	33,123	266,663	230,822
Distribution of value added				
Personnel				
Direct compensation	561	522	122,284	113,498
Benefits			4,520	2,795
FGTS			9,098	8,584
	561	522	135,902	124,877
Taxes, charges and contributions				
Federal	152	421	32,340	29,949
State			1	
Municipal		2	16,505	12,687
	152	423	48,846	42,636
Returno n debt				
Interest	7,941	3,446	12,655	8,045
Rental			29,343	26,532
	7,941	3,446	41,998	34,577
Return on equity				
Retained earnings	39,917	28,732	39,917	28,732
	39,917	28,732	39,917	28,732
Distributed value added	48.571	33,123	266,663	230,822

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

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, being currently listed in Bovespa's *Novo Mercado*. It controls, whether directly and indirectly, 5 limited liability business companies that are its sponsoring institutions. The conglomerate comprises one University, two University Centers and 30 college schools, distributed in 17 Brazilian states. Estácio's main activities are the development and/or management of activities and/or institutions in the 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 companies 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 were approved at the Meeting held by the Board of Directors on May 9, 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 individual 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 to this separate and consolidated quarterly information are consistent with those applied to the annual financial statements as at December 31, 2011.

The Company's quarterly information were prepared in accordance with several valuation bases used in accounting estimates. Accounting estimates involved in the preparation of the individual and consolidated interim accounting information were based on objective and subjective factors, involving use of professional judgment by management to determine the adequate amount to be recorded in the individual 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 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 financial statements due to the probabilistic treatment inherent to the estimate process. The Company reviews its estimates and assumptions at least on an annual basis.

The Company has adopted all the standards, standard reviews and interpretations issued by Brazilian FASB (CPC), IASB and regulatory bodies that were effective as of March 31, 2012, except for the valuation of investments in subsidiaries under the equity accounting method in the Company's individual quarterly information, as required by ICPC 09, whilst these would be valued at cost or fair value under IFRS.

The income statement for March 31, 2011 was reclassified for purposes of better presentation and comparability. Some payroll expenses disclosed in 2011 as general and administrative expenses were adequately reclassified as direct costs of services rendered, in the amount of R$ 2,406.

2.1. Basis of consolidation

The consolidated quarterly information include operations of the Company and the following subsidiaries, in which its ownership interest is summarized below:

	03/31/2012	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%

	03/31/2012	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%

The reporting periods of the interim financial statements of the subsidiaries included in consolidation are the same as those of the Company and 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 - evaluated 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 assets identifiable in 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 at 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 capital is revalued at fair value on the acquisition date, and the relevant 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. Subsequent 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 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 net 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 are expected to benefit from the synergies of the combination, irrespectively of other assets or liabilities of the acquiree being assigned to those 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 disposition. 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.

2.3. Determination of Profit and loss

Profit and loss is determined on an accrual basis of accounting, highlighting the following:

- 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, the same as the reporting currency of both individual and consolidated interim financial information. The financial statements of each subsidiary included in the Company's consolidation and those stated by the equity method in the individual financial statements of the Company are prepared in the functional currency of each entity.

2.5. Cash and cach equivalents

Cash and cash equivalents include cash, bank account balances, and highly liquid short-term investments with unlikely 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 posted to the income statement. 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. 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 an 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

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

Under the equity method, the investment in the 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 presented in the Company's income statement as equity pickup, representing net income attributable to shareholders of the subsidiary. The interim financial information of subsidiaries are prepared for the same reporting period as that of the Company.

After application of the equity method for purposes of its individual 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 the 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 8. 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 intangible assets 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, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets substantially comprise software, licensing, projects, inherent 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 the useful economic life 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, and 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 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) <u>Goodwill paid on future profitability</u>

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

b) <u>Intangible assets</u>

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, as appropriate and 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 recoverable value, as applicable (Note 9).

2.13. Lease

- Finance lease

  Lease agreements transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item. These agreements represent finance lease agreements, and 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 according to Note 8. Financial charges related to finance lease agreements are appropriated to income statement along the lease term, based on the amortized cost and effective interest rate method.

- Operating lease

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

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 cost of capitation/transaction are presented net in the loans and financing position.

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 bylaw. Any amount above the mandatory minimum is only accrued on the date in which it is approved by the shareholders in the General Meeting.

2.16. Provision for decomissioning 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 joined the 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 No. 7,689, of December 15, 1988;
- Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS), introduced by Supplementary Law No. 70, of December 30, 1991; and
- Social Contribution Tax on Gross Revenue for Social Integration Program (PIS), introduced by Supplementary Law No. 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 companies, 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; and

(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 an escalated basis as defined under PROUNI legislation (20% in the first year, 40% in the second year up to 100% in the fifth year) - SESES.

Estácio Participações S.A. does not benefit from PROUNI-related exemptions and regularly computes its federal tax amounts payable.

Income tax and social contribution - current

Current income and social contribution taxes 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 converted into an income reserve.

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. 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 and, 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 granted to its key executives and officers share-based payment. The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which 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 19(b). Expenses of these transactions are recognized in P&L during the period in which services are rendered matched against capital reserve.

2.20. Other employee benefits

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

2.21. Earnings per share

The Company calculates earnings per one-thousand share lot using 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 Company's individual and consolidated interim 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, uncertainty about 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 asset's 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 rate used for extrapolation purposes.

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 at which 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 19(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 Company's domicile.

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 advisers. 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 statements due to inaccuracies 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 ("SVA")

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 Corporation Act, this statement is shown as part of the individual interim financial information and as supplementary information to the consolidated interim financial information, considering that it is not required under IFRS.

The statement of value added was prepared based on information obtained in 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 pickup, financial and other income). The second part of the statement of value added shows how wealth is distributed among personnel, taxes, fees and contributions, and return on equity and on debt.

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.

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 has not presented any financial liabilities as 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 audiences, they are neither controlled nor managed as independent segments, and the Company's results are observed, monitored and evaluated on an integrated basis.

(In thousands of reais, unless otherwise stated)

3. Cash and cash equivalents and marketable securities

	Parent copany		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Cash and banks	71	154	6,690	18,509
Short-term investments		1,376		3,348
Cash and cash equivalents	71	1,530	6,690	21,857
Bank Deposit Certificates (CDB)	126,138	109,424	171,974	108,526
Debentures of Financial Institutions	2,977	37,671	4,059	39,039
Marketable securities	129,115	147,095	176,033	147,565
Total	**129,186**	**148,625**	**182,723**	**169,422**

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing 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 exclusive investment funds, Bank Deposit Certificates and repurchase agreements.

Bank Deposit Certificates of BTG Pactual Fund, are remunerated at 101.5% to 101.8% of CDI at March 31, 2012 (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 March 31, 2012 (102.5% of CDI at December 31, 2011).

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

(In thousands of reais, unless otherwise stated)

4. Accounts receivable

	Consolidated	
	3/31/2012	12/31/2011
FIES	55,440	36,452
Monthly tuition fees	246,550	241,404
Cards receivable	21,891	12,165
Agreements receivable	33,742	26,430
Charges receivable	848	4,379
	358,471	320,830
Unidentified credits	(6,120)	(7,468)
Allowance for doubtful accounts	(73,864)	(69,292)
	278,487	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 agreements receivable, considering that a substantial amount arises from origination and renewal of complying obligors.

The aging list of accounts receivable is as follows:

	Consolidated			
	03/31/2012	%	12/31/2011	%
FIES	55,440	15%	36,452	11%
Not yet due	101,385	28%	60,578	19%
Overdue up to 30 days	52,882	15%	39,986	12%
Overdue from 31 to 60 days	20,781	6%	30,649	10%
Overdue from 61 to 90 days	6,915	2%	31,485	10%
Overdue from 91 to 179 days	47,204	13%	52,388	16%
Overdue for more than 180 days	73,864	21%	69,292	22%
	358,471	100%	320,830	100%

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 Brazil's National Treasury securities.

(In thousands of reais, unless otherwise stated)

The aging list of agreements receivable is as follows:

	Consolidated			
	03/31/2012	**%**	**12/31/2011**	**%**
Not yet due	19,496	58%	9,098	34%
Overdue up to 30 days	2,488	7%	4,006	15%
Overdue from 31 to 60 days	1,230	4%	2,360	9%
Overdue from 61 to 90 days	1,336	4%	2,414	9%
Overdue from 91 to 179 days	4,058	12%	4,396	17%
Overdue for more than 180 days	5,134	15%	4,156	16%
	33,742	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 prevent debt from rolling over from one semester to another. The Company offers all sorts of payment methods to students, but considers 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**	**3/31/2012**
Monthly tuition and fees	56,815	28,753	(14,420)	14,333	(8,753)	62,395
Acquirees	12,477	3,478	(4,486)	(1,008)	-	11,469
	69,292	**32,231**	**(18,906)**	**13,325**	**(8,753)**	**73,864**

In order to facilitate understanding and to allow a direct reconciliation between the balance sheet and income statement for the year, 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 until the previous month as recovered amounts.

(In thousands of reais, unless otherwise stated)

For the period ended March 31, 2012, expenses on the allowance for doubtful accounts, recognized in the income statement as ‘selling expenses’, comprised:

	3/31/2012	3/31/2011
Supplementary allowance	13,325	4,507
Credit Risk – FIES	2,188	115
Unidentified deposits and collections written off	(1,469)	594
	14,044	5,216

(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	**3/31/2012**	**12/31/2011**	**3/31/2012**	**12/31/2011**	**Index**
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
	892	23,740			
Related persons			259	259	100% CDI
	892	**23,740**	**259**	**259**	
Prepaid expenses (i)	749	1,398	2,810	2,769	
	749	**1,398**	**2,810**	**2,769**	
Non-Current assets					
Future capital contribution					
IREP					
NOVA ACADEMIA	365	1,204			
ESTÁCIO EDITORA	250	250			
SESES	83,279	43,642			
	83,894	**45,096**			
Current liabilities					
Subsidiaries					
SESES	2,421	2,688			
IREP	6,066	8,833			
	8,487	**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 Messrs. André Cleófas Uchôa Cavalcanti and Marcel Cleófas Uchôa Cavalcanti, holders of nearly 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 perform activities in the education sector in the competition or in any way to not 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 throughout Brazilian territory. However, the following controlling 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 implications 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. In case 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	
	3/31/2012	**12/31/2011**
Insurance	1,182	95
Property tax (IPTU)	1,839	0
Educational material	8,606	3,517
Advances – Vacation ans charges	4,076	4,652
Other prepaid expenses	4,088	2,718
	19,791	**10,982**
Curent	19,127	10,318
Non current	664	664
	19,791	**10,982**

In 2010 the Company launched the new teaching model associated with educational material, in which the content brings the main book chapters and the most renowned authors in each discipline / course. Costs with authorial rights, printing and posting are recorded as prepaid expenses and accrued to the profit and loss over the period to which it relates.

(In thousands of reais, unless otherwise stated)

7. Investments in subsidiaries

Changes in investments

	12/31/2011	Options granted	Dividends	Equity pick-up	Future capital contribution	3/31/2012
Investments						
SESES	349,144	937		20,269	39,636	409,986
IREP	237,963		23,865 (i)	25,369		287,197
NOVA ACADEMIA	(243)			410	754	921
ESTACIO EDITORA	(15)					(15)
Total	**586,849**	**937**	**23,865**	**46,048**	**40,390**	**698,089**

	SESES	IREP	NOVA ACADEMIA	ESTÁCIO EDITORA
Ownership interest	100%	100%	100%	100%
Units of interest held	177,747	209,500	2650	1
Paid-up capital	177,747	209,500	2650	1
Equity (capital deficiency)				
March 31, 2012	326,707	287,197	556	(265)
December 31, 2011	305,502	237,963	(1,448)	(265)
January 1, 2011	113,337	224,131		
Reserve balance - PROUNI				
March 31, 2012	28,664	52,329		
December 31, 2011	27,663	15,463		
January 1, 2011	12,080	15,463		
Net income (loss) for the year				
March 31, 2012	20,269	25,368	(2,094)	(266)
December 31, 2011	30,358	51,873		
January 1, 2011	10,332	72,010	563	
Future capital contribution				
March 31, 2012	83,279		365	250
December 31, 2011	43,642		1,204	250
January 1, 2011	126,035	833		
Total Investments				
March 31, 2012	409,986	287,197	921	(15)
December 31, 2011	349,144	237,963	(243)	(15)
January 1, 2011	239,372	224,964		
Total Investments				
March 31, 2012	698,089			
December 31, 2011	586,849			

(i) During the year ended December 31, 2011, the 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., company headquartered in the city of Asunción, Paraguay. Transaction value was US$ 1,200,000.00, which at sale date exchange rate is R$ 1,988, the first installment of which is US$ 200,000.00 paid in October 2011, and the others 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.

Equity pickup recorded by the Company comprises the amount of the PROUNI tax incentive recorded in the subsidiaries' result, as established by Law No. 11638/07, in the amount of R$ 13,573 (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 March 31, 2012.

(In thousands of reais, unless otherwise stated)

8. Property and equipment

	Land	Buildings	Leasehold improvements	Furniture and fixtures	Computers and peripherals	Machinery and equipment	Physical activities/ hospital equipment	Library	Facilities	Other	Construction in progress	Asset decommissioning	**Total**
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		7	16	475	506	3,944	102	101	380	3,637	4,357		13,525
Write-off				(3)		(4)				(12)			(19)
Transfer		677	5,890								(6,567)		
Depreciation/amortization		(271)	(1,639)	(658)	(2,921)	(1,093)	(185)	(576)	(183)	(223)		(362)	(8,111)
Balance at March 31, 2012	19,830	45,927	33,676	22,771	30,905	24,787	10,123	39,887	7,069	12,404	19,450	2,367	269,196
Balance at March 31, 2012													
Total cost	19,830	83,394	92,805	47,933	76,644	44,282	20,826	70,839	11,268	15,911	19,450		503,182
Accumulated depreciation		(37,467)	(59,129)	(25,162)	(45,739)	(19,495)	(10,703)	(30,952)	(4,199)	(3,507)		2,367	(233,986)
Net book value	19,830	45,927	33,676	22,771	30,905	24,787	10,123	39,887	7,069	12,404	19,450	2,367	269,196
Balance at December 31, 2011													
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%			

The property of Rebouças Campus located at Rua do Bispo, 83, owned by SESES, was pledged in connection with a judicial dispute in which the Rio de Janeiro local government is claiming payment by SESES of Local Real Estate Tax (IPTU) levied on this property. According to its legal advisors, SESES prevailed in these cases and is already seeing to the revocation of the encumbrance on the property.

In addition, as mentioned in Note 10, certain assets acquired through financing were provided as financing guarantee. The Company did not provide any other of its properties to secure transactions.

Impairment of assets

Under Accounting Pronouncement CPC 01 (IAS 36), “Impairment of Assets”, property and equipment items that present evidence that their recorded costs exceed their recoverable value (market value) shall be reviewed to determine the need of setting up 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 March 31, 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)

9. Intangíble assets

	Parent company				Consolidated								
	Goodwill on investment 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						5,954			3,681			1,601	11,236
Amortization						(2,214)	(713)	(97)	(268)	(117)		(82)	(3,491)
Balance at March 31, 2012	76,209	6	818	77,033	141,590	30,707	7,275	828	33,534	1,761	10,395	9,512	235,602
Balance at March 31, 2012													
Total cost	80,470	7	818	81,295	148,514	63,723	14,255	1,940	38,921	2,348	10,395	9,858	289,954
Accumulated amortization	(4,261)	(1)		(4,262)	(6,924)	(33,016)	(6,980)	(1,112)	(5,387)	(587)		(346)	(54,352)
Residual value	76,209	6	818	77,033	141,590	30,707	7,275	828	33,534	1,761	10,395	9,512	235,602
Balance at december 31, 2011													
Total cost	80,470	7	818	81,295	148,514	57,768	14,255	1,940	35,240	2,348		18,653	278,718
Accumulated amortization	(4,261)	(1)		(4,262)	(6,924)	(30,801)	(6,267)	(1,015)	(5,119)	(470)		(265)	(50,861)
Residual value	76,209	6	818	77,033	141,590	26,967	7,988	925	30,121	1,878		18,388	227,857
Annual amortization rates - %	Undefined	20% aa	20% aa		Undefined	20% aa	20% aa	20% aa	25% aa	20% aa	20% aa	20% aa	

(In thousands of reais, unless otherwise stated)

At March 31, 2012 and December 31, 2011, goodwill on investment acquisition comprised the following:

	Parent company		Consolidated	
	3/31/2012	**12/31/2011**	**3/31/2012**	**12/31/2011**
Goodwill on investment acquisition				
IREP	62,442	62,442	89,090	89,090
ATUAL			15,503	15,503
FAL			8,076	8,076
FATERN			15,154	15,154
NOVA ACADEMIA	13,762	13,762	13,762	13,762
ESTACIO EDITORA	5	5	5	5
	76,209	76,209	141,590	141,590

The Company carries out annual analyses for impairment purposes, the last of which occurred for the year ended December 31, 2011, addressing 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 long-term inflation rate, not considering any actual 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 posted to the income statement.

The main assumptions used to estimate value in use are:

<u>Revenues</u> – Revenues were projected for the period 2012 to 2016 considering growth in the students' base of the cash generating units.

<u>Operating costs and expenses</u> – Costs and expenses were projected considering the Company's historic performance, as well as historical revenues.

<u>Capital investments</u> – 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 based on financial market projections, duly documented and approved by Company management.

(In thousands of reais, unless otherwise stated)

10. Loans and financing

Type	Financial charges	Parent company		Consolidated	
		3/12/2012	12/31/2011	3/31/2012	12/31/2011
Local currency					
Working capital	1,70% p.m. and/or CDI + 0,25% p.m			233	252
Lease agreements	IGPM + 12,3% p.m.			39	39
Lease agreements	11,8% a 22,1% p.m.				
Lease agreements - Colortel	INPC + 0,32% p.m.			5,840	2,471
Lease agreements - Assist				1,825	1,842
Lease agreements - CIT				80	
Aymoré financing	1,78% p.m			16	
FINAME contracts	80% of contract 4,5% p.a.				
	20% of contract 7% p.a.				
IFC loan	CDI +1,53%	48,131	46,728	48,131	46,728
Issue of Debentures	CDI +1,60%	207,273	201,472	207,273	201,473
Share Repurchase Option – Banco Itaú		1,845	1,591	1,845	1,591
		257,249	249,791	265,281	254,396
Current liabilities		12,368	4,901	15,499	6,549
Non-current liabilities		244,881	244,890	249,782	247,847
		257,249	249,791	265,281	254,396

The IFC transaction cost at March 31, 2012 amounts to R$ 2,585 and the Debentures transaction cost amounts to R$ 1,519.

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

	Parent company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
2010				
2011				
2012				
2013	2,912	1,468	4,581	2,947
2014	25,763	26,006	27,379	27,484
2015	45,763	46,006	47,379	46,006

(In thousands of reais, unless otherwise stated)

2016	65,763	66,006	65,763	66,006
2017	86,251	86,006	86,251	86,006
2018	6,143	6,466	6,143	6,466
2019	6,143	6,466	6,143	6,466
2020	6,143	6,466	6,143	6,466
Non-current liabilities	**244,881**	**244,890**	**249,782**	**247,847**

Promissory notes endorsed by members 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, 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.

Debentures and contracts held with IFC provide for covenants requiring the maintenance of certain financial ratios with pre-established parameters. In the interim financial information as of March 31, 2012, the Company and its subsidiaries met all contractually required ratios.

These were issued as registered, book-entry debentures with no certificates. They are subordinated, simple debentures, non-convertible into shares, bearing interest at 100% of Interbank Deposit Certificates - CDI plus an additional charge 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 allocated to meet the expansion policy cash requirements including, but not limited to, the acquisition of other players in this industry and/or the organization of new campi

11. Payroll and related charges

	Parent company		**Consolidated**	
	3/31/2012	**12/31/2011**	**3/31/2012**	**12/31/2011**
Payroll and related charges payable	188	181	57,431	47,082
Accrued vacation pay			15,275	10,408
Accrued 13th monthly salary			5,964	
	188	181	78,670	57,490

(In thousands of reais, unless otherwise stated)

12. Taxes payable

	Parent company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
ISS payable		16	6,007	4,724
IRRF payable	44	60	4,200	5,344
IRPJ payable			2,431	3,215
CSLL payable	1	7	963	1,220
PIS e COFINS payable	18	179	1,108	1,060
IOF			63	64
	63	262	14,772	15,627

13. Tax installments

Installments	Consolidated	
	3/31/2012	12/31/2011
IRPJ	72	70
CSLL	115	125
FGTS	12	13
ISS		
PIS	82	80
COFINS	277	270
INSS	3,921	4,038
IPTU	44	54
	4,523	4,650
Current liabilities	193	219
Non-current liabilities	4,330	4,431
	4,523	4,650

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

Monthly installments amount to nearly R$ 33, there remaining 29 and 140 installment payments, which are expected to end in August 2014, and November 2024, respectively.

(In thousands of reais, unless otherwise stated)

	Consolidated	
	3/31/2012	**12/31/2011**
2013	357	361
2014	357	361
2015	357	361
2016	357	361
2017	357	361
2018 a 2027	2,545	2,626
	4,330	**4,431**

14. Provisions for contingencies

Subsidiaries are involved in several 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 potential losses arising from pending litigation.

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

	Consolidated	
	Provision for contingencies	**Court deposits**
Balances at March 31, 2011		
Civil	6,165	12,763
Labor	26,972	49,725
Tax	125	7,435
Total balance	33,262	69,923
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

(In thousands of reais, unless otherwise stated)

Changes in the provision for contingencies are as follows:

	Consolidated			
	Tax	**Labor**	**Civil**	**Total**
Balances at December 31, 2011	343	27,870	4,206	32,419
Additions	0	1,611	2,312	3,923
Reversals	(218)	(1,922)	(122)	(2,262)
Write-offs	0	(587)	(231)	(818)
Balances at March 31, 2012	125	26,972	6,165	33,262

For the quarter ended March 31, 2012, expense on the provision for contingencies, recognized in the income statement under the 'general and administrative expenses', was as follows:

RESULT COMPOSITION	
Additions	3,923
Reversals	(2,262)
	1,661

a) Civil proceedings

Most proceedings mainly involve compensatory claims for material 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.

Our legal advisors gathered information, assessed and measured the civil-related proceedings and, in order to cover probable losses on such claims, management records a provision in the amount of R$ 6,165 at March 31, 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 shot 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$600 for pain, suffering and aesthetical damages; (b) monthly pension in the amount of a minimum salary until the student turns 65 years of age; and (c) the amount of medical treatment necessary for her recovery, the amount of which is to be determined in the subsequent ruling settlement phase. The ruling also granted indemnification for pain and suffering to her parents in the amount of R$ 100 each, and R$50 to each of her siblings, for the same purpose. The parties filed appeal against this ruling. The Company's appeal was partially granted to reduce indemnification for pain and suffering and aesthetical damages due to the student to R$ 400. As to the student's appeal, it was also partially granted, converting pension granted to the student into life-long pension and determining that a provision 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 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, re-enacting 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. Balance at March 31, 2012 is R$ 1,506 (R$ 1,647 at December 31, 2011).

Our legal advisors gathered information, assessed and quantified the various civil-related proceedings for which the likelihood of loss is possible, aggregating the value at March 31, 2012 of R$ 40,543 (R$ 43,185 at December 31, 2011).

The major suit for which no provision was set up, are shown below:

(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) unpaid rent differences 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) penalty equivalent 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, 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 demanded to pay for losses and damages. Presently, the appeal by way of case stated filed by SESES awaits judgment. Appeals dismissed. Civil appeal filed by SESES. 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 granting 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. Discovery hearing is scheduled for 11/8/2011. The case was forwarded to the judge on 11/10/2011. The amount involved in this case was estimated at R$ 1,161;

(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 refrain 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) Labor proceedings

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. Our legal advisors gathered information, assessed and measured the labor-related claims and, in order to cover probable losses on such claims, management records a provision in the amount of R$ 26,972 at March 31, 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. Currently, the case is at the execution stage, awaiting trial of the appeal that was lodged against the decision which partly upheld the motion for stay of execution filed by SESES; and

(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 legally ensured 1/3 vacation pay bonus, among other minor requests. The estimated value of the case is R$ 1,560.

Among the main labor claims for which no provision was set up, we highlight:

(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 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 decision was issued to 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-based 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 case estimated amount is R$ 500;

(iii) Enforcement action filed by 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 obligations there under. The case is at the fact-finding stage, especially the production of expert evidence. The amount assigned to the case by the plaintiff is R$ 50.

c) Tax contingencies

Our legal advisors gathered information, assessed and measured the various tax-related proceedings and, in order to cover probable losses on such claims, management records a provision in the amount of R$ 125 at March 31, 2012 (R$ 343 at December 31, 2011).

Similarly, our legal advisors gathered information, assessed and measured the various tax-related proceedings, rated as possible losses, in the amount of R$ 233,926 at March 31, 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 accessory obligations, and a listing of 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 oppositions were filed on January 22, 2009, whereby SESES held, in brief, 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. By 9.30.2011, 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 oppositions, 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 of R$ 538,041. 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 accessory 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 oppositions were filed on September 22, 2011, whereby SESES held, in brief, 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 oppositions 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$ 184,141. According to the opinion of our 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 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, the SESES presented his counter reasons for the appeal. At this time, the trial of the appeal is awaited. Our legal advisors assess an unfavorable outcome on the case as remote and its updated amount aggregates R$ 201,175;

(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 an opposition against the referred to 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$ 157,105. Our outside legal advisor assessed that the case involves a remote unfavorable outcome;

(v) Common civil action filed by SESES against the Federal Government/ National Treasury, seeking authorization to pay social security contributions on an escalated basis as defined by Article 13 of Law No. 11,096/05 ("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 PROUNI Act should start to be counted 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 Liability Certificate with Clearance Effects 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 SESES interpretation of Article 13 of Law No. 11,096/05. A ruling was published on August 16, 2010 dismissing SESES claim, against which an appeal was lodged, awaiting judgment. On November 4, 2010, the case was forwarded to Ministério Público Federal, being returned to TRF on November 11, 2010. 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 effect negative certificate. On July 2, 2012, the reconsideration request was considered internal injury by the rapporteur and was rejected. On February 2, 2012 there was withdrawal of requests on the basis of filing a lawsuit with the presentation of interim bail to suspend the requirement of obtaining credit and obtain the CND. Our outside legal advisors assessed that the case involves a possible loss and its updated amount is R$ 11,566;

(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 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 bookkeeping as required by applicable law. Additionally, several fines for breach of ancillary obligations are required, 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 oppositions filed by SESES. The case is pending a higher administrative level ruling. The tax notices total R$ 11,073, which were assessed by our 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, once 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$ 8,818, which would be due in the form of PIS (1% of payroll) until 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;

(viii) Tax notice issued by Brazilian IRS against SESES, due to alleged COFINS debts for 1996, considering that the Institution 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. Our outside legal advisors assessed the case as involving possible loss, 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. 86,202/2008, 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. Our outside legal advisors rated this case as a possible loss and the adjusted amount involved is R$ 2,693;

(x) Tax notice issued by 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 an opposition on October 13, 2010, which is currently pending analysis. Our outside legal advisors assessed that this case involves a possible loss estimated at R$ 1,863; and

(xi) Tax collection proceedings brought against IREP (legal successor to the rights and obligations of the merged company Sociedade de Ensino Superior de Sergipe Ltda.), based on the debt included in tax assessment No. 132460, referring to ISS amounts allegedly due from January 2003 to January 2007. A challenge prior to procedures to determine grounds for execution was filed on March 31, 2011, and deemed valid. After judgment of the appeal filed by the City Government, which confirmed the validity of the decision, the court records will be shelved. This case involves a risk of loss rated as possible by our legal advisors, and an adjusted amount of R$ 4,174;

(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) on the compensation of employees registered with the social security; and (d) fine for noncompliance with an accessory obligation arising from alleged inaccuracies and/or omissions related to GFIP. The related oppositions were presented on January 30, 2012 and 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$ 21,263. According to the opinion of our legal advisors, the possibility of loss in these cases remains possible.

15. Advances under agreements

On March 24, 2004, a partnership agreement was entered into between SESES and affiliates (including Controlling Entities) and Unibanco - União de Bancos Brasileiros S.A., effective until March 24, 2009. 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 return, Unibanco made an advance payment equivalent to R$ 4,000 to SESES and Controlling Entities to be offset on a monthly basis over the life of the agreement based on a method established by the parties.

On August 3, 2006, a partnership agreement was entered into between SESES and affiliates (including Controlling 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 Controlling Entities a fixed amount of R$ 15,954, which has been posted to 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 March 31, 2012, the balance related to amounts advanced in connection with the partnership agreement amounted to R$ 17,078 (R$ 17,800 - December 31, 2011), recorded under non-current liabilities, which will be amortized over the life of the agreement.

16. 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 March 31, 2012, capital comprises 82,251,937 common shares.

The Company's shareholding structure at March 31, 2012 and December 31, 2011 is:

(In thousands of reais, unless otherwise stated)

Shareholders	3/31/2012	%	12/31/2011	%
Private Equity C, LLC	15,290,209	18.6%	15,290,209	18.6%
GPCP4 - Fundo de Investimento em Participações	426,804	0.5%	426,804	0.5%
Administradores e Conselheiros (1)	289,766	0.4%	3,246,052	4.0%
Tesouraria	252,500	0.3%	59,000	0.1%
Others (2)	65,992,658	80.2%	63,015,976	76.8%
	82,251,937	100.0%	82,038,041	100.0%

1 Considers the shares of Marcel Cleofás Uchôa Cavalcanti, member of the Board of Directors.
2 Consider the shares of André Cleofás Uchôa Cavalcanti as outstanding shares after the 2010 IPO.

b) Changes in shares

The Company had no change in shares for the three month period ended in March 31, 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. The shares 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.

Until March 31, 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$ 19.51 per share as at that date.

(In thousands of reais, unless otherwise stated)

Changes in treasury stock:

	Common	Balance
Acquisition in 1Q10	**15,000**	**291**
Acquisition in 2Q10	**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 March 31, 2012	**18.84**	
Market value at March 31, 2012	**19.51**	

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 Controlling Entities were also recognized as non-profit entities when they were established, being entitled to certain tax exemptions up to September 30, 2005, on which occasion their form of business organization changed to business entities.

Upon 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 Controlling 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$ 3,385 for the year ended December 31, 2011 (R$ 5,894 for the year ended December 31, 2010), as mentioned in Note 19 (b). As required by the applicable technical pronouncement, the fair value of options was determined on the grant date and has been recognized over the vesting period until the date of these individual and consolidated financial statements.

e) Income reserves

e1) Legal reserve

The legal reserve is set up on the basis of 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 accrual of such reserve is not necessary. Capital reserves may only be used to increase capital or offset accumulated losses.

e.2) Pofit retention reserve

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

f) Dividends

The Company's Articles of Incorporation provide for mandatory minimum dividend, equivalent to 25% of net income, adjusted by the legal reserve, as established by the Corporation 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 the Company.

17. 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 March 31, 2012 and December 31, 2011, are recorded in the balance sheet for amounts that are consistent with those prevailing in the market. The main financial instruments are described below, as well as the criteria, assumptions and limitations used in the calculation of market values:

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 by using the effective interest rate method.

d) Accounts receivable

These are classified as loans and receivables and are recorded for the contractual amounts, which approximate to market 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 adequate 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 allowance for doubtful accounts for an amount considered sufficient to cover possible 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 arises from any difficulties 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 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 remunerates 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) 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 (Continued)

Liquidity risk consists in 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 assure that cash flow from operations and the previous funding, when necessary, are sufficient to meet its commitment schedule, not generating liquidity risks for the Company and its subsidiaries. There was no relevant change in the financial liabilities of the Company as of March 31, 2012 compared to December 31, 2011.

e) Sensitivity analysis

CVM Rule No. 550 of October 17, 2008 provides that publicly-traded companies must 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 March 31, 2012 and December 31, 2011 approximate market value.

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

CVM Ruling No. 475, of December 17, 2008, provides for 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 of which the recorded amount approximates market value of these financial instruments.

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

To verify the sensitivity of the index of financial investments which the Company was exposed to as of March 31, 2012, three different scenarios were built. The most recent benchmark rate (SELIC) determined by the Brazilian Central Bank's Monetary Policy Committee at their April 18, 2012 meeting – 9.00% p.a. -- was used as the probable scenario for the year. Rate changes to 25% and 50% were then calculated.

For each scenario, a “gross finance income” was calculated, disregarding the levy of taxes on the investments' yields. The portfolio base date used was March 31, 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	9.00%	11.25%	13.50%
R$ 176,033		R$ 15,843	R$ 19,804	R$ 23,764

Transactions	Risk	Probable scenario (I)	Scenario (II)	Scenario (III)
Debentures	CDI+1,60	9.00%	11.25%	13.50%
R$ 207,273		R$ 22,269	R$ 27,008	R$ 31,746
IFC	CDI+1,53	9.00%	11.25%	13.50%
R$ 48,131		R$ 5,134	R$ 6,234	R$ 7,334
Net exposure		**(R$ 11,561)**	**(R$ 13,438)**	**(R$ 15,315)**

SELIC decrease scenario

Transactions	Risk	Probable scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI	9.00%	6.75%	4.50%
R$ 176,033		R$ 15,843	R$ 11,882	R$ 7,921

Transactions	Risk	Probable scenario (I)	Scenario (II)	Scenario (III)
Debentures	CDI+1,60	9.00%	6.75%	4.50%
R$ 207,273		R$ 22,269	R$ 17,531	R$ 12,793
IFC	CDI+1,53	9.00%	6.75%	4.50%
R$ 48,131		R$ 5,134	R$ 4,035	R$ 2,935
Net exposure		**(R$ 11,561)**	**(R$ 9,684)**	**(R$ 7,807)**

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”) by reference to shares issued by the Company, for the purpose of cancelling, keeping in treasury and/or subsequently disposing of such shares, which may also be exercised under the Company’s share repurchase programs, as defined by CVM Ruling No. 390/03, according to the conditions below, and having Banco Itaú as a mediator in the transaction. This operation carries a cost of floating fixed-income as the obligation of the Company represents the amount disbursed by the financial institution on the date of repurchase, plus 13.35% p.a., plus 1% p.a. for guarantee, which corresponds to approximately 110% of CDI.

The number of put and call options to be issued or acquired is the same as that contained in the information 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 strike price, which will be determined on the basis of the price of options plus applicable financial charges.

Until March 31, 2012, the Company conducted operations involving options maturing until November 19, 2012 for an average strike price of R$ 20.49 per share.

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

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

(In thousands of reais, unless otherwise stated)

18. Insurance coverage

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

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

	3/31/2012	**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	27,719	27,719

19. compensation of key management personnel

a) Compensation

According to Brazilian Corporation 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 3, 2011 fixed the monthly limit of total compensation of management (Board of Directors and Executive Officers) of the Company.

For the period ended March 31, 2012 and December 31, 2011, total compensation (salaries and profit sharing) paid to the Company's Counselors, Directors and main officers amounted to R$ 1,300 and R$ 4,640, respectively. These amounts are within the limits fixed in the Annual 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"), designed 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 the listed 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. This limit may reach 5% provided that the Company, through repurchases on the market, buys shares of its own issue and cancels them at an amount equivalent to or in excess of 0.85% of shares that may be issued in connection with the stock option plan.

The stock option is 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 counted 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 Strike Price of the options shall be R$ 16.50 (sixteen reais and fifty cents) per share, adjusted by reference to IGPM 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 individual contracts with the beneficiaries.

For the second Share Option Program, as approved by the Committee on April 20, 2010, the strike 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 IGPM 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 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) on the strike price.

On December 20, 2010 at the close of the 2nd program, it was approved the creation of the 3rd program, with the issue price of shares to be acquired for R$ 23.60 (twenty-three reais and sixty cents), and the value will be increased based on the variation of the IGP from the date of January 3, 2011, until the date of actual exercise of the option.

(In thousands of reais, unless otherwise stated)

At March 31, 2012, 399,547 options granted were exercised. The total number of shares in these options is 2,476,205.

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

Grant date	Spot price*	Annual volatility	Actual interest rate	Strike price	Average term (years)	Dividend Yield
7/11/2008	**23.5**	**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	**14.6**	**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	**13.2**	**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	**20.1**	**56.75%**	**5.64%**	**16.5**	**4.68**	**1.13%**
1/11/2010	**24.5**	**63.15%**	**6.23%**	**16.5**	**4.68**	**0.93%**
3/1/2010	**22.5**	**62.20%**	**6.21%**	**16.5**	**4.68**	**1.01%**
6/5/2010	**18.99**	**60.71%**	**6.30%**	**19.2**	**4.68**	**1.62%**
7/28/2010	**20.2**	**58.84%**	**6.25%**	**19.2**	**4.68**	**1.52%**
11/03/2010	**25.2**	**57.60%**	**5.88%**	**19.2**	**4.68**	**1.52%**
1/3/2011	**27**	**56.55%**	**5.79%**	**23.6**	**4.68**	**1.14%**
4/20/2011	**23.4**	**54.94%**	**6.20%**	**23.6**	**4.68**	**1.32%**

* Market price at Grant date

Pursuant to the requirements of Technical Pronouncement CPC 10, share-based payments that were outstanding as of March 31, 2012 were measured and recognized by the Company.

The Company monthly recognizes the share options granted as capital reserve with a matching entry in the income statement, having recorded the amount of R$ 936 for the period ended March 31, 2012 (R$ 3,385 for the year ended December 31, 2011).

The Company did not offer any other benefits to its management at March 31, 2012 in addition to the Share Option Plan.

(In thousands of reais, unless otherwise stated)

20. Ernings 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 March 31, 2012.

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

Earnings per share

a) Basic earnings per share

	3/31/2012	3/31/2011
Numerator		
Net income for the period	39,917	28,732
Denominator (in thousand of shares)		
Weighted average number of outstanding shares	82,251,937	82,046,708
Basic earning per share	0.000485302	0.000350191

b) Diluted earning per share

	31/3/2012	31/3/2011
Numerator		
Net income for the period	39,917	28,732
Denominator (in thousand of shares)		
Weight average number of outstanding shares	82,251,937	82,046,708
Potential increase in the number of shares due to the share option plan	1,063,703	2,542,896
Adjusted weighted average number of outstanding shares	83,315,640	84,589,604
Diluted earnings per share	0.000479106	0.000339663

(In thousands of reais, unless otherwise stated)

21. Net Sales revenue

	Consolidated	
	3/31/2012	**3/31/2011**
Gross operating revenue	481,154	398,240
Graduation courses	398,264	331,401
Polytechnic courses	68,248	53,488
Specialization courses	10,355	9,576
Others	4,287	3,775
Deductions from gross revenue	(150,602)	(122,416)
Grants - scholarships	(132,601)	(106,721)
Returned monthly tuition fees and charges	(1,152)	(1,543)
Discounts granted	(2,047)	(2,784)
Taxes	(14,802)	(11,368)
Net operating revenue	330,552	275,824

22. Direct costs of services rendered

	Consolidated	
	3/31/2012	**3/31/2011**
Payroll and social charges	(143,861)	(135,966)
Eletricity, water, gas and telephone	(6,457)	(5,397)
Rent and related taxes	(29,931)	(25,106)
Post expenses (couriers)	(1,864)	36
Depreciação e amortização	(7,618)	(5,495)
Educational material	(3,676)	(3,143)
Third party services – security and clean	(6,160)	(4,940)
	(199,567)	(180,011)

(In thousands of reais, unless otherwise stated)

23. Expenses by nature

	Parent company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Allowance for doubtful accounts			(14,044)	(5,216)
Advertising			(18,691)	(19,317)
Sales and marketing			(4,607)	(4,417)
Selling expenses			**(37,342)**	**(28,950)**
Payroll and related charges	(668)	(627)	(20,914)	(16,255)
Outsourced services	(1,158)	(1,157)	(12,172)	(10,293)
Machinery rent and commercial lease			(609)	(1,105)
Consumables			(318)	(330)
Depreciation and amortization	(591)	(550)	(3,995)	(3,707)
Other	(504)	(557)	(10,096)	(11,685)
Provision for contingencies		2,909	(1,661)	3,228
General and administrative expenses	**(2,921)**	**18**	**(49,765)**	**(40,147)**

24. Financial income (expenses)

	Parent company		Consolidated	
	3/31/2012	12/31/2011	3/31/2012	12/31/2011
Financial income				
Late payment fines and interest received			4,012	5,841
Yield on short-term investments	3,665	478	4,243	3,247
Others	617	243	348	391
	4,282	721	8,603	9,479
Financial expenses				
Bank expenses	175		2,324	1,145
Interest and financial charges	7,361		7,839	548
Debt waiver		3,298		3,298
Financial discounts			917	1,598
Other	406	148	1,576	1,259
	7,942	3,446	12,656	7,848

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

(In thousands of reais, unless otherwise stated)

25. Income and social contribution taxes

Under Law No. 11096/2005, regulated by Decree No. 5493/2005 and Revenue Procedure No. 456/2004, on the terms of article 5 of Provisional Executive Act No. 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 tax incentive operations ("*lucro da exploração")*.

Reconciliation of income and social contribution taxes determined at statutory rates and income and social contribution taxes per the income statement for the periods ended March 31, 2012 and March 31, 2011 is as follows:

	Parent company		**Consolidated**	
	3/31/2012	**3/31/2011**	**3/31/2012**	**3/31/2011**
Income before income and social contribution taxes	39,917	28,732	42,263	30,256
Combined statutory rate of income and social contribution tax rates	34%	34%	34%	34%
Income and social contribution taxes at statutory rates	13,572	9,769	14,369	10,287
Adjustments for calculation at effective rate				
Amendments to Law No. 11.638/2007			(1,928)	50
Equity pick-up	(15,656)	(10,521)		
Non-deductible expenses (a)	201	187	318	256
Provision for bonus (a)			510	
Tax losses offsetting	1,883	1,554	1,884	1,724
Initial adjustments for adoption of the new accounting practices			123	
Provision for contingencies		(989)	565	(1,098)
Reversal of monthly payment slips to be cancelled (b)			1,122	(2,028)
Reversal of administrative provisions (d)			(45)	
Others			(51)	219
			16,867	9,410
Tax benefits from incentive operations - PROUNI			(13,573)	(8,631)
Income and social contribution taxes on P&L for the period	-	-	3,294	779
Effective rate	0.00%	0.00%	7.79%	2.57%

(a) This primarily refers to expenses from bonus to employees, sponsorships, donations and giveaways.

(In thousands of reais, unless otherwise stated)

(b) Value of non-deductible PDD refers to students with overdue payment books open in less than 180 days, and the provision for cancellation of monthly slips.
(c) This refers to write-off of outstanding suppliers up to 2008.

The Extraordinary General Meeting held on August 31, 2010 approved the Merger Protocol for the merger of Moema Participações S.A. into the Company. The merger will result in financial benefits for the merging company. Goodwill originally recorded by the merged company due to future profitability of the merging company, in the amount of R$ 171,129, arising from acquisition in 2008 of shares issued by the merging company, will be amortized for tax purposes over the period of 60 months on the terms of ruling tax legislation, based on expected future taxable income. The Company's management is reviewing the business plans related to expected future taxable income to support recording of tax credits related to the referred to goodwill and the related tax credits will only be recorded if and when there is prospects for realization thereof and to the extent use thereof is probable. No tax credit was recorded at March 31, 2012 in connection with this merger process.

Breakdown of income and social contribution tax expense presented in the consolidated income statements for the three-month periods ended March 31, 2012 and March 31, 20110 is summarized below:

	Parent company		Consolidated	
	3/31/2012	**3/31/2011**	**3/31/2012**	**3/31/2011**
Income and social contribution taxes for the current year			(3,294)	(779)
Deferred income and social contribution taxes for the current year			948	(745)
			(2,346)	**(1,524)**

(In thousands of reais, unless otherwise stated)

At March 31, 2012, subsidiaries SESES and IREP recorded deferred tax credits on temporary differences in the amount of R$ 12,501. Breakdown of tax effects on temporary additions from which the referred to tax credit originated is summarized below:

	3/31/2012	3/31/2011
Provision for contingencies	**10,862**	**10,581**
Monthly tuition fees to be cancelled	**1,165**	**44**
Provision for decommissioning of assets	**2,739**	**2,740**
Goodwill amortization	**(2,265)**	**(1,812)**
	12,501	**11,553**
Assets	14,766	13,365
Liabilities	(2,265)	(1,812)
	12,501	**11,553**

Deferred tax credits on temporary differences recorded at March 31, 2012 will be realized in connection with the realization of the provision that originated the tax credit. Consequently, we do not present expected annual realization, since the Company's management does not have elements to forecast realization of the provision for contingencies and the provision for decommissioning of assets.

At March 31, 2012, subsidiary IREP accounted for deferred Income and Social Contribution Tax liability in the amount of R$ 2,265 due to the tax depreciation of goodwill generated upon acquisition of the companies merged into it.

At March 31, 2011, the Company has tax credits resulting from income and social contribution tax losses in the amount of R$ 9,907 (R$ 8,023 at December 31, 2011) not yet recorded, since it is not possible to confirm at this point whether their realization is probable.

26. Subsequent events

On February 6, 2012, an agreement was entered into under resolutory conditions for the purchase and sale of Associação Educacional da Amazônia ("ASSEAMA"), a limited liability company with principal offices and campus in the city of Macapá, State of Amapá, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"). On April 5, 2012, the precedent conditions for both parties were complied with and the acquisition was consummated.

The transaction amount was R$ 21,720, including payments to the partners and assumption of the acquiree's obligations.

As of the acquisition date, ASSEAMA had 2,750 students enrolled in its courses (unaudited). The consolidation of the activities in Macapá 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. Furthermore, this acquisition adds to the portfolio of courses offered by the Company, which now covers all major segments in high demand in the labor market, in particular health-oriented courses.

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