Estácio Participações S.A.

Quarterly information (ITR) at
June 30, 2017 and
report on review of
quarterly information

A free translation from Portuguese into English of Independent Auditor's Review Report on Interim Financial Information prepared in Brazilian currency in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity)

Independent auditor's review report on interim financial information

The Shareholders and Board of Directors
Estácio Participações S.A.
Rio de Janeiro - RJ

We have reviewed the interim financial information individual and consolidated of Estácio Participações S.A. ("Company" or "Estácio") contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2017, comprising the balance sheet at June 30, 2017, and the related statements of operations and statements of comprehensive income for the three- and six-month periods then ended, and of changes in equity and cash flow statement for the six month period then ended, including the explanatory notes.

Management's responsibility for the interim financial information

Management is responsible for the preparation of the interim financial information individual and consolidated in accordance with CPC 21 (R1) – Interim Financial Statements and 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 and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim accounting information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information individual and consolidated included in the interim financial information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to quarterly information.

Other matters

Statements of value added

We have also reviewed the statements of value added (SVA) individual and consolidated, for the six-nonth period ended June 30, 2017, prepared under the responsibility of Company management, whose presentation in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and as supplementary information under International Financial Reporting Standards (IFRS), which do not require the presentation of the SVA. These statements were subject to the same review procedures previously described above and, based on our review, nothing has come to our attention that causes us to believe that it was not presented fairly, in all material respects, consistently with the overall interim financial information individual and consolidated.

Audit and review of prior-year corresponding figures

The amounts corresponding to the individual and consolidated statements of financial position as at December 31, 2016, and the individual and consolidated statements of profit or loss and of comprehensive income for the three- and six-month periods ended June 30, 2017, and of changes in equity, cash flows and value added, for the six-month period ended June 30, 2017, presented for comparison purposes, were previously audited and reviewed, respectively, by other independent auditors, who issued an unmodified opinion on their independent auditor's report dated March 15, 2017, and an unmodified conclusion on their review report on interim financial information dated August 12, 2016.

Rio de Janeiro, July 27, 2017.

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP015199/F-6

Fernando A. S. Magalhães
Accountant CRC – 1SP133169/O-0

Estácio Participações S.A.

Balance sheet
All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
Assets	**June 30, 2017**	**December 31, 2016**	**June 30, 2017**	**December 31, 2016**
Current				
Cash and cash equivalents (Note 3)	641	95	61,250	58,340
Marketable securities (Note 3)	77,924	127,240	481,065	345,669
Accounts receivable (Note 4)			1,009,009	847,282
Advances to employees/third parties			12,605	14,308
Related parties (Note 5)	2,275	2,423		
Prepaid expenses (Note 6)	55	215	27,099	36,390
Dividends receivable	103,750	200,000		
Taxes and contributions (Note 7)	3,097	36,452	79,889	110,472
Others			51,032	41,234
	187,742	366,425	1,721,949	1,453,695
Non-current				
Long-term receivables				
Trade receivables (Note 4)			332,424	317,598
Prepaid expenses (Note 6)			5,268	5,689
Judicial deposits (Note 16)	2,255	2,208	124,703	119,491
Deferred taxes (Note 26)			60,801	58,752
Taxes and contributions (Note 7)	36,299	186	78,646	36,315
Others			51,601	59,832
	38,554	2,394	653,443	597,677
Investments				
In subsidiaries (Note 8)				
Others	2,684,266	2,305,020		
Intangible assets (Note 9)			228	228
Property and equipment (Note 10)	799,827	809,747	1,447,363	1,469,492
		43	602,019	620,060
	3,484,093	3,114,810	2,049,610	2,089,780
	3,522,647	3,117,204	2,703,053	2,687,457
Total assets	3,710,389	3,483,629	4,425,002	4,141,152

	Parent company		Consolidated	
Liabilities and equity	**June 30, 2017**	**December 31, 2016**	**June 30, 2017**	**December 31, 2016**
Current				
Accounts payable	842	1,814	82,186	66,138
Borrowings (Note 11)	568,844	444,592	593,075	468,114
Salaries and social charges (Note 12)	481	268	229,833	155,233
Taxes payable (Note 13)	228	215	67,249	63,782
Monthly tuitions received in advance			11,441	27,403
Advances under agreements	1,200	1,800	1,924	2,887
Taxes payable in installments (Note 14)			3,122	3,128
Related parties (Note 5)	4,206	4,303	509	633
Dividends payable	15	87,439	15	87,439
Price of acquisition payable (Note 15)			55,936	53,565
Others	31	34	6,785	8,992
	575,847	540,465	1,052,075	937,314
Non-current				
Long-term payables				
Borrowings (Note 11)	392,605	498,290	440,631	554,419
Contingencies (Note 16)			71,464	64,880
Advances under agreements		300		481
Taxes payable in installments (Note 14)			11,488	12,780
Deferred taxes (Note 26)	6,503	9,871	18,218	23,604
Provision for asset decommissioning			22,968	22,313
Price of acquisition payable (Note 15)			53,549	72,376
Others (Note 8)	30	30	19,205	18,312
	399,138	508,491	637,523	769,165
Equity (Note 17)				
Share capital	1,130,818	1,130,818	1,130,818	1,130,818
Share issue costs	(26,852)	(26,852)	(26,852)	(26,852)
Capital reserves	661,320	661,123	661,320	661,123
Revenue reserves	816,014	816,014	816,014	816,014
Treasury shares	(133,978)	(146,430)	(133,978)	(146,430)
Retained earnings	288,082		288,082	
	2,735,404	2,434,673	2,735,404	2,434,673
Total liabilities and equity	3,710,389	3,483,629	4,425,002	4,141,152

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

Estácio Participações S.A.

Statement of income
Quarters ended June 30
All amounts in thousands of reais unless otherwise stated

	Parent company				Consolidated			
	06/30/2017	04/01/2017 to 06/30/2017	06/30/2016	04/01/2016 to 06/30/2016	06/30/2017	04/01/2017 to 06/30/2017	06/30/2016	04/01/2016 to 06/30/2016
Continuing operations								
Net operating revenue (Note 21)					1,732,456	913,432	1,624,579	831,671
Cost of services rendered (Note 22)					(890,992)	(468,581)	(931,435)	(494,489)
Gross profit					841,464	444,851	693,144	337,182
Operating income (expenses)								
Selling expenses (Note 23)					(227,218)	(115,581)	(272,185)	(181,806)
General and administrative expenses (Note 23)	(26,828)	(11,384)	(17,640)	(8,729)	(258,148)	(128,213)	(266,151)	(145,402)
Equity in the results of subsidiaries (Note 8)	365,039	200,237	170,532	10,601				
Other operating income (Note 24)	792	383	817	408	5,132	(1,759)	(7,477)	(11,669)
Operating profit	339,003	189,236	153,709	2,280	361,23	199,298	147,331	(1,735)
Finance income (Note 25)	7,611	2,974	43,937	3,291	54,895	23,461	110,038	34,479
Finance costs (Note 25)	(61,899)	(27,637)	(92,847)	(27,573)	(107,864)	(45,410)	(138,574)	(51,103)
Finance result, net	(54,288)	(24,663)	(48,910)	(24,282)	(52,969)	(21,949)	(28,536)	(16.624)
Profit before income tax and social contribution	284,715	164,573	104,799	(22,002)	308,261	177,349	118,795	(18,359)
Current and deferred income tax (Note 26)	2,476	1,237	2,440	1,204	(14,468)	(7,923)	(6,884)	(513)
Current and deferred social contribution (Note 26)	891	446	860	415	(5,711)	(3,170)	(3,812)	(1,511)
Earnings for the period attributable to the stockholders	288,082	166,256	108,099	(20,283)	288,082	166,256	108,099	(20,283)
Basic earnings per share (Note 20)	0.93372	0.53886	0.34116	(0.6433)	0.93372	0.53886	0.34116	(0.6433)
Diluted earnings per share (Note 20)	0.93081	0.53718	0.33977	(0.6407)	0.93081	0.53718	0.33977	(0.6407)

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

Estácio Participações S.A.

Statement of comprehensive income
Quarters ended June 30
All amounts in thousands of reais unless otherwise stated

	Parent company				Consolidated			
	06/30/2017	04/01/2017 to 06/30/2017	06/30/2016	04/01/2016 to 06/30/2016	06/30/2017	04/01/2017 to 06/30/2017	06/30/2016	04/01/2016 to 06/30/2016
Profit for the period	288,082	166,256	108,099	(20,383)	288,082	166,256	108,099	(20,383)
Other comprehensive income								
Exchange differences on translation of foreign currency transactions								
Income tax effects								
Total comprehensive income for the period, net of taxes	288,082	166,256	108,099	(20,383)	288,082	166,256	108,099	(20,383)
Attributable to:								
Controlling stockholders								
Non-controlling interests	288,082	166,256	108,099	(20,383)	288,082	166,256	108,099	(20,383)

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

Estácio Participações S.A.

Statement of changes in equity
All amounts in thousands of reais unless otherwise stated

			Capital reserves				Revenue reserves				
	Share capital	Share Issue expenditures	Long-term incentives	Discount on the sale of shares	Share premium	Options granted	Legal	Profit retention	Treasury shares	Retained earnings	Total
At January 1, 2016	1,064,934	(26,852)	2,412		595,464	63,944	74,794	935,872	(137,603)		2,572,965
Stock options exercised (Note 19)	3,807										3,807
Options granted (Note 19)						2,076					2,076
Long-term incentives (Note 19)			1,780								1,780
ILP payment with treasury shares (Note 19)			(3,692)						3,692		
Treasury shares acquired (Note 17)									(12,519)		(12,519)
Profit for the year										108,099	108,099
Allocation of profit											
Capital increase	55,330							(55,300)			
At June 30, 2016	1,124,071	(26,852)	500		595,464	66,020	74,794	880,542	(146,430)	108,099	2,676,208
Stock options exercised (Note 19)	6,747										6,747
Options granted (Note 19)						(571)					(571)
Long-term incentives (Note 19)			(290)								(290)
Intermediate dividends (R$ 1.36 per share)								(420,000)			(420,000)
Profit for the year										260,003	260,003
Allocation of profit											
Transfer to reserves							18,405	262,273		(280,678)	
Mandatory minimum dividend (R$ 0.29 per share)										(87,424)	(87,424)
At December 31, 2016	1,130,818	(26,852)	210		595,464	65,449	93,199	722,815	(146,430)		2,434,673
Stock options exercised (Note 19)									8,147		8,147
Options granted (Note 19)						4,408					4,408
Long-term incentives (Note 19)			94								94
Discount on the sale of treasury shares				(4,305)					(4,305)		
Profit for the period										288,082	288,082
At June 30, 2017	1,130,818	(26,852)	304	(4,305)	595,464	69,857	93,199	722,815	(133,978)	288,082	2,735,404

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

Estácio Participações S.A.
Statement of cash flows
Quarters ended June 30
All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before income tax and social contribution	284,715	104,799	308,261	118,795
Adjustments to reconcile profit with cash from operations				
Depreciation and amortization	9,936	9,980	100,228	92,878
Amortization of funding costs	7,330	485	7,330	485
Provision for impairment of trade receivables			112,801	97,728
Exchange variation on borrowings denominated in foreign currency		(17,000)		(17,000)
Options granted – stock options provision			4,408	2,076
Provision for long-term incentives			94	1,780
Income on financial investments	(2,479)	(28,800)	(6,751)	(46,180)
Provision for contingencies			22,596	67,715
Update of trade receivables - FIES			(6,146)	(24,929)
Present value - trade receivables - FIES			(5,350)	(10,161)
Adjusted tax credits	(1,767)	(1,112)	(3,991)	(2,623)
Interest on borrowings	59,650	55,465	64,286	60,096
Equity in the results of subsidiaries	(365,039)	(170,532)		
(Gain) loss on the disposal of property and equipment and intangible assets	27		537	15,103
Provision for decommissioning of assets			1,152	638
Restatement of commitments payable			5,218	5,026
Adjustment to present value - sale of portfolio			(2,770)	
Others	(900)	(900)	(866)	(1,444)
	(8,527)	(47,615)	601,037	359,983
Changes in assets and liabilities:				
Decrease (increase)Marketable securities	51,795	361,040	(128,645)	385,872
(Increase) in trade receivables			(275,087)	(296,718)
Decrease (increase) in other assets	51	(607)	(9,850)	(3,368)
Decrease in advances to employees/third-parties			1,703	2,262
Decrease in prepaid expenses	160	100	9,291	12,977
(Increase) decrease in taxes and contributions	(991)	(3,305)	(7,757)	18,300
Increase (decrease) in trade payables	(972)	(284)	16,048	2,865
Increase (decrease) in taxes payable	13	(199)	(13,237)	(41,852)
Increase in salaries and social charges	213	65	74,600	95,525
Increase (decrease) in monthly tuitions received in advance			(15,962)	3,444
Labor/civil convictions		7	(16,012)	(39,562)
(Decrease) in price of acquisition payable			(21,674)	(15,321)
Provision for decommissioning of assets			(497)	1
Increase (decrease) in other liabilities	(4)		(1,314)	49,102
(Decrease) in taxes paid in installments			(1,950)	(3,149)
(Increase) decrease in non-current assets			8,651	7,248
Decrease in judicial deposits	(47)	(48)	(5,212)	(20,057)
	41,691	309,154	214,133	517,552
Interest paid on borrowings	(43,653)	(58,067)	(43,653)	(58,067)
Corporate Income Tax (IRPJ) and Social Contribution on Net income (CSLL) paid			(10,910)	(615)
Net cash provided by operating activities	(1,962)	251,087	159,570	458,870
Cash flows from investing activities:				
Property and equipment			(35,998)	(43,504)
Intangible assets		(157)	(24,597)	(35,451)
Goodwill on the acquisition of investments				(7,171)
Acquisition of subsidiary companies, net of cash obtained in the acquisition				(49)
Dividends received	96,250	12,277		
Advance for future capital increase	(9,705)	69,503		
Net cash used in investing activities	86,545	81,623	(60,595)	(86,175)
Cash flows from financing activities				
Capital increase due to the stock options exercised		3,807		3,807
Treasury shares acquired		(12,519)		(12,519)
Use of treasury shares resulting from the exercise of stock options	8,147		8,147	
Dividends paid	(87,423)	(115,086)	(87,423)	(115,086)
New borrowings and financing				8,334
Settlement of swap transactions		25,565		25,565
Repayment of borrowings	(4,761)	(234,449)	(16,789)	(248,959)
Net cash used in financing activities	(84,037)	(332,682)	(96,065)	(338,858)
Increase (decrease) in cash and cash equivalents	546	28	2,910	33,837
Cash and cash equivalents at the beginning of the period	95	429	58,340	48,410
Cash and cash equivalents at the end of the period	641	457	61,250	82,247
Changes in cash and cash equivalents	546	28	2,910	33,837

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

Estácio Participações S.A.

Statement of value added
Quarters ended June 30
All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	2017	2016	2017	2016
Revenue				
Educational services			1,800,560	1,680,839
Other revenue			10,740	10,781
Provision for impairment of trade receivables			(112,801)	(97,728)
Other selling expenses			(893)	(44,314)
			1,697,606	1,549,578
Inputs acquired from third parties				
Materials, energy and outsourced services	(6,798)	(5,479)	(267,979)	(299,119)
Contingencies			(22,596)	(67,715)
	(6,798)	(5,479)	(290,575)	(366,834)
Gross value added	(6,798)	(5,479)	1,407,031	1,182,744
Depreciation and amortization	(9,936)	(9,980)	(100,228)	(92,878)
Net value added generated by the entity	(16,734)	(15,459)	1,306,803	1,089,866
Value added received through transfer				
Equity in results of investees	365,039	170,532		
Interest income	7,611	43,937	54,775	110,037
Others	(6,455)	415	(1,379)	(6,895)
	366,195	214,884	53,396	103,142
Total value added to distribute	349,461	199,425	1,360,199	1,193,008
Distribution of value added				
Work remuneration				
Direct remuneration	2,217	1,377	551,354	546,943
Benefits		1	23,396	24,969
Government Severance Indemnity Fund for Employees (FGTS)			38,959	41,607
	2,217	1,378	613,709	613,519
Taxes, charges and contributions				
Federal	(2,383)	(2,178)	157,497	152,923
State			6	6
Municipal			74,699	67,668
	(2,383)	(2,178)	232,202	220,597
Third-party capital remuneration				
Interest	61,545	92,126	105,538	135,254
Rentals			120,668	115,539
	61,545	92,126	226,206	250,793
Own capital remuneration				
Retained earnings	288,082	108,099	288,082	108,099
	288,082	108,099	288,082	108,099
Value added distributed	349,461	199,425	1,360,199	1,193,008

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

1 General information

1.1 Operations

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

The Company is a corporation headquartered at Avenida Venezuela, 43, in the Municipality and State of Rio de Janeiro, incorporated by the private subscription of shares on March 31, 2007, and currently listed on the New Market.

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

On June 28, 2017, the Administrative Council of Economic Defense (CADE) reviewed the Merger No. 08700.006185/2016-56 and decided not to approve the acquisition of the Company by Kroton Educacional S.A.

The Company's Board of Directors, in a meeting held on July 27, 2017, authorized the disclosure of this quarterly information.

1.2 Basis of preparation

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and they spotlight the relevant information of the financial statements, and only them, which are in accordance with those used by the management in its administration.

1.3 Accounting policies

In the quarterly information, the accounting policies are presented in a manner consistent with the accounting practices adopted in the parent company and consolidated financial statements for the year ended December 31, 2016. Accordingly, the quarterly information should be read together with the financial statements for the year ended December 31, 2016.

1.4 Business combination

The acquisitions carried out in 2016 are as follows:

(a) Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant´Ana Ltda. (FUFS)

On March 10, 2016, Estácio acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda, ("ATUAL"), all of the quotas of Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda,, for R$ 9,500 to be paid as follows: R$ 1,405 through assumption of debt; R$ 4,950 in cash; R$ 505 within 90 days; R$ 1,000 within 48 months and R$ 2,000 within 60 months, Amounts not paid in cash will be restated based on the Amplified Consumer Price Index (IPCA), The transaction does not include the purchase of properties.

All amounts in thousands of reais unless otherwise stated

FUFS, founded in 2012, had, at the acquisition date, approximately 1,500 students, 2,760 total authorized vacancies, with 5 graduate courses in its portfolio in the maturation phase, In 2011, the entity was evaluated by the Ministry of Education and Culture (MEC), and rated 3 in the Institutional Concept evaluation in a scale of 1 to 5, It is located in the city of Feira de Santana, the second largest municipality in the State of Bahia, which comprises about 36 municipalities within its area of influence, which, together, total approximately 1,3 million inhabitants, The acquisition aims to expand the reach of Estácio in higher education courses in the State of Bahia, by adding a portfolio of courses in the health area, specifically Nursing, Biomedicine, Physiotherapy, Nutrition and Radiology, It was identified that there is a significant demand for graduates of these courses by the labor market in the region, Finally, developing operations in the city will allow obtaining important gains in academic quality, efficiency and scale.

On December 31, 2016, the amount of the assumption of debt was increased by R$ 195 to R$ 1,045, reducing the purchase price payable to R$ 3,505.

The following table shows the paid considerations, the accounting balances of the acquired assets and assumed liabilities at the acquisition date and the allocation of the purchase price previously determined based on the fair value of the acquired assets and assumed liabilities:

	FUFS
Acquisition amount	
Cash	4,950
Commitments to be paid	3,505
Total Consideration	8,455
Identifiable net assets acquired	(49)
Goodwill	8,406
Allocation of goodwill	
Trademark	2,240
License to operate	261
Students portfolio	758
Deferred income tax and social contribution	(1,108)
Goodwill	6,255
	8,406
Accounts receivable	1,569
Sundry credits	18
Property and equipment	758
Intangible assets	11
Borrowings	(694)
Trade payables	(253)
Salaries and social charges	(659)
Taxes payables	(540)
Installments	(161)
Net assets acquired at book value	49

2 Explanatory notes not presented in this quarterly information

The quarterly information is presented in conformity with CPC 21 (R1), IAS 34 and the standards issued by the CVM, Based on these facts, and according to the assessment of the Company's management about the significant impacts of the information to be disclosed, the explanatory notes described below were not presented in this quarterly information, The other notes are presented so as to allow the perfect understanding of this quarterly information if they are read together with the notes disclosed in the financial statements for the year ended December 31, 2016.

All amounts in thousands of reais unless otherwise stated

Explanatory notes not presented in this quarterly information:

- Summary of significant accounting policies.
- Critical accounting estimates and judgments.
- Assumptions for the calculation of the fair value of the stock option plans and the impairment of non-financial assets already disclosed in the notes to the financial statements at December 31, 2016.
- Insurance.
- Other information.

3 Cash and cash equivalents and marketable securities

	Parent company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Cash and banks	641	95	61,250	58,340
Cash and cash equivalents	641	95	61,250	58,340
Bank Deposit Certificates (CDB)	7,891	29,063	32,526	45,160
Government securities – LFT	36,904	34,925	36,904	34,925
Investment funds	33,086	63,211	411,440	261,027
Repurchase agreements	43	41	55	4,291
Savings bond			140	266
Marketable securities	77,924	127,240	481,065	345,669

The Company has a Financial Investments and Derivatives Policy that stipulates that investments must be in low risk marketable securities with highly-rated financial institutions, At June 30, 2017, the operations earn interest based on the variation of the Interbank Deposit Certificate (CDI) rate with the exception of government securities, which are indexed to the Special System for Settlement and Custody (SELIC) rate and fixed rates.

At June 30, 2017 and December 31, 2016, all of the Company's marketable securities are classified as "held for trading".

The fair values of listed securities are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to these securities (2017 - 10.14%; 2016 - 13.63%). None of these financial assets is either past due or impaired.

The exclusive investment fund is backed by financial allocations in fund quotas, CDBs, Financial Bills (LFs), government securities and repurchase agreements with first-tier banks and issuers. Funds are remunerated at the average Interbank Deposit Certificate (CDI) rate of 104.2% at June 30, 2017 (99.1% at December 31, 2016)

The Bank Deposit Certificates (CDBs) are remunerated at the average Interbank Deposit Certificate (CDI) rate of 99.3% at June 30, 2017 (99.6% at December 31, 2016).

Repurchase agreements backed by first-tier debentures are recorded at the fair value, remunerated at the average Interbank Deposit Certificate (CDI) rate of 80.4% at June 30, 2017 (83.9% at December 31, 2016).

All amounts in thousands of reais unless otherwise stated

4 Trade receivables

	Consolidated	
	June 30, 2017	December 31, 2016
Monthly tuition	449,223	406,678
Student Financing Fund (FIES) (a)	927,547	828,688
Agreements and exchanges	16,110	15,006
Receivables on credit cards (b)	64,946	55,666
Renegotiated receivables	88,036	80,173
	1,545,862	1,386,211
Provision for doubtful credits	(176,855)	(205,637)
Amounts to be identified	(3,723)	(2,500)
(-) Adjustment to present value (i)	(23,851)	(13,194)
	1,341,433	1,164,880
Current assets	1,009,009	847,282
Non-current assets	332,424	317,598
	1,341,433	1,164,880

(i) The present value adjustment on June 30, 2017 amounts to R$ 23,851 (R$ 7,844 referring to FIES and R$ 16,007 referring to PAR).

The composition of receivables by age is as follows:

	Consolidated	
	June 30, 2017	December 31, 2016
2018	324,547	317,598
2019	349	
2020	287	
2021	2,005	
2022	5,236	
Non-current assets	332,424	317,598

(a) Accounts receivable from the Student Financing Fund (FIES) are represented by educational loans obtained by students from Caixa Econômica Federal (CEF) and the National Education Development Fund (FNDE), whereby the financed funds, during the year 2015, are transferred monthly by CEF and Banco do Brasil to a specific bank account, This amount has been used to pay the social security contributions and federal taxes and converted into cash by means of auctions of Brazilian National Treasury securities, These receivables presented a growth of 12% at June 30, 2017 compared to December 31, 2016, due to the increase in the FIES student base.

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

(ii) For the uncovered risk of FGEDUC, with enrollment since April 2012, a provision was made for 10% of the receivables under the responsibility of the sponsors (and the Guarantor Fund is responsible for the remaining 90%) on the 15% exposure to credit risk on an estimate of 15% of default, i.e., 0.225%.

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

(b) A substantial part of the receivables on credit cards arises from the negotiation of defaulted monthly tuitions.

All amounts in thousands of reais unless otherwise stated

The composition of receivables by age is as follows:

	Consolidated			
	June 30, 2017	%	December 31, 2016	%
FIES	927,547	60	828,688	59
PRONATEC	8,684	1	8,420	1
Partners (Polos)	2,758	1	1,820	1
Not yet due	149,923	10	87,484	6
Overdue for up to 30 days	73,542	5	65,677	5
Overdue from 31 to 60 days	62,780	4	56,086	4
Overdue from 61 to 90 days	59,507	3	55,169	4
Overdue from 91 to 179 days	104,675	6	105,667	7
Overdue for more than 180 days	156,446	10	177,200	13
	1,545,862	100	1,386,211	100

The aging of the agreements for accounts receivable provision is as follows:

	Consolidated			
	June 30, 2017	%	December 31, 2016	%
Not yet due	39,292	45	20,702	26
Overdue for up to 30 days	5,881	7	6,434	8
Overdue from 31 to 60 days	4,607	5	4,935	6
Overdue from 61 to 90 days	4,008	4	5,190	7
Overdue from 91 to 179 days	8,174	9	18,798	23
Overdue for more than 180 days	26,074	30	24,114	30
	88,036	100	80,173	100

The provision for impairment of trade receivables considers all the notes past due for more than 180 days, except for educational credits arising from federal government programs and receivables from UNISEB's student's portfolio belonging to our partners (Polos), plus renegotiated agreements and values installments by Estácio Installment Program (PAR), with low expectation of realization.

In order to confirm the appropriateness of the criteria used, the Company compared the historical losses on receivables in relation to revenues earned (including students who have not enrolled with FIES) for the last 5 years, with the provision established at June 30, 2017, and concluded that it is sufficient to cover any future losses, it should be noted that receivables overdue for more than 360 days are fully written off.

The reconciliation of the aging of trade receivables with the provision for impairment of trade receivables is presented below:

	Consolidated	
	June 30, 2017	December 31, 2016
Accounts receivable overdue for more than 180 days	156,446	177,200
Provision for checks returned (up to 179 days)	2,760	3,249
Supplementary provision for agreements	9,772	25,188
Provision PAR (i)	7,877	
Provision for doubtful credits	176,855	205,637

(i) Program for payment of monthly tuitions in installments.

All amounts in thousands of reais unless otherwise stated

The age composition of the amount referring to the agreement with low expectation of realization are demonstrated below.

	Consolidated			
	June 30, 2017	%	December 31, 2016	%
Not yet due	4,468	46	10,316	41
Overdue for up to 30 days	739	7	1,092	4
Overdue from 31 to 60 days	797	8	1,438	6
Overdue from 61 to 90 days	858	9	1,906	8
Overdue from 91 to 179 days	2,910	30	10,436	41
	9,772	100	25,188	100

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

Monthly tuition and fees at December 31, 2016	205,637
Gross increase in the provision for impairment	161,858
Recovered amounts	(49,057)
Net effect of the provision	112,801
Write-offs (i)	(141,583)
Monthly tuition and fees at June 30, 2017	176,855

(i) Write-off of bills overdue for more than 360 days.

For the period ended June 30, 2017 and 2016, expenses with the provision for impairment of trade receivables, recognized in the statement of income as selling expenses (Note 23), are as follows:

	Consolidated	
	June 30, 2017	June 30, 2016
Supplementary provision (i)	112,801	97,625
Provision for doubtful amounts - acquired on acquisition		(247)
Others		350
	112,801	97,728

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

All amounts in thousands of reais unless otherwise stated

5 Related-party transactions

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

	Parent company		Consolidated	
	June 30, 2017	**December 31, 2016**	**June 30, 2017**	**December 31, 2016**
Current assets				
Current account				
SESES	2,174	2,232		
Nova Academia do Concurso	1	1		
FAL	1	2		
FATERN	3	3		
IREP	75	163		
Atual	4	4		
SEAMA	3	4		
Editora	6	6		
FARGS	2	2		
São Luís	3	3		
FACITEC	3	3		
Subsidiaries	2,275	2,423		

	Parent company		Consolidated	
	June 30, 2017	**December 31, 2016**	**June 30, 2017**	**December 31, 2016**
Current liabilities				
Current account				
SESES	4,122	4,225		
IREP	64	65		
Atual	7	3		
Nova Academia	3	3		
FAL	1	1		
Fatern	2	2		
Seama	7	4		
Subsidiaries	4,206	4,303		
Related parties (i)			509	633

(i) At June 30, 2017, the amount payable of R$ 509 (R$ 633 at December 31, 2016) refers to service providers related to board Members.

For the period ended June 30, 2017 and 2016, related-party expenses recognized in the statement of income are as follows:

	Consolidated	
	June 30, 2017	**June 30, 2016**
Rentals, condominium fees and Municipal Real Estate Tax (IPTU) (b) (c) (d)	2,955	2,140
Electricity, water and sewer service fees (b)	46	3
Other services provided (b)	148	26
Advisory services (a)		134
Printing services for educational and administrative purposes (c)		33
Audio and video services (c)	48	139
Data communication (b)	37	87
Others (b) (c)	45	58
	3,279	2,620

a) Instituição Escola Paulista de Ensino Superior – IEPES –Ltda.

The Managing Partner and Indirect Controlling Partner of Instituição Escola Paulista de Ensino Superior – IEPES –Ltda. are Mr. Chaim Zaher and Mrs. Thamila Cefali Zaher, who acted as members of the Board of Directors of Estácio Participações S.A. until October 2016. Also, Mr. Chaim Zaher held the position of CEO of the Company from June 16 to July 5, 2016.

The purpose of the contract is the full management of the distance learning division (EAD) of UNISEB in the city of São Paulo.

The “Amount Involved (Brazilian reais)” described above is the monthly amount to be paid under the Contract, which is equivalent to 30% of the average monthly gross revenue of the division.

b) SEB Sistema Educacional Brasileiro Ltda.

The Managing Partner and Partner of SEB Sistema Educacional Brasileiro Ltda. are Mr. Chaim Zaher and Mrs. Thamila Cefali Zaher, respectively, who acted as members of the Board of Directors of Estácio Participações S.A. until October 2016. Also, Mr. Chaim Zaher held the position of CEO of the Company from June 16 to July 5, 2016.

The purpose of the contract is:

The full management of the distance learning division (EAD) of UNISEB in the cities of Ribeirão Preto, Araçatuba, Brasília, São José do Rio Preto and São Paulo.
The amount involved is the average of the amounts that are monthly transferred under the contracts as from the effective date. These amounts refer to: (i)
• 30% of revenues from monthly tuition fees for hybrid courses (a combination of classroom and online attendance); (ii)
• 20% of revenues from monthly tuition fees for undergraduate distance courses; (iii)
• 30% of revenues from monthly tuition fees for graduate distance courses; (iv)
• 30% of revenues from monthly tuition fees for undergraduate courses under the flex system; and (v) 10% of revenues from monthly tuition fees for non-degree and extension programs.

Shared Service Agreement for services at an administrative level.
The “Amount Involved (Brazilian reais)” described above is the amount to be paid on a monthly basis under the Contract.

Lease of classrooms in the cities of Ribeirão Preto, São José do Rio Preto and Araçatuba for educational purposes. The “Amount Involved (Brazilian reais)” described above is the amount to be paid on a monthly basis under the Contract.

Agreement for partial sublease of a property for educational purposes.
The “Amount Involved (Brazilian reais)” described above is the monthly amount to be paid under the Contract, which is equivalent to 50% of the full lease amount.

c) T4 LOG Consultoria e Digitalizações Ltda.

The Managing Partner of T4 Log Consultoria e Digitalizações Ltda. is Mrs. Thamila Cefali Zaher, who acted as member of the Board of Directors of Estácio Participações S.A. until October 2016.

The purpose of the contract is

Provision of services related to the filing of documents, prospecting of technologies for managing digitized documents and storing of physical documents.

Provision of services related to the filing of documents, prospecting of technologies for managing digitized documents and storing of physical documents. The “Amount Involved (Brazilian reais)” described above is the amount to be paid on a monthly basis under the Contract.

All amounts in thousands of reais unless otherwise stated

d) TCA Empreendimentos Imobiliários Ltda.

The Managing Partner and Partner of TCA Empreendimento Imobiliários Ltda. are Mr. Chaim Zaher and Mrs. Thamila Cefali Zaher, respectively, who acted as members of the Board of Directors of Estácio Participações S.A. until October 2016. Also, Mr. Chaim Zaher held the position of CEO of the Company from June 16 to July 5, 2016.

The objective of the contract is to lease properties for educational purposes. The “Amount Involved (Brazilian reais)” described above is the amount to be paid on a monthly basis for the lease, and it should be noted that under the agreement the lease is restated annually based on the variation of the cumulative General Market Price Index (IGPM).

In the periods ended June 30, 2017 and 2016, the Group obtained no financial gains on loan transactions.

6 Prepaid expenses

	Parent company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Insurance	55	215	1,329	1,709
Municipal Real Estate Tax (IPTU) to be appropriated			5,486	
Teaching materials (i)			15,097	15,784
Anticipation of vacation pay and charges (ii)			4,432	18,207
Registration fee - Ministry of Education (MEC)			2,795	2,926
Technical-pedagogical cooperation - Santa Casa			2,466	2,451
Other prepaid expenses			762	1,002
Total	55	215	32,367	42,079
Current assets	55	215	27,099	36,390
Non-current assets			5,268	5,689
	55	215	32,367	42,079

(i) It refers to the costs incurred for copyright, printing and postage for the production of education material to be used in the subsequent period. They are recorded as prepaid expenses and allocated during the period they are used, after being effectively delivered.

7 Taxes and contributions

	Parent company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Withholding Income Tax (IRRF)	1,816	6,710	9,300	18,379
Corporate Income Tax (IRPJ) / Social Contribution on Net Income (CSLL)	37,366	29,714	102,324	77,249
Social Integration Program (PIS)	6	6	580	558
Social Contribution on Revenues (COFINS)	25	25	2,054	1,952
Services Tax (ISS)	77	77	42,932	39,718
National Institute of Social Security (INSS)			679	8,265
Others	106	106	666	666
	39,396	36,638	158,535	146,787
Current assets	3,097	36,452	79,889	110,472
Non-current assets	36,299	186	78,646	36,315
	39,396	36,638	158,535	146,787

All amounts in thousands of reais unless otherwise stated

8 Investments in subsidiaries

(a) Parent company Estácio Participações S.A.

	June 30, 2017		December 31, 2016	
	Investments	Losses on investments	Investments	Losses on investments
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	1,338,596		1,138,505	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,265,203		1,105,514	
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	18,083		17,497	
Estácio Editora e Distribuidora Ltda. ("EDITORA")		(30)		(30)
União dos Cursos Superiores SEB Ltda. ("UNISEB")	62,384		43,504	
	2,684,266	(30)	2,305,020	(30)

The subsidiaries' information is as follows:

June 30, 2017	Interest	Number of quotas	Total assets	Total liabilities	Equity	Goodwill	Deferred income tax on goodwill from downstream merger	Total	Equity in the results of subsidiaries
SESES	100%	610,677	1,776,505	437,909	1,338,596			1,338,596	195,589
IREP	100%	484,024	1,609,370	406,609	1,202,761	62,442		1,265,203	150,833
NACP	100%	13,105	5,985	1,920	4,065	14,018		18,083	(263)
Editora (i)	100%	251	31	66	(35)	5		(30)	
Uniseb Operacional	100%	23,837	93,359	28,745	64,614		(2,230)	62,384	18,880
			3,485,250	875,249	2,610,001	76,465	(2,230)	2,684,236	365,039

December 31, 2016	Interest	Number of quotas	Total assets	Total liabilities	Equity	Goodwill	Deferred income tax on goodwill from downstream merger	Total	Equity in the results of subsidiaries
SESES	100%	610,677	1,547,810	409,305	1,138,505			1,138,505	203,868
IREP	100%	445,444	1,570,908	527,836	1,043,072	62,442		1,105,514	271,509
NACP	100%	13,105	5,374	1,895	3,479	14,018		17,497	(3,016)
Editora (i)	100%	251	31	66	(35)	5		(30)	
Uniseb Operacional	100%	22,337	77,854	32,120	45,734		(2,230)	43,504	29,907
			3,201,977	971,222	2,230,755	76,465	(2,230)	2,304,990	502,268

(i) Provision for net capital deficiency recorded under “Others” in current liabilities.

The global changes in the investments in subsidiaries in the period ended June 30, 2017 and in the year ended December 31, 2016 are as follows:

Investments in subsidiaries at December 31, 2015 (Re-presented)	2,262,159
Equity in the results of subsidiaries	502,268
Advance for future capital increase	111,080
Supplementary dividends of 2015	(573,482)
Options granted	1,505
Long-term incentives	1,490
Investments in subsidiaries at December 31, 2016	2,305,020
Equity in the results of subsidiaries	365,039
Advance for future capital increase	9,705
Options granted	4,408
Long-term incentives	94
Investments in subsidiaries at June 30, 2017	2,684,266

All amounts in thousands of reais unless otherwise stated

The accounting information of the subsidiaries used in the application of the equity accounting method were related to the base date June 30, 2017.

The direct subsidiaries' investments are as follows:

(b) Subsidiary Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")

	June 30, 2017	December 31, 2016
Sociedade Educacional Atual da Amazônia ("ATUAL")	515,654	450,779
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	14,795	15,598
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	31,531	30,461
	561,980	496,838

The subsidiaries ("IREP")' information is as follows:

June 30, 2017	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Goodwill	Total	Equity in the result of investees
ATUAL	100%	34,186	706,953	206,802	500,151	15,503	515,654	45,870
FAL	100%	17,218	10,199	3,480	6,719	8,076	14,795	(803)
FATERN	100%	9,160	21,568	5,016	16,552	14,979	31,531	1,070
			738,720	215,298	523,422	38,558	561,980	46,137

December 31, 2016	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Goodwill	Total	Equity in the result of investees
ATUAL	100%	33,684	703,507	268,231	435,276	15,503	450,779	80,629
FAL	100%	14,018	10,681	3,159	7,522	8,076	15,598	(2,189)
FATERN	100%	9,160	24,834	9,352	15,482	14,979	30,461	3,701
			739,022	280,742	458,280	38,558	496,838	82,141

The global changes of the investments of the direct subsidiary IREP in subsidiaries in the period ended June 30, 2017 and in the year ended December 31, 2016 are as follows:

Investments in subsidiaries at December 31, 2015	455,215
Equity	82,141
Advance for future capital increase	54,482
Supplementary dividends of 2015	(95,000)
Investments in subsidiaries at December 31, 2016	496,838
Equity	46,137
Advance for future capital increase	19,005
Investments in subsidiaries at June 30, 2017	561,980

All amounts in thousands of reais unless otherwise stated

(c) Subsidiary Sociedade Atual da Amazônia ("ATUAL")

	June 30, 2017	December 31, 2016
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUOL")	2,744	3,244
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	3,509	4,202
Sociedade Educacional da Amazônia ("SEAMA")	53,761	46,958
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	19,743	18,880
Unisãoluis Educacional S.A ("SÃOLUIS")	87,163	63,654
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	42,642	38,426
Associação de Ensino de Santa Catarina ("ASSESC")	6,754	7,102
Instituto de Estudos Superiores da Amazônia ("IESAM")	90,983	83,153
Centro de Assistência ao Desenvolvimento de Formação Profissional Unicel Ltda. ("LITERATUS")	55,888	57,697
Centro de Ensino Unificado de Teresina ("CEUT")	44,374	39,816
Faculdade Nossa Cidade ("FNC")	100,044	97,631
Faculdades Integradas de Castanhal Ltda. ("FCAT")	28,994	28,477
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFS")	11,829	10,984
	548,428	500,224

Information on ATUAL's subsidiaries is as follows:

June 30, 2017

	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Goodwill	Goodwill	Total	Equity in the result of investees
UNIUOL	100%	4,626	2,638	855	1,783	956	5	2,744	(469)
IDEZ	100%	5,894	2,676	1,214	1,462	2,047		3,509	(643)
SEAMA	100%	3,232	42,278	6,552	35,726	18,035		53,761	6,445
FARGS	100%	4,881	15,088	3,400	11,688	8,055		19,743	569
SÃO LUIS	100%	220	72,265	12,580	59,685	27,368	110	87,163	23,837
FACITEC	100%	6,051	20,996	5,788	15,208	26,654	780	42,642	4,942
ASSESC	100%	3	4,002	2,036	1,966	4,723	65	6,754	(350)
IESAM	100%	2,400	72,605	22,439	50,166	26,797	14,020	90,983	7,888
LITERATUS	100%	46,957	48,894	19,999	28,895	26,214	779	55,888	(1,454)
CEUT	100%	2,408	23,308	8,703	14,605	27,568	2,201	44,374	4,370
FNC	100%	20,928	26,953	9,369	17,584	72,046	10,414	100,044	4,914
FCAT	100%	100	12,848	9,197	3,651	20,121	5,222	28,994	478
FUFS	100%	150	5,991	2,357	3,634	6,256	1,939	11,829	(970)
			350,542	104,489	246,053	266,840	35,535	548,428	49,557

December 31, 2016

	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Goodwill	Goodwill	Total	Equity in the result of investees
UNIUOL	100%	3,066	3,220	968	2,252	956	36	3,244	(2,226)
IDEZ	100%	4,444	3,104	1,000	2,104	2,047	51	4,202	(794)
SEAMA	100%	3,232	36,999	8,118	28,881	18,035	42	46,958	10,375
FARGS	100%	4,881	14,167	3,398	10,769	8,055	56	18,880	1,579
SÃO LUIS	100%	220	105,185	69,338	35,847	27,369	438	63,654	51,899
FACITEC	100%	6,051	16,435	6,168	10,267	26,654	1,505	38,426	8,820
ASSESC	100%	3	3,773	1,557	2,216	4,723	163	7,102	25
IESAM	100%	2,400	64,860	23,031	41,829	26,797	14,527	83,153	13,555
LITERATUS	100%	35,227	47,625	17,276	30,349	26,214	1,134	57,697	(1,601)
CEUT	100%	2,408	17,143	7,609	9,534	27,568	2,714	39,816	3,570
FNC	100%	20,928	18,554	5,884	12,670	72,046	12,915	97,631	7,860
FCAT	100%	100	8,279	6,336	1,943	20,120	6,414	28,477	(2,224)
FUFS	100%	150	3,864	1,568	2,296	6,255	2,433	10,984	(1,916)
			343,208	152,251	190,957	266,839	42,428	500,224	88,922

All amounts in thousands of reais unless otherwise stated

The global changes of the investments of the direct subsidiary ATUAL in subsidiaries in the period ended June 30, 2017 and in the year ended December 31, 2016 are as follows:

Investments in subsidiaries at December 31, 2015	473,388
Equity	88,922
Advance for future capital increase	31,732
Acquisition of Subsidiary	4,872
Acquisition of goodwill	3,774
Amortization of goodwill	(20,464)
Supplementary dividends of 2015	(82,000)
Investments in subsidiaries at December 31, 2016	500,224
Equity	49,557
Advance for future capital increase	5,540
Amortization of goodwill	(6,893)
Investments in subsidiaries at June 30, 2017	548,428

9 Intangible assets

(a) Intangible assets–Parent company

		December 31, 2016			**June 30, 2017**
		Cost	**Additions**	**Transfers**	**Cost**
Cost					
Goodwill on the acquisition of investments (i)		780,065			780,065
Right of use of software		99			99
Project Integração		212			212
Goodwill		79,704			79,704
		860,080			860,080
	Amortization rates	**Amortization**	**Additions**	**Transfers**	**Amortization**
Amortization					
Right of use of software	20% p.a.	(59)	(9)		(68)
Project Integração	20% p.a.	(11)	(22)		(33)
Goodwill	20 to 50% p.a.	(50,263)	(9,889)		(60,152)
		(50,333)	(9,920)		(60,253)
Net book value		809,747	(9,920)		799,827

All amounts in thousands of reais unless otherwise stated

	Amortization rates	December 31, 2016			June 30, 2017
		Cost	**Additions**	**Transfers**	**Cost**
Cost					
Goodwill on the acquisition of investments (i)		780,065			780,065
Right of use of software		124		(25)	99
Project Integração		32	157	25	214
Goodwill		79,704			79,704
		859,925	157		860,082
	Amortization rates	**Amortization**	**Additions**	**Transfers**	**Amortization**
Amortization					
Right of use of software	20% p.a.	(40)	(10)		(50)
Goodwill	20 to 50% p.a.	(30,431)	(9,943)		(40,374)
		(30,471)	(9,953)		(40,424)
Net book value		829,454	(9,796)		819,658

(i) Goodwill is an integral part of the investment line because of the merger of Uniseb Holding.

(b) Intangible assets – Consolidated

	Amortization rates	December 31, 2016					June 30, 2017
		Cost	**Additions**	**Reductions**	**Transfers**	**Reclassifications**	**Cost**
Cost							
Goodwill on the acquisition of investments		1,195,499					1,195,499
Right of use of software		236,101	16,399			(34)	252,466
Integration and distance learning project		18,298					18,298
CSC		2,228	390				2,618
Learning Center		72,123	2,022		(3)		74,142
Relationship Center		2,348					2,348
Hemispheres		1,346					1,346
IT architecture		19,174	1,024				20,198
Online class material		7,603	155				7,758
Knowledge Factory - EAD		28,741	2,271				31,012
Goodwill		174,018		(515)			173,503
Others		27,559	2,336	(104)	3		29,794
		1,785,038	24,597	(619)		(34)	1,808,982
	Amortization rates	**Amortization**	**Additions**	**Reductions**	**Transfers**	**Reclassifications**	**Amortization**
Amortization							
Goodwill on the acquisition of investments	Indefinite	(6,924)					(6,924)
Right of use of software	20% p.a.	(148,808)	(22,316)			2	(171,122)
Integration and distance learning project	20% p.a.	(15,600)	(404)				(16,004)
CSC	20% p.a.	(1,940)	(37)				(1,977)
Learning Center	5% p.a.	(16,590)	(1,629)				(18,219)
Relationship Center	20% p.a.	(2,348)					(2,348)
Hemispheres	20% p.a.	(1,346)					(1,346)
IT architecture	17 to 20% p.a.	(5,183)	(1,674)				(6,857)
Online class material	20% p.a.	(4,900)	(729)				(5,629)
Knowledge Factory - EAD	5% p.a.	(3,043)	(719)				(3,762)
Goodwill	20 to 50% p.a.	(102,150)	(16,782)	515			(118,417)
Others	20% p.a.	(6,714)	(2,401)	101			(9,014)
		(315,546)	(46,691)	616		2	(361,619)
Net book value		1,469,492	(22,094)	(3)		(32)	1,447,363

All amounts in thousands of reais unless otherwise stated

	Amortization rates	December 31, 2015 Cost	Additions per acquisition	Additions	Reductions	Reclassifications	June 30, 2016 Cost
Cost							
Goodwill on the acquisition of investments		1,190,676		7,171			1,197,847
Right of use of software		189,336	11	22,463	(52)	(238)	211,520
Integration and distance learning project		17,859		401			18,260
CSC		1,940					1,940
Learning Center		66,507		3,088			69,595
Relationship Center		2,348					2,348
Hemispheres		1,346					1,346
IT architecture		21,093		1,745			22,838
Online class material		7,208		83			7,291
Knowledge Factory - EAD		22,373		2,796			25,169
Goodwill		170,244					170,244
Others		19,002		4,875			23,877
		1,709,932	11	42,622	(52)	(238)	1,752,275
	Amortization rates	**Amortization**	**Additions per acquisition**	**Additions**	**Reductions**	**Reclassifications**	**Amortization**
Amortization							
Goodwill on the acquisition of investments	Indefinite	(6,924)					(6,924)
Right of use of software	20% p.a.	(108,352)		(20,762)	52	14	(129,048)
Integration and distance learning project	20% p.a.	(14,234)		(574)			(14,808)
CSC	20% p.a.	(1,940)					(1,940)
Learning Center	5% p.a.	(13,563)		(1,417)			(14,980)
Relationship Center	20% p.a.	(2,347)		(1)			(2,348)
Hemispheres	20% p.a.	(1,341)		(5)			(1,346)
IT architecture	17 to 20% p.a.	(2,896)		(1,820)			(4,716)
Online class material	20% p.a.	(3,450)		(644)			(4,094)
Knowledge Factory - EAD	5% p.a.	(1,855)		(489)			(2,344)
Goodwill	20 to 50% p.a.	(61,425)		(22,531)			(83,956)
Others	20% p.a.	(2,927)		(954)			(3,881)
		(221,254)		(49,197)	52	14	(270,385)
Net book value		1,488,678	11	(6,575)		(224)	1,481,890

At June 30, 2017 and December 31, 2016, goodwill on acquisition of investments was comprised as follows:

	Parent company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Goodwill on acquisition of investments net of accumulated amortization				
IREP			89,090	89,090
ATUAL			15,503	15,503
Seama			18,035	18,035
Idez			2,047	2,047
Uniuol			956	956
Fargs			8,055	8,055
São Luis			27,369	27,369
Facitec			26,654	26,654
Assesc			4,723	4,723
Iesam			26,797	26,797
Literatus			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,120	20,120
FUFS (Note 1.5)			6,255	6,255
FAL			8,076	8,076
FATERN			14,979	14,979
Nova Academia			14,018	14,018
EstácioEditora			5	5
Uniseb	9,371	9,371	9,371	9,371
Uniseb Holding	770,694	770,694	770,694	770,694
	780,065	780,065	1,188,575	1,188,575

The Company carries out annual analyses for impairment purposes, the last being for the year ended December 31, 2016, relative to goodwill on investment acquisitions and mergers, based on expected future profitability, considering projections of future results for the next 10 years, Asset impairment testing did not result in the need to recognize losses, at the nominal perpetuity growth rate of 5.0% p.a. (equivalent to the long-term inflation rate, not considering any real growth) and a single nominal discount rate of 15.1% to discount estimated future cash flows. Asset impairment testing did not result in the need to recognize losses. The assumptions used are disclosed in the notes to the financial statements for the year ended December 31, 2016.

All amounts in thousands of reais unless otherwise stated

10 Property and equipment

(a) Property and equipment – Parent company

		December 31, 2016			June 30, 2017
		Cost	**Additions**	**Disposals**	**Cost**
Cost					
Computers and peripherals		9,048		(1)	9,047
Installations		33		(33)	
		9,081		(34)	9,047
	Depreciation rates	**Depreciation**	**Additions**	**Disposals**	**Depreciation**
Depreciation					
Computers and peripherals	25% p.a.	(9,032)	(16)	1	(9,047)
Installations	8.3% p.a.	(6)		6	
		(9,038)	(16)	7	(9,047)
Net book value		43	(16)	(27)	

		December 31, 2016			June 30, 2017
		Cost	**Additions**	**Disposals**	**Cost**
Cost					
Computers and peripherals		9,075			9,075
Installations		33			33
		9,108			9,108
	Depreciation rates	**Depreciation**	**Additions**	**Disposals**	**Depreciation**
Depreciation					
Computers and peripherals	25% p.a.	(9,015)	(26)		(9,041)
Installations	8.3% p.a.	(3)	(1)		(4)
		(9,018)	(27)		(9,045)
Net book value		90	(27)		63

All amounts in thousands of reais unless otherwise stated

(b) Property and equipment– Consolidated

		December 31, 2016					June 30, 2017
		Cost	**Additions**	**Disposals**	**Transfers**	**Reclassifications**	**Cost**
Cost							
Land		19,295					19,295
Buildings		192,768	806		4,432		198,006
Third-parties' properties improvements		261,753	5,432	(12,363)	20,704		275,526
Furniture and utensils		98,311	5,245	(7,399)		34	96,191
Computers and peripherals		149,266	1,739	(347)	445		151,103
Machinery and equipment		129,049	6,342	(571)			134,820
Physical/ hospital activities equipment		44,483	1,982	(14)			46,451
Library		141,601	1,608				143,209
Facilities		52,796	1,885	(935)			53,746
Tablets		46,755		(2,328)	(444)		43,983
Construction in progress		18,935	10,845		(25,242)		4,538
Demobilization		22,312		(492)			21,820
Others		11,075	114	(37)			11,152
		1,188,399	35,998	(24,486)	(105)	34	1,199,840
	Depreciation rates	**Depreciation**	**Additions**	**Disposals**	**Transfers**	**Reclassifications**	**Depreciation**
Depreciation							
Buildings	1.67% p.a.	(52,171)	(1,725)		1		(53,895)
Third-parties' properties improvements	11.11% p.a.	(143,234)	(19,091)	12,364	104		(149,857)
Furniture and utensils	8.33% p.a.	(56,042)	(3,818)	7,030		(2)	(52,832)
Computers and peripherals	25% p.a.	(107,394)	(8,342)	343	(269)		(115,662)
Machinery and equipment	8.33% p.a.	(61,123)	(8,060)	486			(68,697)
Physical/ hospital activities equipment	6.67% p.a.	(18,793)	(1,225)	14			(20,004)
Library	5% p.a.	(63,935)	(3,076)				(67,011)
Facilities	8.33% p.a.	(15,849)	(2,613)	909			(17,553)
Tablets	20% p.a.	(27,891)	(4,357)	2,328	269		(29,651)
Demobilization		(15,277)	(803)	446			(15,634)
Others	14.44% p.a.	(6,630)	(427)	32			(7,025)
		(568,339)	(53,537)	23,952	105	(2)	(597,821)
Net book value		620,060	(17,539)	(534)		32	602,019

All amounts in thousands of reais unless otherwise stated

	December 31, 2015 Cost	Additions per acquisitions	Additions	Disposals	Transfers	Reclassifi cations	June 30, 2016 Cost
Cost							
Land	19,373						19,373
Buildings	135,010	148	194		1,591		136,943
Third-parties' properties improvements	217,109		1,448		10,372		228,929
Furniture and utensils	97,042	158	4,294	(6,577)		(13)	94,904
Computers and peripherals	156,778	54	6,357	(24,529)			138,660
Machinery and equipment	101,303	153	11,106	(14,571)			97,991
Physical/ hospital activities equipment	48,201	141	1,436	(6,708)			43,070
Library	138,397	142	2,712	(3,118)		80	138,213
Facilities	42,025	58	4,143			171	46,397
Tablets	47,019			(7)			47,012
Construction in progress	31,575		12,987		(11,963)		32,599
Demobilization	11,627						11,627
Others	12,116		82	(1,563)			10,635
	1,057,575	854	44,759	(57,073)		238	1,046,353

	Depreciation rates	Depreciation	Additions per acquisitions	Additions	Disposals	Transfers	Reclassifi cations	Depreciation
Depreciation								
Buildings	1.67% p.a.	(49,794)	(7)	(1,274)				(51,075)
Third-parties' properties improvements	11.11% p.a.	(118,886)		(10,683)	1			(129,568)
Furniture and utensils	8.33% p.a.	(51,546)	(18)	(4,714)	4,392		9	(51,877)
Computers and peripherals	25% p.a.	(109,376)	(13)	(9,582)	21,534			(97,437)
Machinery and equipment	8.33% p.a.	(66,129)	(18)	(7,675)	11,733			(62,089)
Physical/ hospital activities equipment	6.67% p.a.	(18,516)	(16)	(1,309)	2,242			(17,599)
Library	5% p.a.	(59,351)	(17)	(2,876)	1,242		(14)	(61,016)
Facilities	8.33% p.a.	(12,331)	(7)	(1,651)			(9)	(13,998)
Tablets	20% p.a.	(18,731)		(4,581)	3			(23,309)
Demobilization		(10,550)		(132)				(10,682)
Others	14.44% p.a.	(6,445)		(459)	823			(6,081)
		(521,655)	(96)	(44,936)	41,970		(14)	(524,731)
Net book value		535,920	758	(177)	(15,103)		224	521,622

In the period ended June 30, 2016, the depreciation recognized in the statement of income was represented as follows (consolidated):

	2016
Depreciation	(44,936)
Additions	1,255
	43,681

Certain assets acquired through financing were used as a financing guarantee, The Company and its Subsidiaries have not pledged any other of its properties to secure transactions.

All amounts in thousands of reais unless otherwise stated

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

		December 31, 2016			June 30, 2017
		Cost	Additions	Disposals	Cost
Cost					
Finance leases capitalized		121,008	2,242	(7,410)	115,840
		121,008	2,242	(7,410)	115,840
	Depreciation rates	Depreciation	Additions	Disposals	Depreciation
Depreciation					
Finance leases capitalized	25% p.a.	(57,523)	(11,055)	7,098	(61,480)
		(57,523)	(11,055)	7,098	(61,480)
Net book value		63,485	(8,813)	(312)	54,360

The Group leases various vehicles and machinery under non-cancelable lease agreements. The lease terms are between three to four years, after which the ownership of the assets is transferred to the Group, All the Group's leases are recognized by the operation's net present value.

11 Borrowings

		Parent company		Consolidated	
Type	Financial charges	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
In local currency					
Lease agreements – Colortel	INPC + 0.32% p.a.			28,740	34,488
Lease agreements – Assist	INPC p.a.			2,754	3,474
Lease agreements – Total Service	IGPI-DI/FGV p.a.			72	38
Lease agreements – Springer	IGPM + 1% p.a.			42	42
Lease agreements – Bayed	IGPI-DI/FGV p.a.			1,440	313
Lease agreements – Bradesco	1.14% p.m.				15
Leasing IBM	CDI Over p.d. + 2% p.m.			29,121	29,885
Borrowing – IFC	CDI +1.53% p.a.	35,687	40,576	35,687	40,576
Funding cost of IFC		(1,450)	(7,414)	(1,450)	(7,414)
Second issue of debentures	CDI + 1.18% p.a.	306,987	308,853	306,987	308,853
Third issue of debentures	112% CDI p.a.	192,735	194,259	192,735	194,259
Fourth issue of debentures	CDI +1.50% p.a.	100,621	100,853	100,621	100,853
Funding cost of debentures		(1,657)	(2,023)	(1,657)	(2,023)
Borrowing – FEE BNB	3% p.a.				448
Borrowing – Banco da Amazônia	9.5% p.a.			10,088	10,948
Borrowing – FINEP	6% p.a.	3,113	3,093	3,113	3,093
Promissory notes – Banco Itaú (1st Tranche)	CD1+1.50% p.a.	190,451	178,935	190,451	178,935
Promissory notes – Banco Itaú (2st Tranche)	CDI+1.65% p.a.	136,166	127,840	136,166	127,840
Funding cost of promissory notes		(1,204)	(2,090)	(1,204)	(2,090)
		961,449	942,882	1,033,706	1,022,533
Current liabilities		568,844	444,592	593,075	468,114
Non-current liability		392,605	498,290	440,631	554,419
		961,449	942,882	1,033,706	1,022,533

The maturity of amounts recorded in non-current liabilities at June 30, 2017 and December 31, 2016 is as follows:

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
2018	200,304	305,990	201,323	307,882
2019	178,748	178,748	199,238	223,620
2020	9,276	9,275	28,558	11,314
2021	2,951	2,951	9,040	9,132
2022	430	430	1,104	1,103
2023	430	430	745	745
2024	430	430	587	587
2025	36	36	36	36
Non-current liabilities	392,605	498,290	440,631	554,419

The funds raised are being used to reinforce the Company's cash and to deal with the expansion and investments policy.

The Group's borrowings are denominated in Brazilian reais. The only loan in U.S, dollars was settled on March 14, 2016, on its original maturity date.

In March 2016, the Company entered into a loan agreement with the International Finance Corporation (IFC), in the amount in Brazilian reais equivalent to US$ 100 million, which could be used within 12 months. Of this total amount US$ 50 million related to Loan A, would be obtained with the IFC and the other half related to Loan B with Banco Santander. There was no withdrawal related to this borrowing up to June 30, 2017, and, therefore, the line of credit was cancelled.

In April 2017, the Company settled in advance the loan agreement entered into with Banco do Nordeste (BNB) in 2013, in the amount of R$ 4.1 million. The amount settled in advance in April 2017 was R$ 225 thousand.

The debentures issued are not convertible into shares and have no renegotiation clause and also do not include any type of guarantee to the creditor.

The contracts with several creditors include restrictive clauses that require the maintenance of certain financial indices with previously established parameters. At June 30, 2017 and December 31, 2016, the subsidiaries and the parent company achieved all the contractually required indices.

Without other significant fundings in the period, the contractual conditions of other effective borrowings remain unchanged compared to those presented in the financial statements at December 31, 2016.

12 Salaries and social charges

	Parent company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Salaries and social charges payable	481	268	99,596	107,874
Provision for vacation pay			86,643	47,359
Provision for 13th month salary			43,594	
	481	268	229,833	155,233

All amounts in thousands of reais unless otherwise stated

13 Taxes payable

	Parent company		Consolidated	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
ISS payable	5	5	14,541	12,208
IRRF payable	132	63	8,870	17,121
PIS and COFINS payable	91	146	3,756	2,680
IOF			384	384
	228	214	27,551	32,393
IRPJ payable			29,435	22,482
CSLL payable		1	10,263	8,907
		1	39,698	31,389
	228	215	67,249	63,782

14 Taxes payable in installments

	Consolidated	
	June 30, 2017	December 31, 2016
IRPJ	1,136	1,295
CSLL	115	254
FGTS	1,448	1,428
ISS	3,379	3,580
PIS	148	193
COFINS	1,031	1,202
INSS	7,236	7,466
OTHERS	117	490
	14,610	15,908
Current liabilities	3,122	3,128
Non-current liability	11,488	12,780
	14,610	15,908

The amount of installments is adjusted based on the Special System for Settlement and Custody (SELIC) rate on a monthly basis.

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

	Consolidated	
	June 30, 2017	December 31, 2016
2017		629
2018	1,217	2,215
2019	1,971	1,905
2020 to 2029	8,300	8,031
	11,488	12,780

All amounts in thousands of reais unless otherwise stated

15 Price of acquisition payable

	Consolidated	
	June 30, 2017	**December 31, 2016**
FACITEC	2,852	5,601
SÃO LUIS	19,093	18,416
IESAM	15,343	15,064
LITERATUS	5,219	5,490
CEUT	5,427	6,127
FNC	25,102	32,923
FCAT	4,301	4,222
FUFS	3,148	3,098
	80,485	90,941
Real estate acquisition (i)	29,000	35,000
	109,485	125,941
Current liabilities	55,936	53,565
Non-current liabilities	53,549	72,376
	109,485	125,941

(i) It refers to the commitment signed between IREP and União Norte Brasileira de Educação e Cultura - UNBEC, referring to several properties, located in the city of Fortaleza, Ceará State (Note 10b).

These basically refer to the amount payable to the former owners for the acquisition of related companies, subjected monthly to one the following rates: Special System for Settlement and Custody (SELIC), Amplified Consumer Price Index (IPCA) or the Interbank Deposit Certificate (CDI), depending on the contract.

The table below analyzes the Group's acquisition price payable into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Consolidated			
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
At June 30, 2017				
FACITEC	2,852			2,852
SÃO LUIS	19,093			19,093
IESAM	2,455	12,888		15,343
LITERATUS	2,567	2,567	85	5,219
CEUT	2,985	1,628	814	5,427
FNC	12,551	12,551		25,102
FCAT	1,433	1,434	1,434	4,301
FUFS			3,148	3,148
Real estate acquisition	12,000	17,000		29,000
	55,936	48,068	5,481	109,485

16 Contingencies

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

All amounts in thousands of reais unless otherwise stated

At June 30, 2017 and December 31, 2016, the provision for contingencies was comprised as follows:

	Consolidated			
	June 30, 2017		December 31, 2016	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
Civil	15,488	16,312	16,833	14,425
Labor	47,080	93,538	39,292	91,302
Tax	8,896	14,853	8,755	13,764
	71,464	124,703	64,880	119,491

The changes in the provision for contingencies are as follows:

	Civil	Labor	Tax	Total
At December 31, 2016	16,833	39,292	8,755	64,880
Additions	8,562	30,434	146	39,142
Reversals	(3,763)	(12,778)	(5)	(16,546)
Write-offs	(6,144)	(9,868)		(16,012)
At June 30, 2017	15,488	47,080	8,896	71,464

For the periods ended June 30, 2017 and 2016, the expense for the provision for contingencies, recognized in the statement of income as "general and administrative expenses", was as follows:

	2017	2016
Composition of results		
Additions	39,142	91,806
Reversals	(16,546)	(24,091)
Contingencies	22,596	67,715
Cost of services rendered (Note 22)	(6,015)	(32,403)
General and administrative expenses (Note 23)	(16,659)	(35,312)
Finance result (Note 25)	78	
	(22,596)	(67,715)

(a) Civil

Most proceedings mainly involve claims for indemnity for moral and property damages arising from incorrect collections, late issue of diplomas, among other matters of an operational and/or educational nature, as well as some actions involving real estate law.

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

Matters	Amounts
Incorrect collection	4,667
Real estate	3,873
Issue of certificates of completion/diplomas and graduation	1,202
Accreditation and cancelation of the program	1,153
Enrollment	1,001
FIES	401
System access	256
Prouni	285
Transfer	186
Success fees	1,435
Others (i)	1,029
	15,488

All amounts in thousands of reais unless otherwise stated

(i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions, actions for compulsory renewal of lease contracts or for review of the rent charged and other claims for damages.

(b) Labor

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

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

Matters	**Amounts**
Salary differences + reduction of working time + FGTS + notice	16,778
Overtime + suppression Inter + Intra	8,773
Moral/property damage/moral harassment	5,835
Employer's social security payment	3,549
Fees	3,069
Deviation from agreed position and salary equalization	2,537
Fines (Article 467 CLT, article 477 CLT and CCT/ACT)	843
Correction CTPS + indirect repeal + recognition of employment relationship	520
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	451
Tenure	271
Vacation pay	261
Success fees	480
Others (i)	3,713
	47,080

(i) Other claims in addition to those listed above (resulting from them) and union fees.

(c) Tax

The tax proceedings mainly relate to tax immunity, escalation of social security contributions arising from PROUNI and exclusion of scholarships from the ISS calculation basis.

The provisions related to tax proceedings are as follows:

Matters	**Amounts**
Services Tax	119
Social security related fine	180
Success fees	8,597
	8,896

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

The Company has the following tax, civil and labor litigation involving risks of loss classified by management as possible, based on the evaluation of the legal advisors. In accordance with this risk assessment and the provision-related criteria adopted by the Company, certain contingencies are not provided for, as follows:

	Consolidated	
	June 30, 2017	**December 31, 2016**
Civil	533,729	465,220
Labor	190,543	165,518
Tax	130,190	121,726
	854,462	752,464

All amounts in thousands of reais unless otherwise stated

Among the main proceedings not provided for in the financial statements, we highlight:

Civil Matters	**Amounts**
Real Estate	59,294
Improper Collection	29,572
FIES	27,483
Issuance of Completion and Graduation Certificate/Diploma	15,011
Enrollment	3,990
Transfer	4,201
Accreditation and Cancellation of Program	2,582
PROUNI	1,201
System Access	1,171
Others (i)	46,038
	190,543

(i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions, actions for compulsory renewal of lease contracts or for review of the rent charged and other claims for damages.

Labor Matters	**Amounts**
Salary differences + Decrease in working hours + Government Severance Indemnity Fund for Employees (FGTS) + Overtime	35,546
Notice + Elimination of breaks between and during work shifts	19,314
Cota Social Security	14,509
Deviation from agreed position and salary equalization	12,148
Pain and suffering/material damages/workplace harassment	5,418
Penalties (ART. 467 CLT, ART. 477 CLT E CCT/ACT)	2,344
Fees	3,073
Other (health hazard/night-shift/improvement/years of service/risk)	2,189
Job Stability	1,019
Vacation	937
Work Card Adjustment + Indirect Termination + Recognition of employment relationship	474
Others (i)	33,219
	130,190

(i) Other claims resulting from those described above and union fees.

Tax Matters	**Amounts**
Social Security Contribution / FGTS	318,765
ISS	114,984
IRPJ / CSLL / IRRF	73,083
Inventory of property / CND / Certificate of Non-profit Welfare Entity (CEBAS)	8,445
IPTU / FORO / IPVA	6,659
PROUNI / PIS / COFINS	5,204
Value-Added Tax on Sales and Services (ICMS) on electricity	3,627
Taxes / Sewer Service Fees	1,418
Various penalties	1,372
Provisional Remuneration - at a municipal level	172
	533,729

(i) Given the divergence of understanding of Article 13 of Law 11,096/05 ("PROUNI Act"), as mentioned in item (ii) above, Tax Foreclosures were issued by the National Treasury aimed at the judicial recovery of debts related to the alleged differences in payments of social security contributions. Embargoes were imposed on these executions, which are still being tried. The total amount involved is R$ 117,956. According to the opinion of the external legal advisors, the risk of loss in these cases remains possible.

(ii) Originally, it is a Tax Proceeding Order aiming at determining social security contribution liabilities in connection with an alleged non-compliance with a principal tax liability related to the period from February 2007 to December 2017. The Company filed a related protest letter. A decision was issued by the 13th panel of the regional RFB division office (DRJ/RJ1), which partially granted the points presented in our protest letter, and approved the rectification suggested by the tax authority in the tax assessment notices No. 37.273.022-1 and No. 37.273.023-0. The Company filed a Voluntary Appeal requesting the cancellation of the tax assessment notices concerned claiming that they were clearly groundless. The Voluntary Appeal was deemed partially valid, and considered the percentage of union dues at the rate of 20% as from the month in which the Company changed from non-profit entity to entrepreneurial company. The Company filed an appeal for resolution of this conflict on June 23, 2016, which is pending judgment by the High Court of Tax Appeals (CSRF). The total amount involved is R$ 49,165. According to the opinion of our external legal advisors, the likelihood of loss in the proceedings is considered as possible.

(iii) Tax collection proceeding assigned by the Municipality of Niterói, in connection with the issue of a tax assessment notice on September 29, 2009, whereby the Municipality of Niterói is charging SESES the Services Tax (ISS) for the period from January 2004 to January 2007, considering the suspension of the immunity from taxation by the municipal public administration as a result of the alleged non-compliance with requirements for enjoyment of the benefits provided for in article 14 of the Brazilian Tax Code (CTN), that is, because it allegedly has not submitted to tax authorities relevant tax/accounting records, as established in the legislation in force. A motion to stay execution was filed on September 16, 2013, which is pending judgment. The total amount involved is R$ 32,199. According to the opinion of our external legal advisors, the likelihood of loss in the proceedings is considered as possible.

(iv) The Brazilian Federal Revenue Secretariat (RFB), as regards SESES, assessed the Company based on alleged social security contribution liabilities related to the period from January 2006 to January 2007 and failure to comply with record-keeping and reporting obligations. These tax assessment notices mainly challenge the fulfillment of the legal requirements to qualify SESES as a non-profit welfare entity and its related right to exemption from social security contributions, a condition that was met until February 9, 2007. The respective protest letters were submitted on September 22, 2011, in which SESES, in general terms, stated that it had always fully complied with all legal requirements for enjoyment of the right to exemption of such social security contributions up to the date of transformation of its legal nature. In August 2012, SESES was notified with respect to the decision issued at an appellate level, which partially granted the points presented in our protest letters, and recognized the loss of procedural right and excluded from the assessments the amounts related to the period from January 2006 to July 2006; the remaining arguments of the tax authorities were maintained. A Voluntary Appeal was filed by SESES on September 27, 2012. The case was placed on docket to be judged on January 28, 2016. On January 28, 2016, the appeal was removed from docket and the judgment postponed to February 15, 2016, and was again removed from docket on that date. On September 20, 2016, the case records were assigned to Member Carlos Alberto do Amaral Azerado. Currently, the Company is awaiting the placement of the appeal on docket for judgment. The amount involved is R$ 117,289. According to the opinion of our external legal advisors, the likelihood of loss in the proceedings is considered as possible.

17 Equity

(a) Share 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 shares. At December 31, 2016, share capital is represented by 317,896,418 common shares.

All amounts in thousands of reais unless otherwise stated

The Company's shareholding structure at June 30, 2017 and December 31, 2016 is as follows:

	Common shares			
Stockholders	**June 30, 2017**	**%**	**December 31, 2016**	**%**
Officers and directors	857,038	0.3	473,031	0.1
Treasury	8,690,412	2.7	9,498,058	3.0
Others (i)	308,348,968	97.0	307,925,329	96.9
	317,896,418	100	317,896,418	100

(i) *Free float*

At the Annual and Extraordinary General Meeting held on April 27, 2016, a capital increase in the amount of R$ 55,330 was approved, which exceeded the Company's revenue reserves, as provided for by article 199 of Law 6,404/76 and article 29, letter "e" of the Company's bylaws.

At the Board of Directors' meeting held on April 29, 2016, the private issue of 493,518 nominative common shares was approved, with no par value, which resulted in the consequent increase of the Company's capital by R$ 3,807, within the limit of the authorized capital, in order to meet the exercise of options granted to the beneficiaries of the stock option plan.

At the Board of Directors' meeting held on September 14, 2016, the private issue of 717,901 nominative common shares was approved, with no par value, which resulted in the consequent increase of the Company's capital by R$ 6,747, within the limit of the authorized capital, in order to meet the exercise of options granted to the beneficiaries of the stock option plan.

(b) Changes in shares

There were no changes in share capital during the quarter ended June 30, 2017.

(c) Treasury shares

At the Board of Directors' Meeting on August 6, 2015, the Board approved the 4th Program for Repurchase of the Company's shares on the stock exchange, up to 9,500,550 common shares, equivalent to 3,00% of the Company's capital. This program was closed on July 29, 2016 and 1,468,400 (one million, four hundred sixty-eight thousand and four hundred) common shares were acquired, which is equivalent to 15.46% of the total shares estimated to be included in the Program.

	Number	Average cost	Balance
Treasury shares at December 31, 2016	9,498,058	15.42	146,430
Payment of options granted with treasury shares	(807,646)	15.42	(12,452)
Treasury shares at June 30, 2017	8,690,412	15.42	133,978

(d) Capital reserves

(d.1) Share premium

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

The amount of the share premium in the quarterly information at June 30, 2017 and December 31, 2016 is as follows:

All amounts in thousands of reais unless otherwise stated

	Parent company	
	June 30, 2017	**December 31, 2016**
Tax reserve	3	3
Undistributed profits (i)	96,477	96,477
Special reserve for goodwill on merger	85	85
Share premium	498,899	498,899
	595,464	595,464

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

The premium on issue of shares is represented as follows:

	June 30, 2017
Subscription of 17,853,127 shares	(23,305)
Amount paid for the 17,853,127 shares	522,204
Share premium	498,899

(d.2) Options granted and Long-term incentive

The Company recorded the Capital Reserve for Stock Options granted and long-term incentive, as mentioned in Note 19. As required by the applicable technical accounting pronouncement, the fair value of options was determined on the grant date and has been recognized over the vesting period up to the date of this parent company and consolidated financial statements.

(d.3) Discount on the sale of treasury shares

The discount on the sale of treasury shares refers to the difference between the subscription price that the Company paid for the shares and the sales amount for the use of the shares for the payment of the options granted in the period ended June 30, 2017.

The discount on the sale of treasury shares is represented as follows:

	June 30, 2017
Sale amount for 818,752 shares	(8,147)
Amount paid for 818,752 shares	12,452
Discount on the sale of treasury shares	4,305

(e) Revenue reserves

On December 31, 2016, from the results accumulated by the Company, R$ 262,273 was allocated to the profit retention reserve (2015 - R$ 247,825) to finance the investments expected in the Company's capital budget, prepared by management, was approved at the Annual General Meeting of Stockholders held on March 14, 2017.

(e.1) Profit reserve surplus

According to Article 199 of the Corporation Law, the sum of the profit reserves cannot be higher than the Company’s capital. Accordingly, at the general meeting to be held on April 27, 2016, management will propose a capital increase of R$ 55,330.

18 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company's financial assets and liabilities at June 30, 2017 and December 31, 2016, are recorded in the balance sheet at amounts that are consistent with those prevailing in the market, Information about the criteria, assumptions and limitations used in the market value calculations did not change in relation to the information related to the financial statements for the year ended December 31, 2016.

18.1 Financial risk factors

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

(a) Credit risk

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

The Group is also subject to credit risk from its financial investments.

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

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate in accordance with the financial investments and derivatives policy approved by the Board of Directors. The balances of cash and cash equivalents, marketable securities and judicial deposits are held at financial institutions with A to AAA credit rating according to the credit rating agencies Standard & Poor's, Fitch and Moody's. In the event of two or more ratings, the rating of the majority shall prevail. In the event of different ratings, the Company adopts the higher rating as a basis.

(b) Interest rate risk

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

(c) Foreign exchange rate risk

The Group's income is not subject to changes due to exchange rate volatility, its assets and liabilities are linked to a currency different from its functional currency.

At June 30, 2017, the Company has not recorded any position in derivatives.

(d) Liquidity risk

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

The Group's liquidity and cash flow control is monitored on a daily basis by the Group's financial management department, in order to ensure that cash flows from operations and funding, when necessary, are sufficient to meet its commitment schedule, not generating liquidity risks for the Group. There was no significant change in the financial liabilities of the Group as at June 30, 2017 compared to December 31, 2016.

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

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At June 30, 2017				
Trade payables	82,186			
Borrowings	586,167	325,679	85,470	1,934
Finance lease liabilities	22,508	18,452	21,210	
Price of acquisition payable	55,994	51,280	6,293	
Related parties	509			
At December 31, 2016				
Trade payables	66,138			
Borrowings	468,114	393,757	221,138	2,879
Finance lease liabilities	21,336	11	42,834	4,058
Price of acquisition payable	53,661	48,101	33,432	
Related parties	633			

(e) Sensitivity analysis

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

The financial instruments of the Group comprise cash and cash equivalents, trade receivables, judicial deposits and borrowings. These instruments are recognized at fair value plus earnings and charges incurred, which approximate market values at June 30, 2017 and December 31, 2016.

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

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

With respect to borrowings in Brazilian reais, these refer to transactions for which the carrying amount approximates their market value.

Investments at the Interbank Deposit Certificate (CDI) rate are recorded at fair value, in accordance with quotations disclosed by the respective financial institutions, most of the other investments refer to bank deposit certificates and repurchase agreements and, therefore, the value recorded for these securities does not differ from the market value.

For purposes of verifying the sensitivity of the index in the financial investments to which the Company was exposed on the base date of June 30, 2017, three different scenarios were defined. Based on the CDI rate officially published by CETIP on June 30, 2017 (10,14% p.a.), this rate was used as the probable scenario for the year. Rate changes of 25% and 50% were then calculated.

For each scenario, the “gross financial revenue and financial expenses" were calculated, disregarding the effect of taxes on the investment yields. The base date used for the portfolio was June 30, 2017, with projections for one year and verification of the sensitivity of the CDI for each scenario.

All amounts in thousands of reais unless otherwise stated

		CDI increase scenario		
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI	10.14%	12.68%	15.21%
R$ 481,065		48,830	61,037	73,245
Debentures II	CDI+1.18	11.44%	14.00%	16.57%
R$ 306,987		(35,118)	(42,992)	(50,866)
Debentures III	112% CDI	11.42%	14.30%	17.18%
R$ 192,735		(22,017)	(27,561)	(33,119)
Debentures IV	CDI+1.50	11.79%	14.37%	16.94%
R$ 100,621		(11,865)	(14,454)	(17,043)
IFC I	CDI+1.53	11.83%	14.40%	16.97%
R$ 23,012		(2,721)	(3,313)	(3,906)
IFC II	CDI+1.69	12.00%	14.58%	17.16%
R$ 12,675		(1,521)	(1,848)	(2,175)
Promissory notes (1st Tranche)	CDI+1.50	11.79%	14.37%	16.94%
R$ 190,451		(22,458)	(27,358)	(32,259)
Promissory notes (2st Tranche)	CDI+1.65	11.96%	14.53%	17.11%
R$ 136,166		(16,282)	(19,791)	(23,299)
Net position		(63.152)	(76.280)	(89.422)

		CDI decrease scenario		
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI	10.14%	7.61%	5.07%
R$ 481,065		48,830	36,622	24,415
Debentures II	CDI+1.18	11.44%	8.87%	6.31%
R$ 306,987		(35,118)	(27,244)	(19,370)
Debentures III	112% CDI	11.42%	8.56%	5.70%
R$ 192,735		(22,017)	(16,489)	(10,977)
Debentures IV	CDI+1.50	11.79%	9.22%	6.65%
R$ 100,621		(11,865)	(9,276)	(6,687)
IFC I	CDI+1.53	11.83%	9.25%	6.68%
R$ 23,012		(2,721)	(2,129)	(1,537)
IFC II	CDI+1.69	12.00%	9.42%	6.85%
R$ 12,675		(1,521)	(1,194)	(868)
Promissory notes (1st Tranche)	CDI+1.50	11.79%	9.22%	6.65%
R$ 190,451		(22,458)	(17,558)	(12,657)
Promissory notes (2st Tranche)	CDI+1.65	11.96%	9.38%	6.80%
R$ 136,166		(16,282)	(12,773)	(9,264)
Net position		(63,152)	(50,041)	(36,945)

All amounts in thousands of reais unless otherwise stated

(f) Capital management

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

	Consolidated	
	June 30, 2017	December 31, 2016
Total liabilities	1,033,706	1,022,533
(-) Cash and cash equivalents	(61,250)	(58,340)
Net debt	972,456	964,193
Equity	2,735,404	2,434,673
Net debt on equity	0.36	0.40

(g) Fair value of financial instruments

At June 30, 2017 and December 31, 2016, the carrying values of the Company's financial instruments approximate their fair value.

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

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1, Instruments included in Level 1 comprise primarily equity investments of IBOVESPA 50 classified as trading or available-for-sale securities.

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

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

(h) Offsetting of financial instruments

There were no significant assets or liabilities subject to offset at June 30, 2017 and December 31, 2016.

19 Management compensation

(a) Compensation

For the periods ended June 30, 2017 and 2016, total compensation (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R$ 7,493 and R$ 7,697, respectively. These amounts are within the limits established at the corresponding General Meetings of Stockholders.

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 stock option plan described in Note 19(b).

All amounts in thousands of reais unless otherwise stated

(b) Stock option plan

The history and the details of the stock option plans did not change in relation to the information included in the financial statements at December 31, 2016.

At June 30, 2017, the number of options granted which were exercised totaled 11,375,594 shares (R$ 87,560), and the total shares granted amounted to 18,358,312 (R$ 177,844).

Total options granted which were exercised in the most recent quarters are as follows:

	Exercised options
December 31, 2015	9,305,555
March 31, 2016	9,305,555
June 30, 2016	9,838,941
September 30, 2016	10,556,842
December 31, 2016	10,556,842
March 31, 2017	10,556,842
June 30, 2017	11,375,594

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

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

All amounts in thousands of reais unless otherwise stated

Program	End of grace period	Expiration date	Fair Value	Price of the underlying asset (i)	Expected Annual Volatility	Expected Dividendss	Risk-free interest risk	Estimated life (years)	Number of options granted	Number of lapsed options
Program 1P Jul/08	4/15/2009	4/15/2019	R$ 2.36	R$ 8.06	57.49%	0.97%	6.85%	10	703,668	509,100
Program 1P Jul/08	4/15/2010	4/15/2020	R$ 3.15	R$ 8.06	57.49%	0.97%	6.85%	10	703,626	538,176
Program 1P Jul/08	4/15/2011	4/15/2021	R$ 3.69	R$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
Program 1P Jul/08	4/14/2012	4/14/2022	R$ 4.37	R$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
Program 1P Jul/08	4/14/2013	4/14/2023	R$ 3.71	R$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
Program 1P Jul/08 Cons.	4/15/2009	7/11/2018	R$ 2.35	R$ 8.06	57.49%	0.97%	6.85%	9	60,000	30,000
Program 1P Jul/08 Cons.	4/15/2010	7/11/2018	R$ 3.14	R$ 8.06	57.49%	0.97%	6.85%	8	60,000	30,000
Program 1P Sep/08	4/15/2009	4/15/2019	R$ 0.47	R$ 7.93	56.00%	1.62%	8.42%	10	663,645	0
Program 1P Sep/08	4/15/2010	2/15/2020	R$ 1.12	R$ 7.93	56.00%	1.62%	8.42%	9	663,633	399,999
Program 1P Sep/08	4/15/2011	4/15/2021	R$ 1.55	R$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
Program 1P Sep/08	4/14/2012	4/14/2022	R$ 1.78	R$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
Program 1P Sep/08	4/14/2013	4/14/2023	R$ 2.08	R$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
Program 1P Jan/09	4/15/2010	4/15/2020	R$ 0.57	R$ 7.90	63.99%	1.72%	6.83%	10	90,915	18,180
Program 1P Jan/09	4/15/2011	4/15/2021	R$ 1.21	R$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
Program 1P Jan/09	4/14/2012	4/15/2022	R$ 1.62	R$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
Program 1P Jan/09	4/14/2013	4/15/2023	R$ 1.92	R$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
Program 1P Jan/09	4/14/2014	4/15/2024	R$ 2.11	R$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
Program 1P Jan/09 Cons.	4/15/2010	1/13/2019	R$ 0.57	R$ 7.91	63.99%	1.72%	6.83%	8	1,363,635	0
Program 1P Jan/09 Cons.	4/15/2011	1/13/2019	R$ 1.21	R$ 7.91	63.99%	1.72%	6.83%	7	1,363,635	0
Program 1P Sep/09	4/15/2010	4/15/2020	R$ 1.78	R$ 8.02	56.75%	1.13%	5.64%	10	174,582	0
Program 1P Sep/09	4/15/2011	2/15/2021	R$ 2.51	R$ 8.02	56.75%	1.13%	5.64%	9	174,537	32,727
Program 1P Sep/09	4/14/2012	4/14/2022	R$ 3.00	R$ 8.02	56.75%	1.13%	5.64%	10	174,537	32,727
Program 1P Sep/09	4/14/2013	4/14/2023	R$ 3.40	R$ 8.02	56.75%	1.13%	5.64%	10	174,537	32,727
Program 1P Sep/09	4/14/2014	4/14/2024	R$ 3.62	R$ 8.02	56.75%	1.13%	5.64%	10	174,537	101,814
Program 1P Jan/10	4/15/2011	4/15/2021	R$ 2.96	R$ 8.01	63.15%	0.93%	6.23%	10	89,112	10,914
Program 1P Jan/10	4/14/2012	4/14/2022	R$ 3.78	R$ 8.01	63.15%	0.93%	6.23%	10	89,088	38,181
Program 1P Jan/10	4/14/2013	4/14/2023	R$ 4.34	R$ 8.01	63.15%	0.93%	6.23%	10	89,088	38,181
Program 1P Jan/10	4/14/2014	4/14/2024	R$ 4.76	R$ 8.01	63.15%	0.93%	6.23%	10	89,088	52,728
Program 1P Jan/10	4/14/2015	4/14/2025	R$ 5.03	R$ 8.01	63.15%	0.93%	6.23%	10	89,088	52,728
Program 1P Mar/10	4/15/2011	4/15/2021	R$ 2.43	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 1P Mar/10	4/14/2012	4/14/2022	R$ 3.23	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 1P Mar/10	4/14/2013	4/14/2023	R$ 3.77	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 1P Mar/10	4/14/2014	4/14/2024	R$ 4.18	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 1P Mar/10	4/14/2015	4/14/2025	R$ 4.43	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 2P Mar/10	4/15/2011	4/15/2021	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	10	140,625	0
Program 2P May/10	4/15/2012	4/15/2015	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	3	140,625	140,625
Program 2P May/10	4/14/2013	4/14/2023	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
Program 2P May/10	4/14/2014	4/14/2024	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
Program 2P May/10	4/14/2015	4/14/2025	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
Program 2P Jul/10	4/15/2011	4/15/2021	R$ 1.37	R$ 8.83	58.84%	1.52%	6.25%	10	129,702	39,063
Program 2P Jul/10	4/14/2012	4/14/2022	R$ 2.19	R$ 8.83	58.84%	1.52%	6.25%	10	129,684	39,063
Program 2P Jul/10	4/14/2013	4/14/2023	R$ 2.72	R$ 8.83	58.84%	1.52%	6.25%	10	129,684	48,438
Program 2P Jul/10	4/14/2014	4/14/2024	R$ 3.12	R$ 8.83	58.84%	1.52%	6.25%	10	129,684	48,438
Program 2P Jul/10	4/14/2015	4/14/2025	R$ 3.36	R$ 8.83	58.84%	1.52%	6.25%	10	129,684	60,936
Program 2P Nov/10 Cons.	4/15/2011	11/3/2020	R$ 2.48	R$ 8.56	57.60%	1.52%	5.88%	9	30,000	0
Program 2P Nov/10 Cons.	4/14/2012	11/3/2020	R$ 3.34	R$ 8.56	57.60%	1.52%	5.88%	8	30,000	0
Program 3P Jan/11	4/15/2012	4/15/2022	R$ 1.99	R$ 10.31	56.55%	1.14%	5.79%	10	183,861	10,170
Program 3P Jan/11	4/14/2013	4/14/2023	R$ 3.02	R$ 10.31	56.55%	1.14%	5.79%	10	183,807	35,592
Program 3P Jan/11	4/14/2014	4/14/2024	R$ 3.72	R$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
Program 3P Jan/11	4/14/2015	4/14/2025	R$ 4.25	R$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
Program 3P Jan/11	4/14/2016	4/14/2026	R$ 4.60	R$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
Program 3P Jan/11 Cons.	4/15/2012	1/3/2021	R$ 2.00	R$ 10.31	56.55%	1.14%	5.79%	8	30,000	0
Program 3P Jan/11 Cons.	4/14/2013	1/3/2021	R$ 3.03	R$ 10.31	56.55%	1.14%	5.79%	7	30,000	0
Program 3P Apr/11	4/15/2012	4/15/2022	R$ 1.29	R$ 10.04	54.94%	1.32%	6.20%	10	165,324	12,717
Program 3P Apr/11	4/14/2013	4/14/2023	R$ 2.27	R$ 10.04	54.94%	1.32%	6.20%	10	165,240	38,133
Program 3P Apr/11	4/14/2014	4/14/2024	R$ 2.92	R$ 10.04	54.94%	1.32%	6.20%	10	165,240	61,011
Program 3P Apr/11	4/14/2015	4/14/2025	R$ 3.42	R$ 10.04	54.94%	1.32%	6.20%	10	165,240	61,011
Program 3P Apr/11	4/14/2016	4/14/2026	R$ 3.74	R$ 10.04	54.94%	1.32%	6.20%	10	165,240	80,079

Estácio Participações S.A.

Notes to the financial statements
at June 30, 2017
All amounts in thousands of reais unless otherwise stated

Program	End of grace period	Expiration date	Fair Value	Price of the underlying asset (i)	Expected Annual Volatility	Expected Dividendss	Risk-free interest risk	Estimated life (years)	Number of options granted	Number of lapsed options
Program 4P Apr/12	4/15/2013	4/15/2023	R$ 1.12	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	27,000
Program 4P Apr/12	4/14/2014	4/14/2024	R$ 1.81	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	42,000
Program 4P Apr/12	4/14/2015	4/14/2025	R$ 2.26	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	42,000
Program 4P Apr/12	4/14/2016	4/14/2026	R$ 2.60	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	60,000
Program 4P Apr/12	4/14/2017	4/14/2027	R$ 2.82	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	138,000
Program 4P Apr/12 Cons.	4/15/2013	4/2/2022	R$ 1.09	R$ 7.84	51.66%	1.65%	4.29%	8	180,000	0
Program 4P Apr/12 Cons.	4/14/2014	4/2/2022	R$ 1.78	R$ 7.84	51.66%	1.65%	4.29%	7	180,000	0
Program 4P Jul/12	4/15/2013	4/15/2023	R$ 2.23	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	0
Program 4P Jul/12	4/14/2014	4/14/2024	R$ 2.96	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	0
Program 4P Jul/12	4/14/2015	4/14/2025	R$ 3.46	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	9,000
Program 4P Jul/12	4/14/2016	4/14/2026	R$ 3.86	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	9,000
Program 4P Jul/12	4/14/2017	4/14/2027	R$ 4.12	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	48,000
Program 4P Aug/12	4/15/2013	4/15/2023	R$ 2.64	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	0
Program 4P Aug/12	4/14/2014	4/14/2024	R$ 3.37	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
Program 4P Aug/12	4/14/2015	4/14/2025	R$ 3.88	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
Program 4P Aug/12	4/14/2016	4/14/2026	R$ 4.29	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
Program 4P Aug/12	4/14/2017	4/14/2027	R$ 4.55	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
Program 4P Nov/12	4/15/2014	4/15/2024	R$ 6.31	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	0
Program 4P Nov/12	4/15/2015	4/15/2025	R$ 6.88	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	0
Program 4P Nov/12	4/15/2016	4/15/2026	R$ 7.36	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000
Program 4P Nov/12	4/15/2017	4/15/2027	R$ 7.79	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000
Program 4P Nov/12	4/15/2018	4/15/2028	R$ 8.08	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000
Program 4P Jan/13	4/15/2014	4/15/2024	R$ 8.23	R$ 7.32	33.47%	0.00%	3.90%	10	160,200	7,200
Program 4P Jan/13	4/15/2015	4/15/2025	R$ 8.35	R$ 7.32	33.47%	0.00%	3.90%	10	160,200	7,200
Program 4P Jan/13	4/15/2016	4/15/2026	R$ 8.48	R$ 7.32	33.47%	0.00%	3.90%	10	160,200	7,200
Program 4P Jan/13	4/15/2017	4/15/2027	R$ 8.62	R$ 7.32	33.47%	0.00%	3.90%	10	160,200	88,200
Program 4P Jan/13	4/15/2018	4/15/2028	R$ 8.75	R$ 7.32	33.47%	0.00%	3.90%	10	160,200	94,200

(i) Market price on the respective grant dates.

All amounts in thousands of reais unless otherwise stated

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

Program	End of grace period	Expiration date	Fair Value	Price of the underlying asset (i)	Expected Annual Volatility	Expected Dividendss	Risk-free interest risk	Estimated life (years)	Number of options granted	Number of lapsed options
Program 5P 3	4/15/2014	4/15/2024	R$ 6.37	R$ 15.33	39.85%	0.00%	11.02%	10	144,000	0
Program 5P 3	4/15/2015	4/15/2025	R$ 7.02	R$ 15.33	39.85%	0.00%	11.02%	10	144,000	21,000
Program 5P 3	4/15/2016	4/15/2026	R$ 7.60	R$ 15.33	39.85%	0.00%	11.02%	10	144,000	102,000
Program 5P 3	4/15/2017	4/15/2027	R$ 8.11	R$ 15.33	39.85%	0.00%	11.02%	10	144,000	102,000
Program 5P 3	4/15/2018	4/15/2028	R$ 8.58	R$ 15.33	39.85%	0.00%	11.02%	10	144,000	123,000
Program 6P Oct/13	4/15/2014	4/15/2024	R$ 5.05	R$ 17.48	28.80%	0.00%	11.99%	10	265,000	5000
Program 6P Oct/13	4/15/2015	4/15/2025	R$ 5.79	R$ 17.48	28.80%	0.00%	11.99%	10	265,000	5,000
Program 6P Oct/13	4/15/2016	4/15/2026	R$ 6.40	R$ 17.48	28.80%	0.00%	11.99%	10	265,000	19,000
Program 6P Oct/13	4/15/2017	4/15/2027	R$ 6.94	R$ 17.48	28.80%	0.00%	11.99%	10	265,000	88,000
Program 6P Oct/13	4/15/2018	4/15/2028	R$ 7.43	R$ 17.48	28.80%	0.00%	11.99%	10	265,000	96,000
Program 6P Jul/14	4/15/2015	4/15/2025	R$ 15.13	R$ 16.79	26.43%	0.00%	11.99%	10	608,000	0
Program 6P Jul/14	4/15/2016	4/15/2026	R$ 15.76	R$ 16.79	26.43%	0.00%	11.99%	10	608,000	80,000
Program 6P Jul/14	4/15/2017	4/15/2027	R$ 16.41	R$ 16.79	26.43%	0.00%	11.99%	10	608,000	602,000
Program 6P Jul/14	4/15/2018	4/15/2028	R$ 17.05	R$ 16.79	26.43%	0.00%	11.99%	10	608,000	602,000
Program 6P Jul/14	4/15/2019	4/15/2029	R$ 17.65	R$ 16.79	26.43%	0.00%	11.99%	10	608,000	602,000
Program 6P Jul/14 Cons.	4/15/2015	7/4/2024	R$ 15.09	R$ 16.79	28.80%	0.00%	11.99%	9	162,500	0
Program 6P Jul/14 Cons.	4/15/2016	7/4/2024	R$ 15.69	R$ 16.79	28.80%	0.00%	11.99%	8	162,500	0
Program 6P Aug/14	4/15/2015	4/15/2025	R$ 14.48	R$ 16.88	26.68%	0.00%	11.99%	10	60,000	0
Program 6P Aug/14	4/15/2016	4/15/2026	R$ 15.10	R$ 16.88	26.68%	0.00%	11.99%	10	60,000	28,000
Program 6P Aug/14	4/15/2017	4/15/2027	R$ 15.74	R$ 16.88	26.68%	0.00%	11.99%	10	60,000	28,000
Program 6P Aug/14	4/15/2018	4/15/2028	R$ 16.38	R$ 16.88	26.68%	0.00%	11.99%	10	60,000	28,000
Program 6P Aug/14	4/15/2019	4/15/2029	R$ 16.98	R$ 16.88	26.68%	0.00%	11.99%	10	60,000	28,000
Program 6P Aug/14 Cons.	4/15/2015	8/1/2024	R$ 14.43	R$ 16.88	28.80%	0.00%	11.99%	9	50,000	0
Program 6P Aug/14 Cons.	4/15/2016	8/1/2024	R$ 15.02	R$ 16.88	28.80%	0.00%	11.99%	8	50,000	0
Program 7P Oct/14	4/15/2015	4/15/2025	R$ 8.58	R$ 25.40	28.80%	0.00%	11.99%	10	177,800	16,000
Program 7P Oct/14	4/15/2016	4/15/2026	R$ 9.71	R$ 25.40	28.80%	0.00%	11.99%	10	177,800	37,000
Program 7P Oct/14	4/15/2017	4/15/2027	R$ 10.64	R$ 25.40	28.80%	0.00%	11.99%	10	177,800	86,000
Program 7P Oct/14	4/15/2018	4/15/2028	R$ 11.47	R$ 25.40	28.80%	0.00%	11.99%	10	177,800	86,000
Program 7P Oct/14	4/15/2019	4/15/2029	R$ 12.24	R$ 25.40	28.80%	0.00%	11.99%	10	177,800	86,000
Program 8P Oct/15	4/15/2016	4/15/2026	R$ 5.45	R$ 13.15	28.80%	0.00%	11.99%	10	196,600	2,000
Program 8P Oct/15	4/15/2017	4/15/2027	R$ 6.42	R$ 13.15	28.80%	0.00%	11.99%	10	196,600	56,800
Program 8P Oct/15	4/15/2018	4/15/2028	R$ 7.20	R$ 13.15	28.80%	0.00%	11.99%	10	196,600	62,800
Program 8P Oct/15	4/15/2019	4/15/2029	R$ 7.88	R$ 13.15	28.80%	0.00%	11.99%	10	196,600	62,800
Program 8P Oct/15	4/15/2020	4/15/2030	R$ 8.47	R$ 13.15	28.80%	0.00%	11.99%	10	196,600	62,800
9 Program Apr/16	4/15/2017	4/15/2027	R$ 6.02	R$ 11.87	54.57%	0.00%	12.93%	10	80,000	20,000
9 Program Apr/16	4/15/2018	4/15/2027	R$ 6.66	R$ 11.87	54.57%	0.00%	12.93%	10	80,000	20,000
9 Program Apr/16	4/15/2019	4/15/2027	R$ 7.14	R$ 11.87	54.57%	0.00%	12.93%	10	80,000	20,000
9 Program Apr/16	4/15/2020	4/15/2027	R$ 7.52	R$ 11.87	54.57%	0.00%	12.93%	10	80,000	20,000
9 Program Apr/16	4/15/2021	4/15/2027	R$ 7.83	R$ 11.87	54.57%	0.00%	12.93%	10	80,000	20,000
9 Program Apr/16 Cons.	4/15/2017	4/29/2017	R$ 3.17	R$ 11.87	54.57%	0.00%	12.93%	2	450,000	100,000
9 Program Apr/16 Cons.	4/15/2018	4/29/2018	R$ 4.43	R$ 11.87	54.57%	0.00%	12.93%	2	450,000	100,000
10 Program Jul16	4/15/2018	4/15/2027	R$ 6.89	R$ 15.12	59.18%	0.00%	12.50%	10	208,000	2,000
10 Program Jul16	4/15/2018	4/15/2027	R$ 7.89	R$ 15.12	59.18%	0.00%	12.50%	10	208,000	22,000
10 Program Jul16	4/15/2019	4/15/2027	R$ 8.61	R$ 15.12	59.18%	0.00%	12.50%	10	208,000	22,000
10 Program Jul16	4/15/2020	4/15/2027	R$ 9.18	R$ 15.12	59.18%	0.00%	12.50%	10	208,000	22,000
10 Program Jul16	4/15/2021	4/15/2027	R$ 9.64	R$ 15.12	59.18%	0.00%	12.50%	10	208,000	22,000
10 Program Jul16 Cons.	4/15/2017	4/29/2017	R$ 6.89	R$ 15.12	59.18%	0.00%	12.50%	2	32,890	0
10 Program Jul16 Cons.	4/15/2018	4/29/2018	R$ 7.89	R$ 15.12	59.18%	0.00%	12.50%	2	32,890	0
11Program Apr17	5/15/2018	5/15/2028	R$ 6.14	R$ 14.18	46.66%	0.00%	8.94%	10	188,000	5,500
11Program Apr17	5/15/2019	5/15/2028	R$ 6.84	R$ 14.18	46.66%	0.00%	8.94%	10	188,000	5,500
11Program Apr17	5/15/2020	5/15/2028	R$ 7.41	R$ 14.18	46.66%	0.00%	8.94%	10	188,000	5,500
11Program Apr17	5/15/2021	5/15/2028	R$ 7.86	R$ 14.18	46.66%	0.00%	8.94%	10	188,000	5,500
11Program Apr17	5/15/2022	5/15/2028	R$ 8.26	R$ 14.18	46.66%	0.00%	8.94%	10	188,000	5,500
11 Program Apr17 Cons.	5/15/2018	4/29/2018	R$ 6.14	R$ 14.18	46.66%	0.00%	8.94%	2	25,505	0
11 Program Apr17 Cons.	5/15/2019	4/29/2019	R$ 6.84	R$ 14.18	46.66%	0.00%	8.94%	2	25,505	0

(i) Market price on the respective grant dates.

The Company recognizes on a monthly basis the stock options, granted in a capital reserve account with a corresponding entry in the statement of income, of R$ 4,408 for the period ended June 30, 2017 (R$ 1,505 for the year ended December 31, 2016).

All amounts in thousands of reais unless otherwise stated

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

Statutory Board

	June 30, 2017		December 31, 2016	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	10.73	1,131,355	13.73	921,660
Transfer of members	0.00	0,00	11.22	565,863
Granted	14.18	300,000	12.71	930,000
Exercised	10.20	105,367	8.53	714,742
Abandoned	0.00	0,00	18.40	571,426
	14.71	1,325,988	10.73	1,131,355

Board of Directors

	June 30, 2017		December 31, 2016	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	10.25	965,779	8.01	188,130
Granted	14.18	51,010	10.25	965,779
Exercised	9.86	325,000	0.00	0,00
Forfeited (i)	0.00	0,00	8.01	188,130
	14.57	691,789	10.25	965,779

(i) In the second quarter of 2016, upon the end of the term of office of the Board of Directors, unexercised options were forfeited.

(c) Special Program for Long-term Incentive

The Special Program for Long-term Incentive for Statutory Officers (ILP), approved at the Board of Directors' Meeting on January 28, 2014 and ratified by the Annual/Extraordinary General Meeting of April 30, 2014, was granted in order to improve the corporate governance practices of the Company and strengthen incentives for the retention and long-term stability of the Statutory Directors, within the context of a listed company with spread share control.

The Program has the Company's statutory officers as the beneficiaries, and was structured in the form of variable remuneration, whose value depends on the value of its shares, which may be settled in cash or shares, the entity ruling the form of settlement. Currently, the Company estimates to settle with shares held in treasury.

On February 5, 2015, the Letter CVM/SEP/GEA-2/No, 034/2014, issued by the CVM, approved the Company's request (filed on August 25, 2014) to use the treasury shares in its Long-term compensation program (ILP).

The remuneration under this program will be paid in four annual installments, maturing on April 30, 2015, April 30, 2016, April 30, 2017 and April 30, 2018, calculated by multiplying the specific number of shares (being such a quantity called "Reference Shares") at market value on the last trading day of the BM&F BOVESPA immediately preceding the year in which each payment will occur. The sum of the quantity of the Reference Shares to be granted to all beneficiaries taken together will be 994,080.

It should be noted that the payment of each annual installment of compensation payable under the Program is conditional upon discussion and approval by the Company's stockholders, at the annual general meeting in the related year, as part of the overall remuneration fixed for the Company's management.

Additionally, at the sole discretion of the Board of Directors, one or more installments of compensation provided, may be paid by delivery of shares that the Company has held in treasury, provided it is in strict accordance with the Brazilian Corporate Legislation and the regulations of the Brazilian Securities Commission.

On April 17, 2015 and May 20, 2016, the payments of the Long-term Incentive Program, of 236,520 shares (3,784) and 236,520 shares (R$ 3,692) respectively, were carried out.

The value of the provision of the program at June 30, 2017 is R$ 304 (R$ 210 at December 31, 2016).

20 Earnings per share

The Company sets out below the information on basic and diluted earnings per share.

(a) Basic earnings per share

	2017	2016
Numerator		
Profit for the year	288,082	128,482
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	308,534	316,853
Basic earnings per share	0.93372	0.34116

(b) Diluted earnings per share

The table below present data related to profit and loss used in the calculation of the basic and diluted earnings (loss) per share.

	2017	2016
Numerator		
Profit for the year	288,082	128,482
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	308,534	316,853
Potential increase in the number of shares relating to the share option plan	964	1,300
Adjusted weighted average number of shares outstanding	309,498	318,153
Diluted earnings per share	0.93081	0.33977

21 Net revenue from services rendered

	Consolidated	
	2017	2016
Gross operating revenue	2,791,007	2,488,367
Gross revenue deductions	(1,058,551)	(863,788)
Grants - scholarships	(892,189)	(733,747)
Return of monthly tuition and charges	(3,880)	(4,171)
Discounts granted	(8,895)	(11,635)
Taxes	(78,844)	(67,040)
Adjustment to present value - PAR (Note 4)	(16,007)	
FGEDUC	(35,885)	(36,617)
Others (i)	(22,851)	(10,578)
	1,732,456	1,624,579

(i) Refers to the on lending to EAD partners.

All amounts in thousands of reais unless otherwise stated

22 Costs of services rendered

	Consolidated	
	2017	2016
Personnel and social charges	(644,660)	(669,549)
Labor contingencies	(6,015)	(32,403)
Electricity, water, gas and telephone	(21,250)	(24,374)
Rents, condominium fees and IPTU	(127,423)	(121,021)
Mailing and courier expenses	(1,667)	(1,039)
Depreciation and amortization	(52,382)	(41,863)
Teaching material	(6,776)	(14,740)
Outsourced security and cleaning services	(30,819)	(26,446)
	(890,992)	(931,435)

23 Expenses by nature

	Parent company		Consolidated	
	2017	2016	2017	2016
Selling				
Impairment of trade receivables			(112,801)	(97,728)
Advertising			(93,903)	(103,929)
Sales and marketing			(19,621)	(26,214)
Others (i)			(893)	(44,314)
			(227,218)	(272,185)
General and administrative expenses				
Personnel and social charges	(2,656)	(1,674)	(90,216)	(74,456)
Outsourced services	(2,188)	(1,310)	(39,012)	(37,391)
Consumption material			(1,386)	(1,556)
Maintenance and repairs	(16)	(18)	(18,221)	(16,841)
Depreciation and amortization (ii)	(17,266)	(10,465)	(55,176)	(51,500)
Educational covenants	(32)	(411)	(4,736)	(5,765)
Travels and accommodation	(111)	(81)	(4,402)	(4,216)
Institutional events	(2)	(11)	(1,587)	(12,654)
Provision for contingencies			(16,659)	(35,312)
Copies and bookbinding	(2)		(2,445)	(3,962)
Insurance	(3,852)	(3,037)	(4,232)	(3,447)
Cleaning supplies			(1,615)	(1,646)
Transportation	(2)	(6)	(2,698)	(2,502)
Car rental			(1,611)	(1,278)
Others	(701)	(627)	(14,152)	(13,625)
	(26,828)	(17,640)	(258,148)	(266,151)

(i) In 2016, refers mainly to the provision described in Note 4 (a).
(ii) This balance includes the amortization of funding costs of R$ 7,330 (R$ 485 at June 30, 2016).

24 Other operating income

	Parent company		Consolidated	
	2017	2016	2017	2016
Income from agreements	817	817	1,331	1,354
Income from rentals			3,635	4,712
Web class income				114
Provision for impairment of fixed assets (i)	(25)		2,668	(14,674)
Other operating income (expenses)			(2,502)	1,017
	792	817	5,132	(7,477)

(i) Refers mainly to the adjustment of physical inventory of property and equipment completed in 2016..

All amounts in thousands of reais unless otherwise stated

25 Finance result

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Finance income				
Late payment fine and interest			16,316	12,863
Update of accounts receivable - FIES			6,146	24,929
Earnings from financial investments			78	
Interest on capital	5,844	14,396	22,264	30,325
Monetary variation gains	1,767	1,112	4,260	3,308
Exchange variation gain		27,958	2	27,960
Derivative financial instruments gain - SWAP		471		471
Adjustment to present value - FIES			5,350	10,161
Restatement of the sale of portfolio			473	
Others			6	21
	7,611	43,937	54,895	110,038
Finance costs				
Banking expenses	(1,802)	259	(8,017)	(4,975)
Interest and financial charges	(59,722)	(55,277)	(74,357)	(67,045)
Financial discounts (i)			(10,718)	(12,903)
Monetary variation losses			(7,012)	(7,296)
Derivative financial instruments losses - SWAP		(26,036)		(26,036)
Exchange variation losses		(10,958)	(3)	(10,964)
Others	(375)	(835)	(7,757)	(9,355)
	(61,899)	(92,847)	(107,864)	(138,574)

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

26 Income tax and social contribution

Reconciliation of income tax and social contribution determined at statutory rates and taxes recognized in the statement of income for the periods ended June 30, 2017 and 2016 is as follows:

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Profit before income tax and social contribution	284,715	104,799	308,261	118,795
Combined statutory rate of income tax and social contribution - %	34	34	34	34
Income tax and social contribution at the statutory rates	(96,803)	(35,632)	(104,809)	(40,390)
Depreciation	(5)	(1)	20	883
Leasing			(48)	(151)
Adjustment to present value			1,819	3,455
Equity in the results of subsidiaries	124,113	57,981		
Amortization of goodwill	(3,363)	(3,381)	(5,707)	(7,661)
Non-deductible expenses (i)			(784)	(722)
Options granted LP provision - employees			(1,531)	(1,311)
Tax losses not registered	(23,942)	(18,965)	(25,086)	(23,033)
Decommissioning expenses			(512)	(262)
Provision for decommissioning				(2,960)
Provision for contingencies		(2)	(2,264)	(9,586)
Provision for impairment of receivables (ii)			(2,275)	1,323
Monthly tuitions to be canceled and billed			2,827	(3,493)
Provision for FIES risk			(304)	(15,066)
Others			(43)	644
			(138,697)	(98,330)
Tax benefits				
Tax incentive – PROUNI			109,735	57,676
Tax incentive – Lei Rouanet			1,348	606
Current income tax and social contribution in the results for the period			(27,614)	(40,048)

All amounts in thousands of reais unless otherwise stated

(i) These primarily refer to expenses for sponsorships, donations and gifts.
(ii) Refers to students with outstanding payments overdue for more than 180 days, and the provision for the cancelation of monthly pay slips.

	Parent company		Consolidated	
	2017	**2016**	**2017**	**2016**
Current income tax and social contribution			(27,614)	(40,048)
Deferred income tax and social contribution	3,367	3,300	7,435	29,352
	3,367	3,300	(20,179)	(10,696)

At June 30, 2017, the Company recorded deferred tax assets on temporary differences of R$ 42,583 (R$ 35,148 at December 31, 2016). The breakdown of the tax effects of temporary differences which originated the deferred tax assets is summarized below:

	Parent company		Consolidated	
	June 30, 2017	**December 31, 2016**	**June 30, 2017**	**December 31, 2016**
Adjustment to present value			2,667	4,486
Provision for contingencies			23,647	21,383
Provision for impairment of receivables	132	132	4,657	2,382
Monthly tuitions to be canceled			2,311	5,138
Provision for decommissioning			5,315	5,193
Goodwill	(6,648)	(10,011)	(18,705)	(24,238)
Provision for risk - FIES			6,530	6,226
Options granted recognized			26,726	25,195
Decommissioning adjustment			390	
Incorporated goodwill			(11,024)	(10,706)
Depreciation	13	8	(825)	(805)
Tax losses			894	894
	(6,503)	(9,871)	42,583	35,148
Assets			60,801	58,752
Liabilities	(6,503)	(9,871)	(18,218)	(23,604)
	(6,503)	(9,871)	42,583	35,148

The realization of the deferred tax effect on temporary differences recorded at June 30, 2017 is linked to the realization of the provision which gave rise to this credit. Consequently, it is not currently possible to present expected annual realization, since the Company's management is not yet able to forecast the timing of the realization of the provision for contingencies and the provision for decommissioning.

At June 30, 2017, the subsidiary IREP accounted for a deferred income tax and social contribution liability amounting to R$ 9,060 due to the tax depreciation of goodwill generated upon acquisition of the companies merged into it.

At June 30, 2017, the Company had tax credits arising from income tax and social contribution losses amounting to R$ 102,799 (R$ 78,856 at December 31, 2016) that are not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

* * *

Rio de Janeiro, July 27, 2017 – **Estácio Participações S.A.** – "**Estácio**" or "**Company**" (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTCQX: ECPCY) – announces its results for the second quarter of 2017 (2Q17), in comparison with the same period in 2016 (2Q16). The accounting information herein is presented in accordance with International Financial Reporting Standards ("IFRS") and on a consolidated basis.

Highlights

Financial Highlights (R$ MM)	2Q16	2Q17	Change	6M16	6M17	Change
Operational Net Revenue	**835.3**	**913.4**	**9.3%**	**1.624.6**	**1.732.5**	**6.6%**
EBITDA	**43.6**	**254.0**	**482.5%**	**240.7**	**468.8**	**94.8%**
EBITDA Margin (%)	*5.2%*	*27.8%*	*22.6 p.p.*	*14.8%*	*27.1%*	*12.2 p.p.*
(+) FIES discount rate 2%	-	6.6	N.A.	-	13.4	N.A.
(+) M&As advisory services	-	0.7	N.A.	-	1.8	N.A.
(+) One-off items	105.7	-	N.A.	105.7	-	N.A.
Comparable EBITDA	**149.3**	**261.3**	**74.9%**	**346.4**	**484.0**	**39.7%**
Comparable EBITDA Margin (%)	*17.9%*	*28.6%*	*10.7 p.p.*	*21.3%*	*27.9%*	*6.6 p.p.*
Net Income	**(19.9)**	**166.3**	**N.A.**	**108.1**	**288.1**	*166.5%*
Net Income Margin (%)	*-2.3%*	*18.2%*	*20.5 p.p.*	*6.7%*	*16.6%*	*9.9 p.p.*

Message from Management

Estácio had important challenges in the last twelve months, such as:

- ✓ Maintaining operational performance and climate in a moment of transition;
- ✓ Preparing an integration process;
- ✓ Being transparent to its shareholders, with high Governance levels and the implementation of a culture of compliance.

Estácio achieved all these goals and went further. In the last 12 months, EBITDA increased by more than R$217 million year-on-year, which represents a margin gain of 5.2 percentage points. It is worth noting that there was no room for major strategic moves in 2017. Management was mainly focused on EXECUTION, which led to a gradual and consistent improvement in the results of the last few quarters.

Estácio's second quarter **net revenue** came to R$913.4 million, 9.3% up on 2016, generating a comparable **EBITDA** of R$261.3 million, 74.9% up on 2Q16. The comparable **EBITDA margin** reached 28.6%, 10.7 percentage points more than in the same period in 2016.

Estácio has been adopting measures to attract a more sustainable student base, taking the best advantage of the net present value per student, in order to increase our average ticket and ensure the students' continuity; In this context, the Company's **total student base** came to 539,900 students, 0.9% more than in the same period in 2016, essentially due to the 10.3% increase in distance-learning student base and the 7 percentage points improvement in retention rates. Second-quarter **on-campus average ticket** increased 11.7% to R$751.6, reflecting the Company's current pricing strategy. **Distance-learning average ticket** also increased and totaled R$239.2, 27.8% up on 2Q16.

This result was due to both revenue growth and measures to curb operating costs and expenses. **The cost of services** fell by R$35 million, a margin gain of 8.7 percentage points over the same period in 2016, chiefly due to the R$32 million reduction in personnel costs, from 45% to 37.5% of net revenue.

Selling expenses, which accounted for 12.7% of net revenue, recorded a margin gain of 4.3 percentage points when adjusted for comparison purposes, essentially due to the decline in advertising expenses, reflecting the strategic change in the Company's marketing campaigns. The allowance for doubtful accounts line also improved this quarter, as a result of a stricter collection process and initiatives focused on building student loyalty.

It is worth noting that the efforts to build student loyalty are presenting important results, as observed in the performance of the retention rate this quarter. **The retention rate** in the on-campus undergraduate segment rose by 6.9 percentage points, reaching 93.6% versus 86.7% in 2Q16. Meanwhile, the distance-learning undergraduate segment recorded a 7.2 percentage point, from 80.7% to 87.9% this quarter.

Net income reached R$166.3 million in 2Q17, an increase of R$186.2 million over 2Q16, essentially due to higher period EBITDA.

Operating cash generation totaled R$172.1 million, an upturn of R$23.9 million (16%) over 2Q16, evidencing the improvements implemented over the last twelve months.

After a year of consistent results, it is important to mention that Estácio's Management remains focused on seeking opportunities to improve its operational performance. In the coming quarters, the Company plans to implement over 100 initiatives, which have already been mapped, in order to continue obtaining efficiency gains. In addition to these initiatives, certain **growth drivers** should also be highlighted, including:

- ✓ **Launch of new distance-learning centers**

  In accordance with the new distance-learning regulations, accredited distance-learning institutions with an Institutional Concept (CI) of 3, 4 or 5 can open up to 50, 150 and 250 new distance-learning centers, respectively, every year. As Estácio currently has three institutions accredited to provide distance-learning education: Universidade Estácio de Sá (CI 3), Centro Universitário Estácio de Ribeirão Preto (CI 3) and Centro Universitário Estácio de Santa Catarina (CI 4), the new regulations therefore allow the immediate expansion of our activities in the segment through 250 new centers.

It is important to note that, of the 250 authorized new centers, Estácio will launch 76 new centers in the 3Q17 intake process and already has 55 prospective partners with whom it is in the process of formalizing the partnership and ensuring the necessary infrastructure is in place. As a result, at least 131 new centers will be added to Estácio's current network of 238 centers during the second half of 2017 and will be able to operate in the first intake cycle of 2018.

- ✓ ***Mais Médicos* program**

Estácio plans to launch another four Medicine campuses through the *Mais Médicos* (More Doctors) program at the beginning of 2018. It will offer another 225 annual places in Medicine distributed in four new campuses: Angra dos Reis (RJ), Jaraguá do Sul (SC), Alagoinhas (BA) and Juazeiro (BA) by March 2018.

Estácio already operates Medicine courses in four campuses, totaling 3,000 students. It is also worth noting the Company's expertise in the Health area, with 17 courses and over 100,000 students in this field.

- ✓ **Inorganic growth (M&A)**

With a robust cash position and a more efficient operational structure, Estácio is analyzing opportunities for consolidation of Brazil's Education sector. At a meeting held on June 29, 2017, the Board of Directors authorized the prospecting of financial advisors to assist in the identification of potential assets for acquisition.

- ✓ **Organic growth pipeline**

Estácio has ten applications for new campuses already approved by the Ministry of Education (MEC) in the following cities: Manaus, Goiânia, São Mateus, Cachoeiro de Itapemirim, Barbacena, Imperatriz, São José do Rio Preto, Bauru and Rio Preto. These new units will be launched in a phased manner over the next 18 months.

Estácio begins a new stage in its history based on **solid results**, achieved after an extremely challenging year totally focused on EXECUTION. Currently, Estácio has **a more efficient management structure,** and continues to evolve in its quality indicators in education. Estácio confirms its commitment to generate value to its stakeholders, focusing on a strategic vision to create long-term value and sustainability.

Operating Performance

Estácio closed 1H17 with a total of 539,900 students, 0.9% more than in 1H16, essentially due to the 10.3% increase in the distance-learning student base.

Table 1 – Total Student Base

'000	2Q16	2Q17	Change
On-Campus	**380.9**	**369.6**	**-3.0%**
Undergraduate	343.3	335.9	-2.1%
Graduate	37.6	33.7	-10.3%
Distance Learning	**154.4**	**170.3**	**10.3%**
Undergraduate	115.9	124.7	7.6%
Graduate	38.5	45.6	18.3%
Total Student Base	**535.3**	**539.9**	**0.9%**
# Campuses	93	95	2.2%
On-Campus Students per Campus	**4.095**	**3.891**	**-5.0%**
# Distance Learning Centers	197	238	20.8%
Distance Learning Students per Center	784	716	-8.7%

* Figures not reviewed by the auditors.

On-Campus Undergraduate Segment

Estácio's on-campus undergraduate base totaled 355,900 students in 2Q17, 2.1% less than in 2Q16, due to the decrease in the number of enrollments in 1Q17, as a result of the change in the strategy to attract new students, aimed at creating a more sustainable student base, by reducing exemptions and ensuring the financial commitment of the student to effect the enrollment.

The more sustainable student base increased retention rate by 6.9 percentage points, which reached for 93.6% at the end of the period. Excluding the adjustment based on the policy change in 2Q16, the retention rate continued improving.

It is worth noting that the decrease in the number of on-campus students this semester is much lower than the decrease in the FIES student base, which fell by 15.6% over 2Q16. Net revenue growth and the adoption of an installment payment program to a more solid student base reaffirm Estácio's strategies and advantages in support of its consistent sustainable growth.

Table 2 – Evolution of on-campus undergraduate base

'000	2Q16	2Q17	Change
Students - Starting balance	**393.0**	**351.2**	**-10.6%**
(+) Enrollments	-	7.1	N.A
(+) Acquisitions	2.5	-	N.A
(-) Dropouts	(52.1)	(22.4)	-57.0%
Students - Ending Balance	**343.3**	**335.9**	**-2.1%**
Renewal Rate (%)	86.7%	93.6%	6.9 p.p.

* Figures not reviewed by the auditors.

FIES

Table 3 – FIES Student Base

'000	2Q16	2Q17	Change
On-campus undergraduate base	343.3	335.9	-2.1%
FIES Students	**125.6**	**106.1**	-15.6%
% FIES Students	36.6%	31.6%	-5.0 p.p.

* Figures not reviewed by the auditors.

We closed 2Q17 with a FIES base of 106,100 students, representing 31.6% of our on-campus undergraduate base and a decrease of 5.0 percentage points over the same quarter in 2016.

The smaller FIES student base chiefly reflects the 31.9% lower student intake through FIES, reducing by 1.6 p.p. the share of FIES students (only 6.6% in the semester versus 8.3% in the same period in 2016) in total intake.

Table 4 – New FIES Contracts

'000	1H16	1H17	Change
Total Intake	117.3	99.3	-15.3%
Freshmen with FIES (until the end of the intake process)	7.8	4.8	-39.1%
% via FIES	**6.7%**	**4.8%**	-1.9 p.p.
Freshmen with FIES (until the end of the semester)	9.7	6.6	-31.9%
% via FIES	**8.3%**	**6.6%**	-1.6 p.p.
Senior students with FIES (new contracts)	1.6	1.3	-16.4%
New FIES contracts in the semester	**11.3**	**7.9**	**-29.7%**

* Figures not reviewed by the auditors.

Installment Payment Program (PAR)

In the second quarter of 2017, 7,000 students used **Estácio's Installment Payment Program ("PAR")**. The payment in installments occurs gradually: students pay 30% of the tuition in the first two semesters, 40% in the third semester, 50% in the fourth semester and 60% as of the fifth semester.

Gross revenue from amounts paid in cash by students using the PAR totaled R$7.9 million in 2Q17, while the amount paid in installments came to R$16.7 million. Considering the effect of taxes, the adjustment to present value (APV) related to the amount paid in installments (R$9 million) and the provisioning of 50% of the amount paid in installments, the effect on EBITDA from students using the PAR came to R$10.7 million in 2Q17.

Table 5 – PAR effect in EBITDA

R$ MM	1Q17	2Q17	6M17
Gross revenue paid in cash	5.4	7.9	13.3
Gross revenue paid in installments	15.1	16.7	31.8
Taxes - Revenue Deductions	(0.9)	(1.0)	(1.9)
Adjustment to Present Value (APV) - Revenue Deductions	(7.0)	(9.0)	(16.0)
PDA (50% provisioning)	(4.0)	(3.9)	(7.9)
EBITDA	**8.6**	**10.7**	**19.3**

* Figures not reviewed by the auditors.

Table 6 – PAR effect in Accounts Receivable

R$ MM	1Q17	2Q17	6M17
Gross revenue paid in installments	15.1	16.7	31.8
Adjustment to Present Value (APV) - Revenue Deductions	(7.0)	(9.0)	(16.0)
Gross revenue paid in installments Ex-APV	**8.1**	**7.7**	**15.8**
PDA (50% provisioning)	(4.0)	(3.9)	(7.9)
PAR Accounts Receivable Balance	**4.0**	**3.9**	**7.9**

* Figures not reviewed by the auditors.

Distance-Learning Undergraduate Segment

The second-quarter distance-learning undergraduate base increased by 7.6% over 2Q16, to 124,700 students, as a result of the initiatives such as the clusterization of partner centers based on performance, aiming at aligning the results obtained.

The sustainable base concept also becomes apparent in the retention rate increase of 7.2 percentage points in the period.

Table 7 – Evolution of Distance-Learning Undergraduate Base

'000	2Q16	2Q17	Change
Students - Starting Balance	**132.1**	**134.5**	**1.8%**
(-) Graduates	(0.8)	(0.7)	-10.0%
Renewable Base	**131.3**	**133.8**	**1.9%**
(+) Enrollments	9.9	7.2	-27.2%
(-) Dropouts	(25.3)	(16.2)	-35.8%
Students - Ending Balance	**115.9**	**124.7**	**7.6%**
Retention Rate (%)	80.7%	87.9%	7.1 p.p.

* Figures not reviewed by the auditors.

Graduate Segment

Estácio closed 2Q17 with 79,200 students enrolled in graduate programs, 4.2% up on 2Q16. The highlights of the graduate segment in 2Q17 were the distance-learning programs, which increased by 18.3%, largely due to partnerships in the student intake process.

Table 8 – Graduate Student Base

'000	2Q16	2Q17	Change
Students - Ending Balance	**76.1**	**79.2**	4.2%
On-Campus	**37.6**	**33.7**	**-10.3%**
Distance Learning	**38.5**	**45.6**	**18.3%**

* Figures not reviewed by the auditors.

On-Campus Average Ticket

On-campus average ticket increased by 11.7% in 2Q17 over 2Q16, to R$751.6, reflecting the Company's new pricing strategy used on a more sustainable student base, who comply with payment obligations and whose dropout rate is lower.

Table 9 – Calculation of the Average Monthly Ticket – On-Campus

'000	2Q16	2Q17	Change
Revenue Generating On-Campus Undergraduate Student Base	343.4	335.9	-2.2%
(+) On-Campus Graduate Student Base	**27.6**	**22.4**	**-18.7%**
(=) Revenue Generating On-Campus Student Base	**371.0**	**358.3**	**-3.4%**
On-Campus Gross Revenue (R$ million)	**1,076.8**	**1,249.2**	**16.0%**
On-Campus Deductions (R$ million)	(328.2)	(441.3)	34.5%
On-Campus Net Revenue (R$ million)	**748.6**	**807.9**	**7.9%**
On-Campus Average Ticket (R$)	**672.7**	**751.6**	**11.7%**
% Deductions / Gross Operating Revenue	*30.5%*	*35.3%*	*4.8 p.p.*

* Figures not reviewed by the auditors.
** Excluding the graduate segment of partner institutions.

The on-campus undergraduate segment's ticket increased by 10.9% in 2Q17 over 2Q16, to R$784.6. In addition to the new pricing strategy adopted by Estácio in the first-quarter intake cycle, the enrollment of students using the PAR also positively impacted the average ticket, given that discounts or scholarships are not granted.

Table 10 – Calculation of the Average Monthly Ticket – On-Campus Undergraduate Program

'000	2Q16	2Q17	Change
Revenue Generating On-Campus Undergraduate Student Base	**343.4**	**335.9**	**-2.2%**
On-Campus Undergraduate Gross Revenue (R$ million)	**1,034.1**	**1,218.3**	**17.8%**
On-Campus Undergraduate Deductions (R$ million)	(305.3)	(427.6)	40.0%
On-Campus Undergraduate Net Revenue (R$ million)	**728.8**	**790.7**	**8.5%**
On-Campus Undergraduate Average Ticket (R$)	**707.4**	**784.6**	**10.9%**
% Deductions / Gross Operating Revenue	*29.5%*	*35.1%*	*5.6 p.p.*

* Figures not reviewed by the auditors.

The on-campus graduate segment's average ticket increased by 6.7% over 2Q16, due to the decrease of approximately 40% in the deductions line, generating gains of 9.1 percentage points in gross revenue.

Table 11 – Calculation of the Average Monthly Ticket – On-Campus Graduate Program

'000	2Q16	2Q17	Change
On-Campus Graduate Student Base	**27.6**	**22.4**	**-18.7%**
On-Campus Graduate Gross Revenue (R$ million)	**42.7**	**31.0**	**-27.5%**
On-Campus Graduate Deductions (R$ million)	(22.9)	(13.8)	-39.9%
On-Campus Graduate Net Revenue (R$ million)	**19.8**	**17.2**	**-13.3%**
On-Campus Graduate Average Ticket (R$)	**239.6**	**255.7**	**6.7%**
% Deductions / Gross Operating Revenue	*53.6%*	*44.5%*	*-9.1 p.p.*

* Figures not reviewed by the auditors.
** Excluding the graduate segment of partner institutions.

Distance-Learning Average Ticket

In 2Q17, the distance-learning average ticket increased by 27.8% over 2Q16, to R$239.2. It is possible to see the result of the changes in the pricing strategy implemented, which aims at leveraging the Company's operating revenue. Second-quarter distance-learning net revenue increased by 35.8% over 2Q16.

Table 12 – Calculation of the Average Monthly Ticket – Distance-Learning

'000	2Q16	2Q17	Change
Distance Learning Undergraduate Student Base	**115.9**	**124.7**	**7.6%**
(+) Distance Learning Graduate Student Base	**17.5**	**17.0**	**-2.9%**
(=) Revenue Generating Distance Learning Student Base	**133.4**	**141.7**	**6.2%**
Distance Learning Gross Revenue (R$ million)	**122.7**	**172.7**	**40.8%**
Distance Learning Deductions (R$ million)	(47.8)	(71.0)	48.7%
Distance Learning Net Revenue (R$ million)	**74.9**	**101.7**	**35.8%**
Distance Learning Average Ticket (R$)	**187.2**	**239.2**	**27.8%**
% Deductions / Gross Operating Revenue	*38.9%*	*41.1%*	*2.2 p.p.*

* Figures not reviewed by the auditors.
** Excluding the graduate segment of partner institutions.

Below is the calculation of the average ticket of distance-learning undergraduate and graduate segments, which totaled R$247.9 and R$175.4, respectively. Both segments followed the period's growth and it is important to mention our net revenue increase, achieving the objective established by Estácio in recent periods.

Table 13 – Calculation of the Average Monthly Ticket – Distance-Learning Undergraduate Program

'000	2Q16	2Q17	Change
Revenue Generating Dist. Learn. Undergraduate Student Base	**115.9**	**124.7**	**7.6%**
Distance Learning Undergraduate Gross Revenue (R$ million)	**113.5**	**159.6**	**40.7%**
Distance Learning Undergraduate Deductions (R$ million)	(43.5)	(66.8)	53.6%
Distance Learning Undergraduate Net Revenue (R$ million)	**69.9**	**92.8**	**32.7%**
Distance Learning Undergraduate Average Ticket (R$)	**201.1**	**247.9**	**23.3%**
% Deductions / Gross Operating Revenue	*38.4%*	*41.9%*	*3.5 p.p.*

* Figures not reviewed by the auditors.

Table 14 – Calculation of the Average Monthly Ticket – Distance-Learning Graduate Programs

'000	2Q16	2Q17	Change
Revenue Generating Distance Learning Graduate Student Base	**17.5**	**17.0**	**-2.9%**
Distance Learning Graduate Gross Revenue (R$ million)	**9.2**	**13.1**	**42.2%**
Distance Learning Graduate Deductions (R$ million)	(4.2)	(4.2)	-1.3%
Distance Learning Graduate Net Revenue (R$ million)	**5.0**	**8.9**	**79.1%**
Distance Learning Graduate Average Ticket (R$)	**95.1**	**175.4**	**84.4%**
% Deductions / Gross Operating Revenue	*45.9%*	*31.9%*	*-7.6 p.p.*

* Figures not reviewed by the auditors.
** Excluding the graduate segment of partner institutions.

Financial Performance

Table 15 – Income Statement

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
Gross Operating Revenue	**1,214.8**	**1,426.3**	**17.4%**	**2,488.4**	**2,791.0**	**12.2%**
Monthly Tuition Fees	1,198.0	1,417.7	18.3%	2,447.0	2,770.8	13.2%
Pronatec	3.6	0.1	-97.2%	9.4	0.4	-95.7%
Others	13.2	8.6	-34.8%	32.0	19.9	-37.8%
Gross Revenue Deductions	**(379.5)**	**(512.9)**	**35.2%**	**(863.8)**	**(1,058.6)**	**22.6%**
Scholarships and Discounts	(322.2)	(431.3)	33.9%	(749.6)	(905.0)	20.7%
Taxes	(34.1)	(42.2)	23.8%	(67.0)	(78.8)	17.6%
FGEDUC	(17.3)	(25.2)	45.7%	(36.6)	(49.3)	34.7%
Adjustment to Present Value (APV)	-	(9.0)	N.A	-	(16.0)	N.A
Other deductions	(5.9)	(5.1)	-13.6%	(10.6)	(9.4)	-11.3%
Net Operating Revenue	**835.3**	**913.4**	**9.3%**	**1,624.6**	**1,732.5**	**6.6%**
Cost of Services	**(494.5)**	**(468.6)**	**-5.2%**	**(931.4)**	**(891.0)**	**-4.3%**
Personnel	(375.1)	(342.8)	-8.6%	(702.0)	(650.7)	-7.3%
Rentals / Real Estate Taxes Expenses	(61.8)	(64.2)	3.9%	(121.0)	(127.4)	5.3%
Textbooks Materials	(10.7)	(5.0)	-53.3%	(15.8)	(8.4)	-46.6%
Third-Party Services and Others	(26.8)	(27.3)	1.9%	(50.8)	(52.1)	2.5%
Depreciation and Amortization	(20.1)	(29.3)	45.8%	(41.9)	(52.4)	25.1%
Gross Profit	**340.8**	**444.9**	**30.5%**	**693.1**	**841.5**	**21.4%**
Gross Margin	***40.8%***	***48.7%***	***7.9 p.p.***	***42.7%***	***48.6%***	***5.9 p.p.***
Selling. General and Administrative Expenses	**(330.4)**	**(243.8)**	**-26.2%**	**(538.3)**	**(485.4)**	**-9.8%**
Selling Expenses	**(184.5)**	**(115.6)**	**-37.3%**	**(272.2)**	**(227.2)**	**-16.5%**
Provisions for Doubtful Accounts	(70.0)	(61.4)	-12.3%	(97.7)	(104.9)	7.4%
Provisions for Doubtful Accounts – PAR	-	(3.8)	N.A	-	(7.9)	N.A
FIES Provisions for Doubtful Accounts	(43.7)	(0.3)	-99.3%	(44.3)	(0.9)	-98.0%
Marketing	(70.8)	(50.0)	-29.4%	(130.1)	(113.5)	-12.8%
General and Administrative Expenses	**(145.9)**	**(128.2)**	**-12.1%**	**(266.0)**	**(258.2)**	**-2.9%**
Personnel	(31.4)	(41.7)	32.8%	(74.5)	(90.2)	21.1%
Outros G&A	(89.7)	(61.1)	-31.9%	(140.0)	(112.8)	-19.4%
Depreciation	(24.8)	(25.4)	2.4%	(51.5)	(55.2)	7.2%
Other operating revenues/expenses	**(11.7)**	**(1.8)**	**-84.6%**	(7.5)	5.1	-168.0%
EBIT	**(1.3)**	**199.3**	**N.A**	**147.3**	**361.2**	**145.2%**
EBIT Margin	***-0.2%***	***21.8%***	***22.0 p.p.***	***9.1%***	***20.8%***	***11.7 p.p.***
(+) Depreciation and amortization	44.9	54.7	21.8%	93.4	107.6	15.2%
EBITDA	**43.6**	**254.0**	**482.5%**	**240.7**	**468.8**	**94.8%**
EBITDA Margin	***5.2%***	***27.8%***	***22.6 p.p.***	***14.8%***	***27.1%***	***12.3 p.p.***
Financial Result	(16.6)	(21.9)	31.9%	(28.5)	(53.0)	86.0%
Depreciation and Amortization	(44.9)	(54.7)	21.8%	(93.4)	(107.6)	15.2%
Social Contribution	(1.5)	(3.2)	113.3%	(3.8)	(5.7)	50.0%
Income Tax	(0.5)	(7.9)	1480.0%	(6.9)	(14.5)	110.1%
Net Income	**(19.9)**	**166.3**	**N.A**	**108.1**	**288.1**	**166.5%**
Net Income Margin	***-2.3%***	***18.2%***	***20.5 p.p.***	***6.7%***	***16.6%***	***9.9 p.p.***

* The 6M16 figures were adjusted in accordance with the restatement of previous periods disclosed in 2Q16.

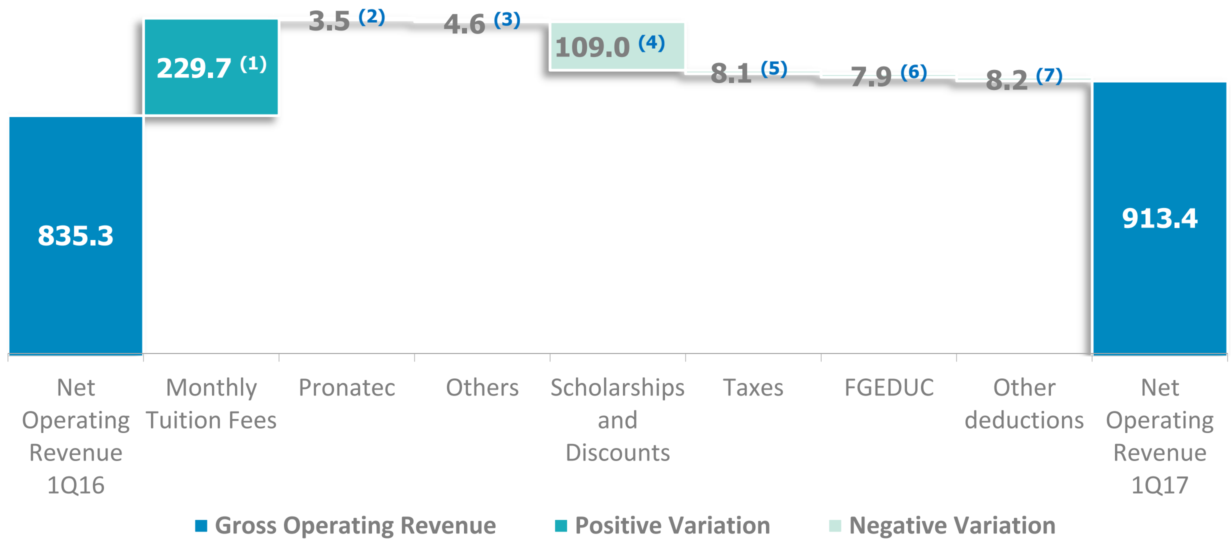
Consolidated Operating Revenue

Table 16 – Breakdown of Operating Revenue

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
Gross Operating Revenue	**1,214.8**	**1,426.3**	**17.4%**	**2,488.4**	**2,791.0**	**12.2%**
Monthly Tuition Fees	1,198.0	1,417.7	18.3%	2,447.0	2,770.8	13.2%
Pronatec	3.6	0.1	-97.2%	9.4	0.4	-95.7%
Others	13.2	8.6	-34.8%	32.0	19.9	-37.8%
Gross Revenue Deductions	**(379.5)**	**(512.9)**	**35.2%**	**(863.8)**	**(1,058.6)**	**22.6%**
Scholarships and Discounts	(322.3)	(431.3)	33.8%	(749.5)	(905.0)	20.7%
Taxes	(34.1)	(42.2)	23.8%	(67.0)	(78.8)	17.6%
FGEDUC	(17.3)	(25.2)	45.7%	(36.6)	(49.3)	34.7%
Adjustment to Present Value (APV) – “PAR”	-	(9.0)	N.A	-	(16.0)	N.A
Other deductions	(5.9)	(5.1)	-13.6%	(10.6)	(9.4)	-11.3%
% Scholarships and Discounts/ Gross Operating Revenue	26.9%	30.4%	3.5 p.p.	30.1%	32.4%	2.3 p.p.
Net Operating Revenue	**835.3**	**913.4**	**9.3%**	**1,624.6**	**1,732.5**	**6.6%**

* The 6M16 figures were adjusted in accordance with the restatement of previous periods disclosed in 2Q16.

Chart 1 – Net Operating Revenue Bridge



Net operating revenue came to R$913.4 million in 2Q17, 9.3% up on 2Q16, mainly explained by:

(1) The R$219.7 million increase in revenue from monthly tuitions, which represented an increase of 18.3% over 2Q16, due to higher average ticket and a more sustainable student base.
(2) The R$3.5 million reduction in Pronatec revenue, due to the graduation of the last students in this segment;
(3) The R$4.6 million reduction in other revenue, chiefly due to the end of the Rio 2016 project, referring to trainings offered by Estácio to the volunteers of the Rio 2016 Olympic Games;
(4) The R$109.0 million increase in discounts and scholarships, as an effect of the Company's new pricing strategy for new students. This result is more than offset by the R$211.5 million increase in gross revenue. Additionally, the number of PROUNI scholarships increased by R$34.5 million in 2Q17, due to the increase in the student base using the program;
(5) Increase of R$ 8.1 million in taxes, in line with revenue growth;
(6) The 2% retention of net revenue from FIES contracts pursuant to Executive Decree 741 (MP 741) in force as of the second semester of 2016, which had an impact of approximately R$6.6 million in 2Q17.
(7) It is also worth noting that in 2Q17, approximately R$9.0 million were registered under gross revenue deductions, due to the adjustment to present value (APV) of receivables from Estácio's Installment Payment Program (PAR).

Cost of Services

The **cash cost of services** represented 48.1% of net operating revenue in 2Q17, a 8.7 percentage point margin gain compared with 56.8% in 2Q16, essentially in the personnel line. Some of the initiatives implemented at the beginning of the year include the offer of 20% of the on-campus syllabi online and the increase in the number of students in distance-learning classes, all of which are part of the process of restructuring the management of Estácio's faculty costs.

The initiatives that aim to optimize personnel costs were planned as of the second semester of 2016 and contributed to a margin gain of 6.4 percentage points in the cost of services in the first semester of 2017.

Table 17 – Breakdown of Cost of Services

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
Cash Cost of Services	**(474.4)**	**(439.3)**	**-7.4%**	**(889.6)**	**(838.6)**	**-5.7%**
Personnel	(375.1)	(342.8)	-8.6%	(702.0)	(650.7)	-7.3%
Salaries and Payroll Charges	(311.8)	(285.7)	-8.4%	(581.7)	(539.8)	-7.2%
Brazilian Social Security Institute (INSS)	(63.3)	(57.1)	-9.8%	(120.3)	(110.9)	-7.8%
Rentals / Real Estate Taxes Expenses	(61.8)	(64.2)	3.9%	(121.0)	(127.4)	5.3%
Textbooks Materials	(10.7)	(5.0)	-53.3%	(15.8)	(8.4)	-46.6%
Third-Party Services and Others	(26.8)	(27.3)	1.9%	(50.8)	(52.1)	2.5%

* The 6M16 figures were adjusted in accordance with the restatement of previous periods disclosed in 2Q16.

Table 18 – Vertical Analysis of Cost of Services

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
Cash Cost of Services	**-56.8%**	**-48.1%**	***8.7 p.p.***	**-54.8%**	**-48.4%**	***6.4 p.p.***
Personnel	-44.9%	-37.5%	*7.4 p.p.*	-43.2%	-37.6%	*5.6 p.p.*
Salaries and Payroll Charges	-37.3%	-31.3%	*6.0 p.p.*	-35.8%	-31.2%	*4.6 p.p.*
Brazilian Social Security Institute (INSS)	-7.6%	-6.3%	*1.3 p.p.*	-7.4%	-6.4%	*1.0 p.p.*
Rentals / Real Estate Taxes Expenses	-7.4%	-7.0%	*0.4 p.p.*	-7.4%	-7.4%	*0.1 p.p.*
Textbooks Materials	-1.3%	-0.5%	*0.7 p.p.*	-1.0%	-0.5%	*0.5 p.p.*
Third-Party Services and Others	-3.2%	-3.0%	*0.2 p.p.*	-3.1%	-3.0%	*0.1 p.p.*

In addition to the decrease in **personnel costs** presented by Estácio this quarter, the textbook materials line led to a gross margin gain of 8.7 percentage point gain, when comparing the total cash cost to revenues ratio, over 2Q16. Estácio intensified the production of its own books and offered virtual libraries to students.

The result of this work, mainly in the distance-learning segment, combined with revenue growth in 2Q17, led to a 30.5% year-on-year increase in the Company's gross profit to R$445 million. Excluding the period depreciation and amortization, Estácio recorded a 7.2 percentage point **gross margin** gain over 2Q16, from 38.3% to 45.5%. The margin grew by 5.4 percentage points in 1H17, remaining at 45.5%.

Table 19 – Statement of Gross Income

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
Net Operating Revenue	835.3	913.4	9.3%	1,624.6	1,732.5	6.6%
Cost of Services	(494.5)	(468.6)	-5.2%	(931.4)	(891.0)	-4.3%
Gross Profit	**340.8**	**444.9**	**30.5%**	**693.1**	**841.5**	**21.4%**
(-) Depreciation and amortization	(20.1)	(29.3)	45.8%	(41.9)	(52.4)	25.1%
Cash Gross Profit	**320.7**	**415.6**	**29.6%**	**651.2**	**789.1**	**21.2%**
Cash Gross Margin	*38.3%*	*45.5%*	*7.2 p.p.*	*40.1%*	*45.5%*	*5.4 p.p.*

* The 6M16 figures were adjusted in accordance with the restatement of previous periods disclosed in 2Q16.

Selling, General and Administrative Expenses

Selling expenses represented 12.7% of net operating revenue in 2Q17, a 9.4 percentage point gain, impacted by one-off entries in 2Q16. Excluding the effects from these entries, selling expenses margin gain came to 4.3 percentage points.

The **allowance for doubtful accounts** was adversely affected in 2Q16, when Estácio conservatively provisioned R$43 million to comply with obligations related to the FIES. However, throughout 2H16, the Company evaluated this matter with its internal and external legal advisors, deepened the study of students' academic performance and concluded that it has not breached the rules on academic performance, which were object of the provision, and thus reversed the amount, in 4Q16, generating a null net effect in 1H17.

Therefore, in order to analyze 2Q17 year-on-year performance, it is necessary to exclude the R$43 million booked in 2Q16, which results in a margin gain of 1.7 percentage points in the allowance for doubtful accounts, fueled by a stricter collection process and the Company's effort to build student loyalty, offsetting the negative impact of 0.4 percentage point when PAR began to be accrued.

The 3.0 percentage point margin gain in advertising expenses in 2Q17 was also impacted by the non-recurring effect from the end of contracts and institutional campaigns, which led to a one-off increase in advertising expenses of R$15.5 million. Excluding this effect, Estácio recorded a margin gain of 1.1 percentage points in 2Q17, when compared with 2Q16. Since the beginning of 2017, the campaigns have been focusing more on cluster strategies and less on the institution itself, aiming regionally, using lower cost channels with broader coverage.

Second-quarter **general and administrative expenses** accounted for 11.3% of net operating revenue, a 3.2 percentage point margin gain over 2Q16, impacted by one-off entries in 2Q16. It is worth noting that the Company booked a non-recurring contingency item totaling R$28 million in 2Q16, due to the revision of the Company's base, given the nature and premises of our industry. Excluding the effects from these entries, general and administrative expenses margin would remain stable.

Table 20 – Breakdown of Selling, General and Administrative Expenses

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
Selling, General and Administrative Cash Expenses	**(305.6)**	**(218.4)**	**-28.5%**	**(486.8)**	**(430.2)**	**-11.6%**
Selling Expenses	**(184.5)**	**(115.6)**	**-37.3%**	**(272.2)**	**(227.2)**	**-16.5%**
Provisions for Doubtful Accounts	(113.7)	(65.5)	-42.4%	(142.0)	(113.7)	-19.9%
PDA	(70.7)	(61.7)	-12.7%	(99.0)	(105.8)	6.9%
PDA PAR	-	(3.8)	N.A.	-	(7.9)	N.A.
PDA Non-Recurring	(43.0)	-	N.A.	(43.0)	-	N.A.
Marketing	(70.8)	(50.0)	-29.4%	(130.1)	(113.5)	-12.8%
General and Administrative Expenses	**(121.1)**	**(102.8)**	**-15.1%**	**(214.6)**	**(203.0)**	**-5.4%**
Personnel	(31.4)	(41.7)	32.8%	(74.5)	(90.2)	21.1%
Salaries and Payroll Charges	(26.8)	(36.4)	35.8%	(64.3)	(79.9)	24.3%
Brazilian Social Security Institute (INSS)	(4.6)	(5.3)	15.2%	(10.2)	(10.3)	1.0%
Others	(89.7)	(61.1)	-31.9%	(140.2)	(112.8)	-19.5%
Third-Party Services	(21.3)	(18.6)	-12.7%	(37.4)	(39.0)	4.3%
Consumable Material	(0.6)	(0.8)	33.3%	(1.6)	(1.4)	-12.5%
Maintenance and Repair	(8.7)	(8.6)	-1.1%	(16.8)	(18.2)	8.3%
Provision for Contingencies	(28.0)	(5.6)	N.A.	(28.2)	(6.7)	N.A.
Educational Agreements	(4.1)	(2.4)	-41.5%	(5.8)	(4.7)	-19.0%
Travel and Lodging	(3.0)	(2.8)	-6.7%	(4.2)	(4.4)	4.8%
Convictions	(3.9)	(5.6)	43.6%	(7.1)	(10.0)	40.8%
Institutional Events	(5.2)	(1.4)	-73.1%	(12.7)	(1.6)	-87.4%
Copies and Bookbinding	(2.6)	(1.4)	-46.2%	(4.0)	(2.4)	-40.0%
Insurance	(1.8)	(2.4)	33.3%	(3.4)	(4.2)	23.5%
Cleaning Supplies	(1.0)	(1.0)	0.0%	(1.6)	(1.6)	0.0%
Transportation	(1.5)	(1.5)	0.0%	(2.5)	(2.7)	8.0%
Car Rental	(0.6)	(1.0)	66.7%	(1.3)	(1.6)	23.1%
Others	(7.4)	(8.0)	8.1%	(13.6)	(14.1)	3.7%
Depreciation and amortization	**(24.8)**	**(25.4)**	**2.4%**	**(51.5)**	**(55.2)**	**7.2%**
Other operating revenues	**(11.7)**	**(1.8)**	**-84.6%**	**(7.5)**	**5.1**	**-168.0%**

* The 6M16 figures were adjusted in accordance with the restatement of previous periods disclosed in 2Q16.

Table 21 – Vertical Analysis of Selling, General and Administrative Expenses

% of net operating revenues	2Q16	2Q17	Change	6M16	6M17	Change
Selling, General and Administrative Cash Expenses	**-36.6%**	**-23.9%**	***12.7 p.p.***	**-30.0%**	**-24.8%**	***5.1 p.p.***
Selling Expenses	**-22.1%**	**-12.7%**	***9.4 p.p.***	**-16.8%**	**-13.1%**	***3.6 p.p.***
Provisions for Doubtful Accounts	-13.6%	-7.2%	*6.4 p.p.*	-8.7%	-6.6%	*2.1 p.p.*
PDA	-8.5%	-6.8%	*1.7 p.p.*	-6.1%	-6.1%	*0.0 p.p.*
PDA PAR	0.0%	-0.4%	*-0.4 p.p.*	0.0%	-0.5%	*-0.5 p.p.*
PDA Non-Recurring	-5.1%	0.0%	*5.1 p.p.*	-2.6%	-0.0%	*2.6 p.p.*
Marketing	-8.5%	-5.5%	*3.0 p.p.*	-8.0%	-6.6%	*1.5 p.p.*
General and Administrative Expenses	**-14.5%**	**-11.3%**	***3.2 p.p.***	**-13.2%**	**-11.7%**	***1.5 p.p.***
Personnel	-3.8%	-4.6%	*-0.8 p.p.*	-4.6%	-5.2%	*-0.6 p.p.*
Salaries and Payroll Charges	-3.2%	-4.0%	*-0.8 p.p.*	-4.0%	-4.6%	*-0.7 p.p.*
Brazilian Social Security Institute (INSS)	-0.6%	-0.6%	*0.0 p.p.*	-0.6%	-0.6%	*0.0 p.p.*
Others	-10.7%	-6.7%	*4.0 p.p.*	-8.6%	-6.5%	*2.1 p.p.*
Third-Party Services	-2.5%	-2.0%	*0.5 p.p.*	-2.3%	-2.3%	*0.1 p.p.*
Consumable Material	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Maintenance and Repair	-1.0%	-0.9%	*0.1 p.p.*	-1.0%	-1.1%	*0.0 p.p.*
Provision for Contingencies	-3.4%	-0.6%	*2.7 p.p.*	-1.7%	-0.4%	*1.3 p.p.*
Educational Agreements	-0.5%	-0.3%	*0.2 p.p.*	-0.4%	-0.3%	*0.1 p.p.*
Travel and Lodging	-0.4%	-0.3%	*0.1 p.p.*	-0.3%	-0.3%	*0.0 p.p.*
Convictions	-0.5%	-0.6%	*-0.1 p.p.*	-0.4%	-0.6%	*-0.1 p.p.*
Institutional Events	-0.6%	-0.2%	*0.5 p.p.*	-0.8%	-0.1%	*0.7 p.p.*
Copies and Bookbinding	-0.3%	-0.2%	*0.2 p.p.*	-0.2%	-0.1%	*0.1 p.p.*
Insurance	-0.2%	-0.3%	*0.0 p.p.*	-0.2%	-0.2%	*0.0 p.p.*
Cleaning Supplies	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Transportation	-0.2%	-0.2%	*0.0 p.p.*	-0.2%	-0.2%	*0.0 p.p.*
Car Rental	-0.1%	-0.1%	*0.0 p.p.*	-0.1%	-0.1%	*0.0 p.p.*
Others	-0.9%	-0.9%	*0.0 p.p.*	-0.8%	-0.8%	*0.0 p.p.*
Depreciation and amortization	**-3.0%**	**-2.8%**	***0.2 p.p.***	**-3.2%**	**-3.2%**	***0.0 p.p.***
Other operating revenues	**-1.4%**	**-0.2%**	***1.2 p.p.***	**-0.5%**	**0.3%**	***0.8 p.p.***

EBITDA

EBITDA totaled R$254.0 million in 2Q17, while the margin came to 27.8%, growth of R$210.4 million and 22.6 percentage points over 2Q16. In 1H17, EBITDA came to R$468.8 million and the margin came to 27.1%, growth of R$228.1 million and 12.2 percentage points over 1H16.

However, for a fair comparison, it is necessary to consider the one-off entries recorded in 2Q16, totaling R$105.7 million, exclude the effects of R$6.6 million referring to the 2% of net revenue over FIES contracts in 2Q17, pursuant to Executive Decree 741 (MP 741) in force as of the third quarter of 2016, and exclude non-recurring expenses from the M&A, amounting to R$0.7 million, thus reaching a **comparable EBITDA of R$261.3 million** and a **comparable EBITDA margin of 28.6%, 10.7 percentage point up on** 2Q16.

Following this rational, comparable EBITDA increased approximately 40% in 1H17 over 1H16, to R$484.0 million, while comparable margin came to 27.9%, 6.6 percentage point up on 1H16.

This performance results from the Company's efforts to increase operating efficiency and improve the management of its costs and expenses. Increase profitability in a challenging scenario, impacted by the lower volume of FIES contracts, is an extremely positive sign and confirms Estácio's commitment to continue generating value to its stakeholders.

Table 22 – Financial Indicators

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
Operational Net Revenue	**835.3**	**913.4**	**9.3%**	**1.624.6**	**1.732.5**	**6.6%**
Cash Cost of Services	(474.4)	(439.3)	-7.4%	(889.6)	(838.6)	-5.7%
Selling. General and Administrative Cash Expenses	(305.6)	(218.4)	-28.5%	(486.8)	(430.2)	-11.6%
Other operating revenues/expenses	(11.7)	(1.8)	-84.6%	(7.5)	5.1	-168.0%
EBITDA	**43.6**	**254.0**	**482.6%**	**240.7**	**468.8**	**94.8%**
EBITDA Margin (%)	*5.2%*	*27.8%*	*22.6 p.p.*	*14.8%*	*27.1%*	*12.2 p.p.*
(+) FIES discount rate 2%	-	6.6	N.A.	-	13.4	N.A.
(+) M&As advisory services	-	0.7	N.A.	-	1.8	N.A.
(+) One-off items	105.7	-	N.A.	105.7	-	N.A.
Comparable EBITDA	**149.3**	**261.3**	**74.9%**	**346.4**	**484.0**	**39.7%**
Comparable EBITDA Margin (%)	*17.9%*	*28.6%*	*10.7 p.p.*	*21.3%*	*27.9%*	*6.6 p.p.*

* The 6M16 figures were adjusted in accordance with the restatement of previous periods disclosed in 2Q16.

Financial Result

Table 23 – Breakdown of the Financial Result

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
Financial Revenue	**34.5**	**23.5**	**-32.0%**	**110.0**	**54.9**	**-50.1%**
Fines and interest charged	4.4	6.3	42.1%	12.9	16.3	26.8%
Inflation adjustment to FIES receivables	12.0	1.6	-86.6%	24.9	6.2	-75.3%
No equity interest	-	0.0	N.A	-	0.1	N.A
Sale of client portfolio	-	0.5	N.A	-	0.5	N.A
Investments income	11.4	10.5	-7.8%	30.3	22.3	-26.6%
Active monetary variation	1.9	1.9	-2.6%	3.3	4.3	28.8%
Active exchange variation	0.0	0.0	-13.8%	28.0	0.0	N.A
Derivative financial instruments gain - swap	-	-	N.A	0.5	-	N.A
Adjustment to present value (APV) - FIES	4.8	2.8	-42.4%	10.2	5.4	-47.3%
Other	0.0	0.0	-97.5%	0.0	0.0	-78.7%
Financial Expenses	**(51.1)**	**(45.4)**	**-11.1%**	**(138.6)**	**(107.9)**	**-22.2%**
Bank charges	(2.8)	(3.9)	39.9%	(5.0)	(8.0)	61.1%
Interest and financial charges	(32.4)	(31.0)	-4.2%	(67.0)	(74.4)	10.9%
Financial Discounts	(7.4)	(5.3)	-28.8%	(12.9)	(10.7)	-16.9%
Passive monetary variation	(3.3)	(1.7)	-49.4%	(7.3)	(7.0)	-3.9%
Derivative financial instruments losses - swap	-	-	N.A	(26.0)	-	N.A
Passive exchange variation	(0.0)	-	N.A	(11.0)	(0.0)	N.A
Other	(5.1)	(3.5)	-32.6%	(9.4)	(7.8)	-17.1%
Financial Result	**(16.6)**	**(21.9)**	**31.9%**	**(28.5)**	**(53.0)**	**86.0%**

In 2Q17, the **financial result** totaled R$21.9 million, recording negative impacts mainly in revenue from restatement of FIES accounts receivable, which fell by R$5.9 million, due to the decrease in FIES accounts receivable from 2015 following the payment of the first installment in the middle of 2016.

The exchange variation (gains and losses) and swap (gains and losses) lines refer to a foreign-currency loan settled in March 2016. The loan had a cash flow swap in which the long leg corresponded to the exchange rate variation plus 1.95% p.a., compensating the FX exposition of the line, and the short leg to the CDI + 0.12% p.a.

Net Income

Estácio's **net income** came to R$166.3 million in 2Q17, with a **Net Margin** of 18.2%, 20.5 percentage point up on 2Q16, as a result of the R$210.4 million increase in the 2Q17 **EBITDA**. The **net margin gain in 1H17** came to **9.9 percentage points**, also in line with Estácio's EBITDA growth.

Table 24 – Reconciliation of EBITDA and Net Income

R$ MM	2Q16	2Q17	Change	6M16	6M17	Change
EBITDA	**43.6**	**254.0**	**482.6%**	**240.7**	**468.8**	**94.8%**
EBITDA Margin (%)	***5.2%***	***27.8%***	***22.6 p.p.***	***14.8%***	***27.1%***	***12.2 p.p.***
Financial Result	(16.6)	(21.9)	31.9%	(28.5)	(53.0)	86.0%
Depreciation and amortization	(44.9)	(54.7)	21.8%	(93.4)	(107.6)	15.2%
Social Contribution	(1.5)	(3.2)	113.3%	(3.8)	(5.7)	50.0%
Income Tax	(0.5)	(7.9)	1480.0%	(6.9)	(14.5)	110.1%
Net Income	**(19.9)**	**166.3**	**N.A**	**108.1**	**288.1**	**166.5%**
Net Income Margin (%)	***-2.3%***	***18.2%***	***20.5 p.p.***	***6.7%***	***16.6%***	***9.9 p.p.***

* The 6M16 figures were adjusted in accordance with the restatement of previous periods disclosed in the 1Q17 earnings release.

Accounts Receivable and Average Receivables Days

Net accounts receivable totaled R$1,341.4 million in 2Q17, an upturn of R$12.0 million over 2Q16, essentially due to the R$10.3 million increase in the cards receivable line. One of the actions of the new collection process is to intensify the collections by specialized advisors, which negotiate the student´s debt regularization through credit cards. In addition, Estácio is now accepting only the credit card to mitigate the risk of non-performance.

Table 25 – Accounts Receivable

R$ MM	2Q16	2Q17
Tuition monthly fees	470.6	465.3
FIES	930.4	927.5
Credit Cards receivables	54.7	64.9
Renegotiation receivables	91.4	88.0
Gross Accounts Receivable	**1,547.0**	**1,545.9**
Provision for bad debts	(193.3)	(176.9)
Credits to identify	(6.3)	(3.7)
Adjustment to Present Value (APV) FIES	(18.0)	(7.8)
Adjustment to Present Value (APV) PAR	-	(16.0)
Net Accounts Receivable	**1,329.4**	**1,341.4**

It is worth noting that the **student tuition** line **fell by R$5.3 million** in accounts receivable over 2Q16, reflecting Management's focus on the constantly improving collection policies.

In this context, it is also worth noting the narrowing in second-quarter **average non-FIES receivables period**, which came to 74 days, **9 days less** than in 2Q16.

Estácio's average receivables days came to 147 in 2Q17, 9 days lower than the same period last year. The FIES average receivables days was 3 days higher than 2Q16, totaling 271 days.

Table 26 – Average Receivables Days

R$ MM	2Q16	2Q17
Net Account Receivable	**1,329.4**	**1,341.4**
Net Revenue (last twelve months)	3,070.2	3,292.4
Average Receivables Days	**156**	**147**

Table 27 – Average non-FIES Receivables Days (PMR Ex-FIES)

R$ MM	2Q16	2Q17
Net Account Receivable Ex-APV	**1,347.4**	**1,349.3**
Net Account Receivable Ex-FIES and APV	**417.0**	**421.7**
Net Revenue Ex-FIES	1,819.8	2,057.4
Average non-FIES Receivables Days	**83**	**74**

Table 28 – Average FIES Receivables Days

R$ MM	2Q16	2Q17
Net Account Receivable FIES	**930.4**	**927.5**
Revenue FIES (last twelve months)	1,405.9	1,389.2
FGEDUC Deductions (last twelve months)*	(101.1)	(100.1)
Taxes (last twelve months)*	(54.4)	(56.2)
Net Revenue FIES (last twelve months)*	**1,250.4**	**1,232.9**
Receivables Days FIES	**268**	**271**

* Figures not reviewed by the auditors.

Table 29 – Evolution of FIES Accounts Receivable

R$ MM	2Q16	2Q17
Opening Balance	**1,010.6**	**920.3**
(+) FIES Revenue	338.4	366.7
(-) Transfer	540.5	685.8
(-) FIES Deduction/Provision	17.5	22.3
(+) Acquisitions	-1.4	-
(+) Inflation Adjustment of FIES Accounts Receivable	12.0	1.6
Ending Balance	**801.6**	**580.5**

Table 30 – Evolution of FIES Carry-Forward Credits

R$ MM	2Q16	2Q17
Opening Balance	**3.1**	**3.2**
(+) Transfer	540.5	685.8
(-) Tax payment	113.2	94.6
(-) Repurchase auctions	302.4	256.0
(+) Monetary restatement	0.7	-
Ending Balance	**128.7**	**338.3**

Investments (CAPEX and Acquisitions)

Second-quarter **CAPEX** totaled R$31.5 million, down by 10.7%, i.e. approximately R$3.8 million less than in 2Q16, mainly due to the lack of acquisitions in the last 12 months that would demand integration CAPEX.

Table 31 – CAPEX Breakdown

R$ MM	2Q16	2Q17	Change
Total CAPEX (Ex- Acquisitions)	**35.3**	**31.5**	**-10.7%**
Maintenance	**19.5**	**19.4**	-0.6%
Discretionary and Expansion	**15.8**	**12.1**	-23.1%
Academic Model	3.2	2.3	-28.3%
New IT Architecture	3.5	1.0	-71.7%
Integration Processes	1.3	-	N.A.
Expansion	7.9	8.9	13.0%

* Figures not reviewed by the auditors.

Capitalization and Cash

Table 32 – Capitalization and Cash

R$ MM	06/30/2016	06/30/2017
Shareholders' Equity	2,676.2	2,735.4
Cash & Cash Equivalents	387.9	542.3
Total Gross Debt	(905.4)	(1,157.8)
Loans and Financing	(796.0)	(1,033.7)
Short Term	(41.2)	(593.1)
Long Term	(754.7)	(440.6)
Commitments Payable	(92.8)	(109.5)
Taxes Paid in Installments	(16.6)	(14.6)
Cash / Net Debt	(517.5)	(615.5)

Cash and cash equivalents totaled R$542.3 million on June 30, 2017, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds and certificates of deposit with top-tier Brazilian banks.

The bank **debt** of R$1.03 billion corresponds mainly to:

- the Company's debenture issues (2nd series of R$300 million, 3rd series of R$187 million and 4th series of R$100 million);
- the loan from the IFC (first installment of R$48.5 million and second of around R$20 million);
- the issue of Company promissory notes, totaling R$300.0 million; and
- the capitalization of equipment leasing expenses in compliance with Law 11638.

The R$237.7 million increase in the loans and financing line over 2Q16 refers mainly to the issue of R$300.0 million in promissory notes in November 2016 and R$100.0 million in debentures (4th issue) in December, both operations carried out with Banco Itaú. The objective of these operations was to recover the cash spent on the settlement of the 1st debenture issue, totaling approximately R$214.1 million, and the payment of extraordinary dividends in November and December 2016, totaling R$420.0 million.

Including loans and financing, commitments for future payments related to acquisitions, which totaled R$109.5 million, as well as taxes payable in installments of R$14.6 million, Estácio's gross debt came to R$1.16 billion at the close of 2Q17, resulting in net debt of R$615.5 million.

Cash Flow Statement

Operating cash flow (OCF) was positive by R$172.1 million in 2Q17, an improvement of R$23.9 million over the same period last year.

Operating cash flow generation underlined the improvements implemented in recent quarters, which sought to improve the performance of the Company's indicators. From now on, it is extremely important to ensure a comfortable cash position in order to develop a long-term strategy for a company that has been improving its result based on an excellent academic concept.

Table 33 – Cash Flow Statement

R$ MM	2Q16	2Q17	6M16	6M17
Profit before taxes and after results from discontinued operations	(17.9)	177.3	118.8	308.3
Adjustments to reconcile profit to net cash generated	205.9	158.5	329.2	300.2
Results after reconciliation to net cash generated	188.0	335.9	448.0	608.5
Change in assets and liabilities	5.5	(130.0)	(285.8)	(313.5)
Net Cash provided by (used in) operating activities	193.6	205.9	162.1	295.0
Acquisition of property and equipment items	(29.2)	(20.2)	(43.5)	(36.0)
Acquisition of intangible assets	(16.1)	(13.6)	(35.5)	(24.6)
Operating Cash Flow (OCF)	**148.2**	**172.1**	**83.2**	**234.4**
Net cash provided by (used in) investing activities	1.4	-	(7.2)	-
Cash Flow from financing activities	(124.0)	(87.8)	(381.8)	(96.1)
Net cash provided by (used in) financing activities	25.6	**84.2**	**(305.9)**	**138.3**
Cash and cash equivalents at the beginning of the period	**362.3**	**458.1**	**693.8**	**404.0**
Increase (decrease) in cash	25.6	84.2	(305.9)	138.3
Cash and cash equivalents at the end of the period	**387.9**	**542.3**	**387.9**	**542.3**
EBITDA	**43.6**	**254.0**	**240.7**	**468.8**
Operating Cash Flow before CAPEX / EBITDA	**443.6%**	**81.1%**	**67.4%**	**62.9%**
OCF / EBITDA	**339.8%**	**67.7%**	**34.6%**	**50.0%**

DRE por Unidade de Negócio

	On-Campus		Distance-learning		Graduate + Others		Corporate	Consolidated	
R$ Million	2T17	AV (%)	2T17	AV (%)	2T17	AV (%)	2T17	2T17	AV (%)
Gross Operating Revenue	1.217,9	154,1%	159,7	172,1%	48,8	161,2%	-	1.426,3	156.1%
Gross Revenue Deductions	(427,5)	-54,1%	(66,9)	-72,1%	(18,5)	-61,2%		(512,9)	-56.1%
Net Operating Revenue	790,4	100,0%	92,8	100,0%	30,2	100,0%	-	913,4	100.0%
Cost of Services	(405,2)	-51,3%	(15,8)	-17,0%	(18,3)	-60,4%	-	(439.3)	-48.1%
Personnel	(309,1)	-39,1%	(15,6)	-16,8%	(18,1)	-59,9%	-	(342.8)	-37.5%
Rents, condominium fees, municipal property tax	(64,0)	-8,1%	(0,1)	-0,1%	(0,1)	-0,3%	-	(64,2)	-7.0%
Textbook materials	(3,7)	-0,5%	(0,2)	-0,2%	0,0	0,0%	-	(3,9)	-0.4%
Third-party services and others	(28,3)	-3,6%	(0,0)	0,0%	(0,1)	-0,2%	-	(28,4)	-3.1%
Gross Profit	385,2	48,7%	77,0	83,0%	12,0	39,6%	-	474,1	51.9%
Selling, General and Administrative Expenses	(86,1)	-10,9%	(12,7)	-13,7%	(1,7)	-5,8%	(119,7)	(220,2)	-24.1%
Selling Expenses	(55,1)	-7,0%	(8,7)	-9,3%	(1,8)	-6,0%	(50,0)	(115,6)	-12.7%
PDA	(54,8)	-6,9%	(8,7)	-9,3%	(1,8)	-6,0%	-	(65,3)	-7.1%
Others	(0,3)	0,0%	-	-	-	-	-	(0,3)	0.0%
Marketing	-	-	-	-	-	-	(50,0)	(50,0)	-5.5%
General and Administrative Expenses	(30,9)	-3,9%	(4,0)	-4,3%	0,1	0,2%	(69,7)	(104,6)	-11.4%
Personnel	(1,3)	-0,2%	(2,7)	-3,0%	(0,1)	-0,3%	(37,6)	(41,7)	-4.6%
Expenses G&A	(31,7)	-4,0%	(1,3)	-1,4%	(0,9)	-2,9%	(27,2)	(61,1)	-6.7%
Others operating revenue	2,1	0,3%	0,0	0,0%	1,0	3,4%	(4,9)	(1,8)	-0.2%
EBITDA	299.1	37.8%	64.3	69.3%	10.2	33.8%	(119.7)	254.0	27.8%

Balance Sheet

R$ MM	06/30/2016	06/30/2017
Short-Term Assets	**1,599.3**	**1,721.9**
Cash & Cash Equivalents	82.2	61.3
Short-Term Investments	305.7	481.1
Accounts Receivable	1,020.0	1,009.0
Advance to Employees / Third-Parties	26.5	12.6
Prepaid Expenses	49.2	27.1
Taxes and contributions	78.3	79.9
Others	37.5	51.0
Long-Term Assets	**2,573.0**	**2,703.1**
Non-Current Assets	**569.2**	**653.4**
Accounts Receivable	309.5	332.4
Prepaid Expenses	5.3	5.3
Related Parties	1.0	-
Judicial Deposits	129.0	124.7
Taxes and contributions	32.4	78.6
Deferred Taxes and others	92.1	112.4
Permanent Assets	**2,003.7**	**2,049.6**
Investments	0.2	0.2
Fixed Assets	521.6	602.0
Intangible	1,481.9	1,447.4
Total Assets	**4,172.3**	**4,425.0**

Short-Term Liabilities	**539.3**	**1,052.1**
Loans and Financing	41.2	593.1
Suppliers	78.1	82.2
Salaries and Payroll Charges	224.4	229.8
Taxes Payable	78.2	67.2
Prepaid Monthly Tuition Fees	27.0	11.4
Advances under Partnership Agreement	2.9	1.9
Taxes Paid in Installments	3.7	3.1
Related Parties	0.4	0.5
Dividends Payable	0.0	0.0
Acquisition price to be paid	28.9	55.9
Others	54.3	6.8
Long-Term Liabilities	**956.9**	**637.5**
Loans and Financing	754.7	440.6
Contingencies	61.2	71.5
Advances under Partnership Agreement	1.9	-
Taxes Paid in Installments	12.9	11.5
Provision for asset retirement obligations	17.2	23.0
Deferred Taxes	28.4	18.2
Acquisition price to be paid	63.9	53.5
Others	16.6	19.2
Shareholders' Equity	**2,676.2**	**2,735.4**
Capital	1,124.1	1,130.8
Share Issuance Costs	(26.9)	(26.9)
Capital Reserves	662.0	661.3
Earnings Reserves	955.3	816.0
Income for the period	108.1	288.1
Treasury Stocks	(146.4)	(134.0)
Total Liabilities and Shareholders' Equity	**4,172.3**	**4,425.0**

Cash Flow Statement

R$ MM	2Q16	2Q17
Profit before income taxes and social contribution	**-17.9**	**177.3**
Adjustments to reconcile profit to net cash generated	**205.9**	**158.5**
Depreciation and amortization	44.6	53.9
Amortization of funding costs	0.3	0.8
Provision for impairment of trade receivables	70.0	65.3
Granted options - stock options	-4.4	1.5
Provision for contingencies	64.3	13.5
Inflation adjustment to FIES receivables	-12.0	-1.6
Adjustment to present value - FIES receivables	-4.8	-2.8
Tax credits	-1.5	-1.8
Interest on borrowings	30.5	29.7
(Gain) loss on the write-off of property and equipment and intangible assets	0.0	0.4
Provision with asset decommissioning	0.0	0.8
Others	18.9	-1.1
Result after reconciliation to net cash generated	**188.0**	**335.9**
Changes in assets and liabilities:	**5.5**	**-130.0**
(Increase) in accounts receivable	-14.3	-103.9
Decrease (increase) in other assets	-0.7	-3.8
(Increase) decrease in advances to employees / third parties	-0.3	-4.0
(Increase) decrease in prepaid expenses	16.4	8.6
(Increase) decrease in taxes and contributions	-5.8	-15.2
Increase (decrease) in suppliers	17.9	16.0
Increase (decrease) in taxes payable	-15.8	-0.3
Increase (decrease) in payroll and related charges	30.7	29.1
(Decrease) in prepaid monthly tuition fees	22.1	-11.0
Civil/Labor claims	-36.3	-7.9
(Decrease) in acquisition price to be paid	-8.4	-6.7
Increase (decrease) in other liabilities	45.8	-1.5
Decrease (increase) in taxes paid in installments	-2.2	-0.8
Increase (Decrease) in non-current assets	0.8	7.4
Increase in judicial deposits	-6.3	-2.7
Interest paid on borrowings	-39.7	-29.2
IRPJ and CSLL paid	1.6	-4.2
Net cash provided by (used in) operating activities	**193.6**	**205.9**

Cash flows from investing activities	**-43.9**	**-33.9**
Acquisition of property and equipment items	-29.2	-20.2
Intangible Assets	-16.1	-13.6
(Gain) loss in net book amount of property and equipment written-off	-0.5	0.0
Acquisitions	1.9	0.0
Net cash provided by (used in) investing activities	**149.7**	**172.1**
Cash flows from financing activities	**-124.0**	**-87.8**
Acquisition of stocks in treasury	3.8	8.1
Loans to subsidiaries	-4.4	0.0
Loans and financing	-115.1	-87.4
Exchange rate variation on foreign currency financing	9.8	0.0
Net increase in borrowings	-18.2	-8.5
Net cash provided by (used in) financing activities	**25.6**	**84.2**
Cash and cash equivalents at the beginning of the period	**362.3**	**458.1**
Increase (decrease) in cash and cash equivalents	25.6	84.2
Cash and cash equivalents at the end of the period	**387.9**	**542.3**

FISCAL COUNCIL'S REPORT ON THE
INTERIM FINANCIAL INFORMATION FOR THE
2ND QUARTER OF 2017

After the presentation by the Company's Management of the Interim Financial Information for the 2nd quarter of 2017, and based on the opinion of the external auditor Ernst Young Auditores Independentes, the Fiscal Council members, in the use of their legal duties, pursuant to article 163 of Law 6,404/76, approved the interim financial information for the period ended June 30, 2017. In their opinion, the Financial Statements reflect, in all material respects, the financial position of the Company and its subsidiaries for the second quarter of 2017.

Rio de Janeiro, July 21, 2017.

Emanuel Sotelino Schifferle
Sitting member

Vanessa Claro Lopes
Sitting member