

Estácio Participações S.A.

**Quarterly information (ITR) at
September 30, 2018 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 September 30, 2018, comprising the balance sheet at September 30, 2018, and the related statements of operations and statements of comprehensive income for the three and nine-month periods then ended and changes in equity and cash flow statement for the nine-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 nine-month period ended September 30, 2018, 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.

Rio de Janeiro, November 07, 2018.

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			Parent company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017		September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Assets					Liabilities and equity				
Current					Current				
Cash and cash equivalents (Note 3)	109	241	8,612	13,996	Accounts payable	1,982	2,205	112,983	70,923
Marketable securities (Note 3)	264,738	45,820	761,982	510,450	Borrowings (Note 11)	328,836	326,072	349,941	349,274
Accounts receivable (Note 4)			704,052	991,404	Salaries and social charges (Note 12)	366	352	232,496	158,640
Related parties (Note 5)	14	15,612			Taxes payable (Note 13)	176	172	32,221	76,794
Prepaid expenses (Note 6)		25	8,055	6,544	Monthly tuitions received in advance			21,633	13,341
Dividends receivable (Note 8)		390,957			Taxes payable in installments (Note 14)			3,821	4,295
Taxes and contributions (Note 7)	1,632	3,908	94,302	92,046	Related parties (Note 5)		2	5	100,846
Others			55,131	49,040	Dividends payable	5	100,846	49,446	57,109
					Price of acquisition payable (Note 15)			10,005	11,722
					Others	1,074	329		
	<u>266,493</u>	<u>456,563</u>	<u>1,632,134</u>	<u>1,663,480</u>					
						<u>332,439</u>	<u>429,978</u>	<u>812,551</u>	<u>842,944</u>
Non-current					Non-current				
Long-term receivables					Long-term payables				
Trade receivables (Note 4)			167,060	32,694	Borrowings (Note 11)	63,168	193,343	78,151	218,047
Prepaid expenses (Note 6)			4,920	5,105	Contingencies (Note 16)	289	172	123,491	86,284
Judicial deposits (Note 16)		185	97,516	102,808	Taxes payable in installments (Note 14)			7,092	10,301
Deferred taxes (Note 27)			178,295	70,617	Deferred taxes (Note 27)	1,000	4,361	5,933	14,177
Taxes and contributions (Note 7)	40,844	36,981	91,516	80,322	Provision for asset decommissioning			24,784	22,196
Others			25,004	43,217	Price of acquisition payable (Note 15)			5,610	29,989
	<u>40,844</u>	<u>37,166</u>	<u>564,311</u>	<u>334,763</u>	Others	30	30	20,712	19,900
						<u>64,487</u>	<u>197,906</u>	<u>265,773</u>	<u>400,894</u>
Investments					Equity (Note 17)				
In subsidiaries (Note 8)					Share capital	1,139,764	1,130,818	1,139,764	1,130,818
Others	2,429,466	2,118,132	228	228	Share issue costs	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)			1,399,568	1,420,208	Capital reserves	663,567	663,981	663,567	663,981
Property and equipment (Note 10)	783,462	793,280	605,422	602,416	Revenue reserves	924,929	1,139,764	924,929	1,139,764
	<u>3,212,928</u>	<u>2,911,412</u>	<u>2,005,218</u>	<u>2,022,852</u>	Treasury shares	(206,641)	(130,454)	(206,641)	(130,454)
					Retained earnings	628,572		628,572	
	<u>3,253,772</u>	<u>2,948,578</u>	<u>2,569,529</u>	<u>2,357,615</u>		<u>3,123,339</u>	<u>2,777,257</u>	<u>3,123,339</u>	<u>2,777,257</u>
Total assets	<u>3,520,265</u>	<u>3,405,141</u>	<u>4,201,663</u>	<u>4,021,095</u>	Total liabilities and equity	<u>3,520,265</u>	<u>3,405,141</u>	<u>4,201,663</u>	<u>4,021,095</u>

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

Estácio Participações S.A.**Statement of income****Quarters ended September 30**

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	2018	2017	2018	2017
Continuing operations				
Net operating revenue (Note 21)			2,752,355	2,540,524
Cost of services rendered (Note 22)			(1,176,612)	(1,286,547)
Gross profit			1,575,743	1,253,977
Operating income (expenses)				
Selling expenses (Note 23)			(395,685)	(324,677)
General and administrative expenses (Note 23)	(24,113)	(29,350)	(437,860)	(395,126)
Equity in the results of subsidiaries (Note 8)	673,450	528,762		
Other operating income (Note 24)	166	1,199	(7,323)	9,358
Operating profit	649,503	500,611	734,875	543,532
Finance income (Note 25)	5,489	11,417	73,139	91,982
Finance costs (Note 25)	(29,781)	(95,141)	(167,936)	(194,533)
Finance result, net	(24,292)	(83,724)	(94,797)	(102,551)
Profit before income tax and social contribution	625,211	416,887	640,078	440,981
Current and deferred income tax (Note 27)	2,471	15,066	(7,584)	(1,916)
Current and deferred social contribution (Note 27)	890	5,424	(3,922)	(1,688)
Earnings for the period attributable to the stockholders	628,572	437,377	628,572	437,377
Basic earnings per share (Note 20)	2.04883	1.41656	2.04883	1.41656
Diluted earnings per share (Note 20)	2.04883	1.41656	2.04883	1.41656

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

Estácio Participações S.A.**Statement of comprehensive income****Quarters ended September 30**

All amounts in thousands of reais unless otherwise stated

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period	628,572	437,377	628,572	437,377
	<u>628,572</u>	<u>437,377</u>	<u>628,572</u>	<u>437,377</u>
Total comprehensive income for the period, net of taxes				
Attributable to:				
Controlling stockholders				
Non-controlling interests	<u>628,572</u>	<u>437,377</u>	<u>628,572</u>	<u>437,377</u>

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, 2017	1,130,818	(26,852)	210		595,464	65,449	93,199	722,815	(146,430)		2,434,673
Options granted (Note 19)						6,095					6,095
Long-term incentives (Note 19)			94								94
Discount on disposal of treasury shares (Note 17 d.3)				(4,476)					4,476		
Stock Options payment (Note 17)									8,147		8,147
Profit for the year										437,377	437,377
At September 30, 2017	1,130,818	(26,852)	304	(4,476)	595,464	71,544	93,199	722,815	(133,807)	437,377	2,886,386
Options granted (Note 19)						1,363					1,363
Discount on disposal of treasury shares (Note 17 d.3)				(218)					218		
Stock Options payment (Note 17)									3,135		3,135
Profit for the year										(12,787)	(12,787)
Allocation of profit											
Transfer to reserves							21,230	302,520		(323,750)	
Mandatory minimum dividend (R\$ 0.33 per share)										(100,840)	(100,840)
At December 31, 2017	1,130,818	(26,852)	304	(4,694)	595,464	72,907	114,429	1,025,335	(130,454)		2,777,257
Options granted (Note 19)						2,875					2,875
Treasury shares acquired (Note 17)									(249,937)		(249,937)
Discount on disposal of treasury shares (Note 17 d.3)				(3,289)					3,289		
Cancellation of shares in treasury (Note 17 c)								(154,603)	154,603		
Stock Options payment (Note 17)									15,858		15,858
Capital increase	8,946							(8,946)			
Profit for the period										628,572	628,572
Adoption of the new standard IFRS 09 (Note 1.4)								(51,286)			(51,286)
At September 30, 2018	1,139,764	(26,852)	304	(7,983)	595,464	75,782	114,429	810,500	(206,641)	628,572	3,123,339

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

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

	Parent company		Consolidated	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax and social contribution	625,211	416,887	640,079	440,981
Adjustments to reconcile profit with cash from operations				
Depreciation and amortization (Notes 9, 10, 22, 23)	9,818	13,210	143,913	148,839
Amortization of funding costs (Note 11)	2,164	8,078	2,164	8,078
Provision for impairment of trade receivables (Note 4)			219,546	150,255
Options granted – stock options provision (Note 8, 19)			2,875	6,095
Provision for long-term incentives (Note 8, 19)				94
Provision for contingencies (Note 16)	117		92,585	67,493
Update of trade receivables - FIES			(8,419)	(7,459)
Present value - trade receivables			(49,451)	(11,347)
Adjustment to present value - others trade receivables			(2,519)	
Adjusted tax credits	(1,548)	(2,491)	(2,794)	(9,023)
Interest on borrowings	26,121	84,513	26,669	90,455
Equity in the results of subsidiaries (Note 8)	(673,450)	(528,762)		
Loss on the disposal of property and equipment and intangible assets (Notes 9, 10)		27	1,676	620
Provision for decommissioning of assets			2,726	3,123
Restatement of commitments payable			2,965	5,917
Others		(2,100)	301	(2,147)
	<u>(11,567)</u>	<u>(10,638)</u>	<u>1,072,316</u>	<u>891,974</u>
Changes in assets and liabilities:				
(Increase) in trade receivables			(86,395)	(111,139)
Increase (decrease) in other assets	15,598	94	(3,593)	(13,088)
Increase (decrease) in prepaid expenses	25	172	(1,511)	22,759
(Increase) in taxes and contributions	(39)	(769)	(41,205)	(4,286)
Increase (decrease) in trade payables	(223)	(489)	42,060	14,511
Increase (decrease) in taxes payable	4	27	(49,801)	(14,087)
Increase in salaries and social charges	14	195	73,856	85,802
(Decrease) in monthly tuitions received in advance			8,292	(9,122)
(Decrease) Labor/civil convictions			(55,378)	(61,857)
(Decrease) Provision for decommissioning of assets			(138)	(1,220)
Increase (decrease) in other liabilities	745	744	(906)	(3,265)
(Decrease) in taxes paid in installments			(3,963)	(920)
Decrease in non-current assets			18,398	12,868
Increase (decrease) in judicial deposits	185	(9)	5,292	(6,458)
	<u>4,742</u>	<u>(10,673)</u>	<u>977,324</u>	<u>802,472</u>
Interest paid on borrowings	(14,967)	(54,737)	(14,811)	(54,737)
Corporate Income Tax (IRPJ) and Social Contribution on Net income (CSLL) paid			(65,232)	(12,972)
Net cash provided by (used in) operating activities	<u>10,225</u>	<u>(65,410)</u>	<u>897,281</u>	<u>734,763</u>
Cash flows from investing activities:				
Property and equipment (Note 10)			(78,195)	(61,611)
Intangible assets (Note 9)			(49,760)	(40,250)
Dividends received	720,957	395,500		
Advance for future capital increase (Note 8)	(16,295)	(10,205)		
Price of acquisition payable			(35,007)	(38,176)
Net cash used in investing activities	<u>704,662</u>	<u>385,295</u>	<u>(162,962)</u>	<u>(140,037)</u>
Cash flows from financing activities				
Treasury shares acquired	(249,937)		(249,937)	
Use of treasury shares resulting from the exercise of stock options	15,858	8,147	15,858	8,147
Dividends paid	(100,841)	(87,433)	(100,841)	(87,433)
New borrowings and financing			6,170	
Cost of borrowing acquisition	151		151	
Repayment of borrowings	(140,882)	(192,060)	(159,572)	(209,921)
Net cash provided by (used in) financing activities	<u>(475,651)</u>	<u>(271,346)</u>	<u>(488,171)</u>	<u>(289,207)</u>
Increase in cash and cash equivalents	<u>218,786</u>	<u>48,539</u>	<u>246,148</u>	<u>305,519</u>
Cash and cash equivalents at the beginning of the period (Note 3)	46,061	127,335	524,446	404,009
Cash and cash equivalents at the end of the period (Note 3)	<u>264,847</u>	<u>175,874</u>	<u>770,594</u>	<u>709,528</u>
Changes in cash and cash equivalents	<u>218,786</u>	<u>48,539</u>	<u>246,148</u>	<u>305,519</u>

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

Estácio Participações S.A.

Statement of value added Quarters ended September 30

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	2018	2017	2018	2017
Revenue				
Educational services			2,866,408	2,641,394
Other revenue			6,317	14,704
Provision for impairment of trade receivables			(219,546)	(150,255)
Other selling expenses			(812)	(1,236)
			2,652,367	2,504,607
Inputs acquired from third parties				
Materials, energy and outsourced services	(10,334)	(11,671)	(449,696)	(400,248)
Contingencies	(110)		(70,220)	(67,465)
	(10,444)	(11,671)	(519,916)	(467,713)
Gross value added	(10,444)	(11,671)	2,132,451	2,036,894
Depreciation and amortization	(9,818)	(13,210)	(143,913)	(148,839)
Net value added generated by the entity	(20,262)	(24,881)	1,988,538	1,888,055
Value added received through transfer				
Equity in results of investees	673,450	528,762		
Interest income	5,489	11,417	73,139	91,982
Others	(2,122)	(6,752)	6,250	2,629
	676,817	533,427	79,389	94,611
Total value added to distribute	656,555	508,546	2,067,927	1,982,666
Distribution of value added				
Work remuneration				
Direct remuneration				
Benefits	3,079	3,632	710,495	777,905
Government Severance Indemnity Fund for Employees (FGTS)			35,854	35,064
			49,152	57,466
	3,079	3,632	795,501	870,435
Taxes, charges and contributions				
Federal	(2,306)	(18,997)	192,061	203,288
State				6
Municipal			117,031	109,777
	(2,306)	(18,997)	309,092	313,071
Third-party capital remuneration				
Interest	27,210	86,534	162,218	182,704
Rentals			172,544	179,079
	27,210	86,534	334,762	361,783
Own capital remuneration				
Retained earnings	628,572	437,377	628,572	437,377
	628,572	437,377	628,572	437,377
Value added distributed	656,555	508,546	2,067,927	1,982,666

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

Estácio Participações S.A.

Notes to the financial statements

at September 30, 2018

All amounts in thousands of reais unless otherwise stated

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 fifty-six colleges, distributed in twenty-three States of the country and in the Federal District.

The Company's Board of Directors, in a meeting held on November 7, 2018, 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 (parent company and consolidated), 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, 2017, except for the adoption of IFRS 15/CPC 47 and IFRS 9/CPC 48, mentioned in the following paragraph at January 1, 2018. Accordingly, the quarterly information should be read together with the financial statements for the year ended December 31, 2017.

1.4 Changes in accounting policies and disclosures

New standards that are effective as from 2018

The following new standards have been issued by IASB, CPC and CVM and are effective for the year 2018.

IFRS 9/CPC 48 - "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and is effective as from January 1, 2018. It replaces the orientation included in IAS 39 related to the classification and measurement of financial instruments. The main amendments brought by IFRS 9 are: (i) new criteria for the classification of financial assets; (ii) new impairment model for financial assets, which is hybrid of expected and incurred losses, replacing the current model of incurred losses; and (iii) relaxation of the requirements for adoption of the hedge accounting.

The Company has adopted the new standard as from January 1, 2018, and will not restate comparatives, as permitted by the standard.

The Company conducted a detailed impact evaluation of the three aspects of IFRS 9 mentioned above and decided to increase the provision for impairment of receivables, which resulted in a negative impact

Estácio Participações S.A.

Notes to the financial statements

at September 30, 2018

All amounts in thousands of reais unless otherwise stated

on equity, as discussed below.

The Company has applied a simplified approach and record lifetime expected losses on trade receivables. Due to the unsecured nature of its receivables, the provision for impairment of receivables increased by R\$ 77,705, with the related decrease in deferred tax liabilities in the amount of R\$ 26,419. Accordingly, these impacts reduced equity in the beginning of 2018 by R\$ 51,286.

The Company expects to continue to evaluate at fair value all financial assets currently held at fair value.

Borrowings, as well as trade receivables, are held to obtain contractual cash flows and are expected to generate cash flows representing only principal and interest payments. The Company analyzed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for measurement of amortized cost in accordance with IFRS 9. Therefore, no reclassification of these instruments is required.

The Company does not enter into transactions with derivatives or hedging relationships.

.IFRS 15/CPC 47 - "Revenue from contracts with customers "-This new standard introduces the principles to be applied by an entity to determine the measure and recognition of revenue. This standard is based on the principle that revenue is recognized when the control of a good or service is transferred to a customer, so the control principle will replace the principle of risks and rewards. Effective date is January 1, 2018 and it replaces IAS 11/CPC17 - "Construction Contracts", IAS 18/CPC30 - "Revenue" and related.

The Company has adopted the new standard as from January 1, 2018, and will not restate comparatives, as permitted by the standard. The Company does not identify any significant impact on the financial statements.

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, 2017.

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, 2017.
- Insurance.
- Other information.

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Notes to the financial statements

at September 30, 2018

All amounts in thousands of reais unless otherwise stated

3 Cash and cash equivalents and marketable securities

	Parent company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Cash and banks	109	241	8,612	13,996
Cash and cash equivalents	109	241	8,612	13,996
Government securities (Investment funds)	220,388	28,354	611,833	361,334
LFs (Investment funds)	35,677	7,709	99,045	98,294
Bank Deposit Certificates (CDB)	8,507	8,213	49,256	30,000
CDB (Investment funds)	124	1,092	345	13,920
Repurchase agreements		44		57
Repurchase agreements (Investment funds)		373		4,760
Government securities (Itaú Judicial)	42	35	1,488	1,945
Savings bond			15	140
Marketable securities	264,738	45,820	761,982	510,450

The Company has a Investments Policy that stipulates that investments must be in low risk marketable securities with highly-rated financial institutions. At September 30, 2018, 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 September 30, 2018 and December 31, 2017, all of the Company's marketable securities are classified as "at amortized cost".

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 (September 30, 2018 - 6.39%; December 31, 2017 - 6.89%). 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. Bradesco Funds are remunerated at the average Interbank Deposit Certificate (CDI) rate of 97.70% in at September 30, 2018 (100.19% at December 31, 2017); Estapart (Itaú) Funds are remunerated at the average Interbank Deposit Certificate (CDI) rate of 99.86% at September 30, 2018 (100.55% at December 31, 2017); ItaúJud (Itaú) Funds are remunerated at the average Interbank Deposit Certificate (CDI) rate of 54.35% at September 30, 2018 (56.80% at December 31, 2017).

The Bank Deposit Certificates (CDBs) are remunerated at the average Interbank Deposit Certificate (CDI) rate of 98.76% at September 30, 2018 (99.51% at December 31, 2017).

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4 Trade receivables

	Consolidated	
	September 30, 2018	December 31, 2017
Monthly tuition	732,880	473,081
Student Financing Fund (FIES) (a)	338,711	600,725
Agreements and exchanges	24,251	21,129
Receivables on credit cards (b)	102,467	58,337
Renegotiated receivables	88,258	91,570
	<u>1,286,567</u>	<u>1,244,842</u>
Provision for doubtful credits	(346,588)	(205,062)
Amounts to be identified	(8,032)	(4,298)
(-) Adjustment to present value (c)	<u>(60,835)</u>	<u>(11,384)</u>
	<u>871,112</u>	<u>1,024,098</u>
Current assets	704,052	991,404
Non-current assets	<u>167,060</u>	<u>32,694</u>
	<u>871,112</u>	<u>1,024,098</u>

The balance of long-term receivables as of September 30, 2018 is related to PAR (Programa de Parcelamento Estácio), DIS (Dilution of monthly tuition fees) and Educar Amazônia. The composition by age is as follows:

	Consolidated	
	September 30, 2018	December 31, 2017
2019	4,458	4,589
2020	14,009	3,376
2021	50,605	16,829
2022	172,363	52,583
2023 to 2024	68,700	391
(-) Adjustment to present value – PAR, DIS and Educar (c)	(60,835)	(11,384)
(-) Provision for impairment of trade receivables – PAR, DIS and Educar	<u>(82,240)</u>	<u>(33,690)</u>
Non-current assets	<u>167,060</u>	<u>32,694</u>

PAR is a type of installment payment arrangement offered by Estácio to its students, whereby the student can pay in installments up to 70% of the monthly tuition fees as from the 1st month following that of the completion of the program, and the related amount is monetarily restated by the IPCA.

DIS is a type of payment arrangement whereby the student pays R\$ 49.00 for the first monthly payments, and the difference between the amount paid and the full monthly tuition fee (not considering any scholarship and/or benefits) is diluted among the number of monthly tuition payments corresponding to the estimated full term of the minimum regular program, monthly updated based on the Extended Consumer Price Index (IPCA).

- (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 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. In August 2018, the Company received the last installment referring to the balance negotiated with the government on February 3, 2016 in the amount of R\$ 342,099.
- (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

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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.
- (c) At September 30, 2018, the adjustment to present value amounts to R\$ 60,835 (R\$ 43,532 related to PAR, R\$ 17,020 to DIS and R\$ 283 related to the Educar Amazônia program) and on December 31, it amounts to R\$ 11,384 (R\$ 11,195 related to PAR and R\$ 189 related to the Educar Amazônia program).

The composition of receivables by age is as follows:

	Consolidated			
	September 30, 2018	%	December 31, 2017	%
FIES	338,711	26	600,725	48
Not yet due	574,735	45	175,834	14
Overdue for up to 30 days	93,208	7	91,720	8
Overdue from 31 to 60 days	35,494	3	63,660	5
Overdue from 61 to 90 days	11,678	1	57,762	5
Overdue from 91 to 179 days	109,555	9	77,672	6
Overdue for more than 180 days	123,186	9	177,469	14
	<u>1,286,567</u>	<u>100</u>	<u>1,244,842</u>	<u>100</u>

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

	Consolidated			
	September 30, 2018	%	December 31, 2017	%
Not yet due	43,900	50	38,781	42
Overdue for up to 30 days	6,995	8	8,891	10
Overdue from 31 to 60 days	2,988	3	7,603	8
Overdue from 61 to 90 days	1,978	2	7,060	8
Overdue from 91 to 179 days	8,444	10	14,698	16
Overdue for more than 180 days	23,953	27	14,537	16
	<u>88,258</u>	<u>100</u>	<u>91,570</u>	<u>100</u>

As described in Note 1.4, on January 1, 2018, the provision for impairment of receivables started to be calculated according to the guidelines established in IFRS 9 - CPC 48. Therefore, the provision for impairment of trade receivables started to be recorded based on the aging of receivables, according to which each period of delay corresponds to a percentage of probability of expected loss. Until December 31, 2017, this provision was equivalent to the balance of 100% of the monthly tuition fees overdue for more than 180 days.

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

Balance at December 31, 2016	205,637
Additions	150,255
Write-off of bills overdue for more than 360 days	(179,053)
Balance at September 30, 2017	176,839
Additions	76,388
Write-off of bills overdue for more than 360 days	(48,165)
Balance at December 31, 2017	205,062
Additions	219,013
Adoption of the new practices entered into equity (Note 1.4)	77,705
Write-offs of checks returned/overdue for more than 360 days	(155,192)
Balance at September 30, 2018	346,588

For the period ended September 30, 2018 and 2017, expenses with the provision for impairment of trade receivables, recognized in the statement of income as selling expenses (Note 23), are as follows:

	Consolidated	
	2018	2017
Net effect of the provision for impairment of receivables in profit or loss	219,013	150,255
Write-offs of bank-issued invoices overdue for more than 360 days	167	
Others	366	
	219,546	150,255

5 Related-party

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 (R1), and are as follows:

	Parent company	
	September 30, 2018	December 31, 2017
Current assets		
Current account		
Seses	6	8,799
Fatern		220
Irep	2	5,020
Atual		967
Seama		229
São Luís		263
Estácio Ribeirão Preto		103
Nova Academia, FAL, Editora, Fargs e Facitec	6	11
Subsidiaries	14	15,612

	Parent company	
	September 30, 2018	December 31, 2017
Current liabilities		
Current account		
Atual		2
Subsidiaries		2

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6 Prepaid expenses

	Consolidated	
	September 30, 2018	December 31, 2017
Insurance	1,892	1,326
Municipal Real Estate Tax (IPTU)	3,152	
Teaching materials (i)	1,328	2,273
Anticipation of vacation pay and charges	1,404	2,404
Registration fee - Ministry of Education (MEC)	2,140	2,507
Technical-pedagogical cooperation - Santa Casa	2,363	2,466
Other prepaid expenses	696	673
Total	12,975	11,649
Current assets	8,055	6,544
Non-current assets	4,920	5,105
	12,975	11,649

- (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	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Withholding Income Tax (IRRF)	788	2,709	8,003	14,463
Corporate Income Tax (IRPJ) / Social Contribution on Net Income (CSLL) (Prepayments) (i)			33,423	33,080
Corporate Income Tax (IRPJ) / Social Contribution on Net Income (CSLL) (Loss carryforward) (ii)	41,653	38,040	73,577	72,359
Social Integration Program (PIS)		6	3,439	612
Social Contribution on Revenues (COFINS)	5	25	15,720	2,196
Services Tax (ISS)	3	3	49,824	42,659
National Institute of Social Security (INSS)			1,248	6,333
Others	27	106	584	666
	42,476	40,889	185,818	172,368
Current assets	1,632	3,908	94,302	92,046
Non-current assets	40,844	36,981	91,516	80,322
	42,476	40,889	185,818	172,368

- (i) This amount refers to advance payments of IRPJ and CSLL, required by legislation, which were made in 2018 and 2017, respectively. The composition of the amount totaling R\$ 33,423 in 2018 is as follows: SESES - R\$ 25,293, IREP - R\$ 3,609 and other companies - R\$ 4,521.

- (ii) This amount represents the advance overpayments of IRPJ/CSLL in prior years, and has been used to offset federal taxes and monthly restated based on the Selic rate.

As described in Note 27, the calculation of the Prouni's tax incentive was revised due to a temporary disqualification of a subsidiary that resulted in accumulated tax credits related to the overpayment of PIS/COFINS and advance payments of income tax and social contribution on September 30, 2018.

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8 Investments in subsidiaries

(a) Parent company Estácio Participações S.A.

	September 30, 2018		December 31, 2017	
	Investments	Losses on investments	Investments	Losses on investments
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	1,233,743		1,017,888	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,107,015		1,043,362	
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	3,364		3,505	
Estácio Editora e Distribuidora Ltda. ("EDITORA")		(30)		(30)
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	85,344		53,377	
	<u>2,429,466</u>	<u>(30)</u>	<u>2,118,132</u>	<u>(30)</u>

The subsidiaries' information is as follows:

September 30, 2018								
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	1,696,599	462,856	1,233,743		1,233,743	376,153
IREP	100%	515,080	1,378,866	334,293	1,044,573	62,442	1,107,015	232,988
NACP	100%	15,699	4,673	1,309	3,364		3,364	(1,260)
Editora (i)	100%	251	31	66	(35)	5	(30)	
Estácio Ribeirão Preto	100%	23,837	114,745	27,171	87,574	(2,230)	85,344	65,569
		<u>3,194,914</u>	<u>825,695</u>	<u>2,369,219</u>	<u>62,447</u>	<u>(2,230)</u>	<u>2,429,436</u>	<u>673,450</u>

December 31, 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	1,567,355	549,467	1,017,888		1,017,888	285,225
IREP	100%	499,979	1,344,206	363,286	980,920	62,442	1,043,362	228,625
NACP	100%	13,105	4,015	510	3,505		3,505	(1,324)
Editora (i)	100%	251	31	66	(35)	5	(30)	
Estácio Ribeirão Preto	100%	23,837	118,661	63,054	55,607	(2,230)	53,377	37,804
		<u>3,034,268</u>	<u>976,383</u>	<u>2,057,885</u>	<u>62,447</u>	<u>(2,230)</u>	<u>2,118,102</u>	<u>550,330</u>

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

The global changes in the investments in subsidiaries in the period ended September 30, 2018 and in the year ended December 31, 2017 are as follows:

Investments in subsidiaries at December 31, 2016	2,305,020
Equity in the results of subsidiaries	550,330
Advance for future capital increase	10,205
Options granted	7,458
Supplementary dividends of 2016	(350,000)
Dividends of 2017	(390,957)
Impairment (Goodwill)	(14,018)
Long-term incentives	94
Investments in subsidiaries at December 31, 2017	<u>2,118,132</u>
Equity in the results of subsidiaries	673,450
Advance for future capital increase	16,295
Supplementary dividends of 2017	(330,000)
Options granted	2,875
Adoption of the new standard IFRS 09 (Note 1.4)	(51,286)
Investments in subsidiaries at September 30, 2018	<u>2,429,466</u>

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The accounting information of the subsidiaries used in the application of the equity accounting method were related to the base date September 30, 2018.

The direct subsidiaries' investments are as follows:

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

	September 30, 2018	December 31, 2017
Sociedade Educacional Atual da Amazônia ("ATUAL")	587,992	505,108
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	11,456	12,213
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	<u>30,545</u>	<u>30,726</u>
	<u>629,993</u>	<u>548,047</u>

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

								September 30, 2018
	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Goodwill	Total	Equity in the result of investees
ATUAL	100%	38,991	723,833	151,344	572,489	15,503	587,992	83,932
FAL	100%	20,031	9,531	6,151	3,380	8,076	11,456	(3,200)
FATERN	100%	9,160	<u>20,070</u>	<u>4,504</u>	<u>15,566</u>	<u>14,979</u>	<u>30,545</u>	<u>27</u>
			<u>753,434</u>	<u>161,999</u>	<u>591,435</u>	<u>38,558</u>	<u>629,993</u>	<u>80,759</u>
								December 31, 2017
	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Goodwill	Total	Equity in the result of investees
ATUAL	100%	34,186	634,005	144,400	489,605	15,503	505,108	73,978
FAL	100%	17,218	7,898	3,761	4,137	8,076	12,213	(3,534)
FATERN	100%	9,160	<u>22,394</u>	<u>6,647</u>	<u>15,747</u>	<u>14,979</u>	<u>30,726</u>	<u>1,878</u>
			<u>664,297</u>	<u>154,808</u>	<u>509,489</u>	<u>38,558</u>	<u>548,047</u>	<u>72,322</u>

The global changes of the investments of the direct subsidiary IREP in subsidiaries in the period ended September 30, 2018 and in the year ended December 31, 2017 are as follows:

Investments in subsidiaries at December 31, 2016	496,838
Equity	72,322
Advance for future capital increase	33,965
Dividends of 2017	<u>(55,078)</u>
Investments in subsidiaries at December 31, 2017	<u>548,047</u>
Equity	80,759
Advance for future capital increase	31,151
Supplementary dividends of 2017	(20,000)
Adoption of the new standard IFRS 09	<u>(9,964)</u>
Investments in subsidiaries at September 30, 2018	<u>629,993</u>

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

	September 30, 2018	December 31, 2017
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUL")	2,818	2,584
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	3,271	3,054
Sociedade Educacional da Amazônia ("SEAMA")	50,140	50,948
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	18,619	19,328
Unisãoluis Educacional S.A ("SÃO LUIS")	94,279	79,419
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	50,624	42,687
Associação de Ensino de Santa Catarina ("ASSESC")	7,562	6,680
Instituto de Estudos Superiores da Amazônia ("IESAM")	99,310	85,779
Centro de Assistência ao Desenvolvimento de formação Profissional Unicel Ltda. ("Estácio Amazonas")	53,109	53,690
Centro de Ensino Unificado de Teresina ("CEUT")	50,137	41,874
Faculdade Nossa Cidade ("FNC")	97,938	94,899
Faculdades Integradas de Castanhal Ltda. ("FCAT")	34,355	28,366
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFS")	15,977	14,044
	<u>578,139</u>	<u>523,352</u>

Information on ATUAL's subsidiaries is as follows:

September 30, 2018								
	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Goodwill	Goodwill	Equity in the result of investees
UNIUL	100%	9,478	2,714	852	1,862	956	2,818	(844)
IDEZ	100%	7,297	2,196	972	1,224	2,047	3,271	(845)
SEAMA	100%	4,407	38,073	5,968	32,105	18,035	50,140	10,331
FARGS	100%	8,606	16,875	6,311	10,564	8,055	18,619	(456)
SÃO LUIS	100%	3,795	78,913	12,002	66,911	27,368	94,279	26,145
FACITEC	100%	6,051	32,486	8,516	23,970	26,654	50,624	9,206
ASSESC	100%	2,416	4,975	2,136	2,839	4,723	7,562	(608)
IESAM	100%	2,810	73,311	13,811	59,500	26,797	13,013	14,978
Estácio Amazonas	100%	46,957	40,257	13,489	26,768	26,214	127	808
CEUT	100%	16,938	31,804	10,276	21,528	27,568	1,041	10,218
FNC	100%	22,328	29,239	7,761	21,478	72,046	4,414	7,462
FCAT	100%	11,341	18,988	7,038	11,950	20,121	2,284	8,817
FUFS	100%	13,593	11,325	2,303	9,022	6,255	700	(684)
			<u>381,156</u>	<u>91,435</u>	<u>289,721</u>	<u>266,839</u>	<u>21,579</u>	<u>84,528</u>
December 31, 2017								
	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Goodwill	Goodwill	Equity in the result of investees
UNIUL	100%	4,626	2,377	749	1,628	956	2,584	(724)
IDEZ	100%	5,894	2,675	1,668	1,007	2,047	3,054	(1,417)
SEAMA	100%	3,232	45,593	12,680	32,913	18,035	50,948	9,183
FARGS	100%	7,181	15,430	4,157	11,273	8,055	19,328	719
SÃO LUIS	100%	220	91,761	39,710	52,051	27,368	79,419	41,274
FACITEC	100%	6,051	28,723	12,950	15,773	26,654	260	9,630
ASSESC	100%	3	4,560	2,603	1,957	4,723	6,680	(1,209)
IESAM	100%	2,400	68,322	22,957	45,365	26,797	13,617	9,868
Estácio Amazonas	100%	46,957	45,858	18,891	26,967	26,214	509	(3,383)
CEUT	100%	2,408	27,772	15,176	12,596	27,568	1,710	7,311
FNC	100%	20,928	31,136	16,196	14,940	72,046	7,913	7,612
FCAT	100%	100	15,166	10,993	4,173	20,121	4,072	1,382
FUFS	100%	2,905	8,821	2,475	6,346	6,255	1,443	(1,680)
			<u>388,194</u>	<u>161,205</u>	<u>226,989</u>	<u>266,839</u>	<u>29,524</u>	<u>78,566</u>

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The global changes of the investments of the direct subsidiary ATUAL in subsidiaries in the period ended September 30, 2018 and in the year ended December 31, 2017 are as follows:

Investments in subsidiaries at December 31, 2016	500,224
Equity	78,566
Advance for future capital increase	10,930
Amortization of goodwill	(12,904)
Dividends of 2017	(53,464)
Investments in subsidiaries at December 31, 2017	523,352
Equity	84,528
Advance for future capital increase	7,190
Amortization of goodwill	(20,000)
Supplementary dividends of 2017	(7,945)
Adoption of the new standard IFRS 09	(8,986)
Investments in subsidiaries at September 30, 2018	578,139

9 Intangible assets

(a) Intangible assets – Parent company

	December 31, 2017		September 30, 2018
	Cost	Additions	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
Amortization			
Right of use of software	20% p.a.	(77)	(10)
Project Integração	20% p.a.	(54)	(32)
Goodwill	20 to 33% p.a.	(66,669)	(9,776)
		(66,800)	(9,818)
Net book value		793,280	783,462

	December 31, 2016		September 30, 2017
	Cost	Additions	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

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	Amortization rates	Amortization	Additions	Amortization
Amortization				
Right of use of software	20% p.a.	(59)	(14)	(73)
Project Integração	20% p.a.	(11)	(32)	(43)
Goodwill	20 to 50% p.a.	(50,263)	(13,148)	(63,411)
		<u>(50,333)</u>	<u>(13,194)</u>	<u>(63,527)</u>
Net book value		<u>809,747</u>	<u>(13,194)</u>	<u>796,553</u>

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

(b) Intangible assets – Consolidate

		December 31, 2017					September 30, 2018
		Cost	Additions	Disposals	Transfers	Reclassification to fixed assets	Cost
Cost							
Goodwill on the acquisition of investments		1,181,481					1,181,481
Right of use of software		272,394	35,346	(736)	(17)	(755)	306,232
Integration and distance learning project		18,298					18,298
Learning Center		76,677	5,202				81,879
IT architecture		21,664					21,664
Online class material		7,821	222				8,043
Knowledge Factory - EAD		33,868	4,752				38,620
Question bank		10,703	722				11,425
Goodwill		173,503					173,503
Others		27,394	3,516	(413)	16		30,513
		1,823,803	49,760	(1,149)	(1)	(755)	1,871,658
	Amortization rates	Amortization	Additions	Disposals	Transfers	Reclassification to fixed assets	Amortization
Amortization							
Goodwill on the acquisition of investments	Indefinite	(6,924)					(6,924)
Right of use of software	20% p.a.	(192,746)	(32,683)	730	1	828	(223,870)
Integration and distance learning project	20% p.a.	(16,408)	(606)				(17,014)
Learning Center	10% p.a.	(19,912)	(8,329)				(28,241)
IT architecture	17 to 20% p.a.	(8,530)	(2,884)				(11,414)
Online class material	20% p.a.	(6,436)	(441)				(6,877)
Knowledge Factory - EAD	10% p.a.	(4,537)	(3,110)				(7,647)
Question bank	20% p.a.	(3,442)	(1,624)				(5,066)
Goodwill	20 to 50% p.a.	(130,945)	(17,721)				(148,666)
Others	20% p.a.	(13,715)	(2,696)	40			(16,371)
		(403,595)	(70,094)	770	1	828	(472,090)
Net book value		1,420,208	(20,334)	(379)		73	1,399,568

	December 31, 2016					September 30, 2017
	Cost	Additions	Disposals	Transfers	Reclassification to fixed assets	Cost
Cost						
Goodwill on the acquisition of investments	1,195,499					1,195,499
Right of use of software	236,101	27,376	(4,498)		(34)	258,945
Integration and distance learning project	18,298					18,298
Learning Center	72,123	3,221		(3)		75,341
IT architecture	19,174	1,635				20,809
Online class material	7,603	188				7,791
Knowledge Factory - EAD	28,741	3,909				32,650
Question bank	9,268	1,044				10,312
Goodwill	174,018		(515)			173,503
Others	24,213	2,877	(104)	3		26,989
	<u>1,785,038</u>	<u>40,250</u>	<u>(5,117)</u>		<u>(34)</u>	<u>1,820,137</u>

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	Amortization rates	Amortization	Additions	Disposals	Transfers	Reclassification to fixed assets	Amortization
Amortization							
Goodwill on the acquisition of investments	Indefinite	(6,924)					(6,924)
Right of use of software	20% p.a.	(148,808)	(36,325)	4,498		2	(180,633)
Integration and distance learning project	20% p.a.	(15,600)	(606)				(16,206)
Learning Center	5% p.a.	(16,590)	(2,476)				(19,066)
IT architecture	17 to 20% p.a.	(5,183)	(2,510)				(7,693)
Online class material	20% p.a.	(4,900)	(1,149)				(6,049)
Knowledge Factory - EAD	5% p.a.	(3,043)	(1,106)				(4,149)
Question bank	20% p.a.	(1,543)	(1,411)				(2,954)
Goodwill	20 a 50% p.a.	(102,150)	(23,161)	515			(124,796)
Others	20% p.a.	(10,805)	(2,248)	100			(12,953)
		(315,546)	(70,992)	5,113		2	(381,423)
Net book value		1,469,492	(30,742)	(4)		(32)	1,438,714

At September 30, 2018 and December 31, 2017, goodwill on acquisition of investments was comprised as follows:

	Parent company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
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
Estácio Amazonas			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,120	20,120
FUFS			6,255	6,255
FAL			8,076	8,076
FATERN			14,979	14,979
Estácio Editora			5	5
Estácio Ribeirão Preto	9,371	9,371	9,371	9,371
Estácio Ribeirão Preto Holding	770,694	770,694	770,694	770,694
	780,065	780,065	1,174,557	1,174,557

The Company carries out annual analyses for impairment purposes, the last being for the year ended December 31, 2017, 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 14.3% to discount estimated future cash flows.

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10 Property and equipment

(a) Property and equipment – Consolidated

		December 31, 2017					September 30, 2018
		Cost	Additions	Disposals	Transfers	Reclassification From intangible assets	Cost
Cost							
Land		19,295					19,295
Buildings		208,737	4,569	(143)	325		213,488
Third-parties' properties improvements		248,758	24,089	(5,125)	9,702	47	277,471
Furniture and utensils		96,317	6,440	(3,341)		1	99,417
Computers and peripherals		154,408	4,009	(2,600)	5	772	156,594
Machinery and equipment		117,137	8,250	(416)		33	125,004
Physical/ hospital activities equipment		48,283	8,262	(388)		4	56,161
Library		159,081	6,737	(1,048)		1	164,771
Facilities		51,615	1,361	(160)	152		52,968
Tablets		37,974		(5,522)	(10)		32,442
Construction in progress		6,659	12,968		(10,179)		9,448
Demobilization		22,196		(138)			22,058
Others		10,731	1,510	(1,049)	(7)	(103)	11,082
		<u>1,181,191</u>	<u>78,195</u>	<u>(19,930)</u>	<u>(12)</u>	<u>755</u>	<u>1,240,199</u>
	Depreciation rate	Depreciation	Additions	Disposals	Transfers	Reclassification From intangible assets	Depreciation
Depreciation							
Buildings	1.67% p.a.	(59,546)	(2,795)	120	18		(62,203)
Third-parties' properties improvements	11.11% p.a.	(134,199)	(21,889)	5,182	(19)	(47)	(150,972)
Furniture and utensils	8.33% p.a.	(54,388)	(5,757)	3,159		(1)	(56,987)
Computers and peripherals	25% p.a.	(118,348)	(13,255)	2,583		(731)	(129,751)
Machinery and equipment	8.33% p.a.	(58,799)	(12,173)	278		(33)	(70,727)
Physical/ hospital activities equipment	6.67% p.a.	(19,740)	(2,265)	215		(4)	(21,794)
Library	5% p.a.	(69,061)	(5,275)	655		(1)	(73,682)
Facilities	8.33% p.a.	(18,233)	(2,801)	114			(20,920)
Tablets	20% p.a.	(27,469)	(5,114)	5,376	10		(27,197)
Demobilization		(12,204)	(1,863)	61			(14,006)
Others	14.44% p.a.	(6,788)	(632)	890	3	(11)	(6,538)
		<u>(578,775)</u>	<u>(73,819)</u>	<u>18,633</u>	<u>12</u>	<u>(828)</u>	<u>(634,777)</u>
Net book value		<u>602,416</u>	<u>4,376</u>	<u>(1,297)</u>		<u>(73)</u>	<u>605,422</u>
		December 31, 2016					September 30, 2017
		Cost	Additions	Disposals	Transfers	Reclassification From intangible assets	Cost
Cost							
Land		19,295					19,295
Buildings		192,768	1,150		13,194		207,112
Third-parties' properties improvements		261,753	12,391	(12,363)	14,348		276,129
Furniture and utensils		98,311	6,262	(7,439)	(6)	33	97,161
Computers and peripherals		149,266	3,568	(560)	445		152,719
Machinery and equipment		129,049	7,206	(576)			135,679
Physical/ hospital activities equipment		44,483	2,587	(67)			47,003
Library		141,601	11,582	(160)		1	153,024
Facilities		52,796	1,971	(935)			53,832
Tablets		46,755		(8,287)	(444)		38,024
Construction in progress		18,935	14,509		(27,641)		5,803
Demobilization		22,312		(1,178)			21,134
Others		11,075	385	(56)			11,404
		<u>1,188,399</u>	<u>61,611</u>	<u>(31,621)</u>	<u>(104)</u>	<u>34</u>	<u>1,218,319</u>
	Depreciation rate	Depreciation	Additions	Disposals	Transfers	Reclassification From intangible assets	Depreciation
Depreciation							
Buildings	1.67% p.a.	(52,171)	(2,640)		(3,823)		(58,634)
Third-parties' properties improvements	11.11% p.a.	(143,234)	(26,618)	12,363	3,927		(153,562)
Furniture and utensils	8.33% p.a.	(56,042)	(5,740)	7,068		(2)	(54,716)
Computers and peripherals	25% p.a.	(107,394)	(12,524)	551	(269)		(119,636)
Machinery and equipment	8.33% p.a.	(61,123)	(12,121)	487			(72,757)
Physical/ hospital activities equipment	6.67% p.a.	(18,793)	(1,856)	52			(20,597)
Library	5% p.a.	(63,935)	(4,686)	105			(68,516)
Facilities	8.33% p.a.	(15,849)	(3,550)	909			(18,490)
Tablets	20% p.a.	(27,891)	(6,326)	8,287	269		(25,661)
Demobilization		(15,277)	(1,159)	1,132			(15,304)
Others	14.44% p.a.	(6,630)	(627)	51			(7,206)
		<u>(568,339)</u>	<u>(77,847)</u>	<u>31,005</u>	<u>104</u>	<u>(2)</u>	<u>(615,079)</u>
Net book value		<u>620,060</u>	<u>(16,236)</u>	<u>(616)</u>		<u>32</u>	<u>603,240</u>

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Certain assets acquired through financing or leasing (Note 11) were used as a financing guarantee. The Company and its Subsidiaries have not pledged any other of its properties to secure transactions.

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

		December 31, 2017			September 30, 2018
		Cost	Additions	Disposals	Cost
Cost					
Finance leases capitalized		82,542	6,352	(3,332)	85,562
		82,542	6,352	(3,332)	85,562
	Depreciation rates	Depreciation	Additions	Disposals	Depreciation
Depreciation					
Finance leases capitalized	10 to 33.33% p.a.	(43,467)	(16,262)	3,332	(56,397)
		(43,467)	(16,262)	3,332	(56,397)
Net book value		39,075	(9,910)		29,165

The Group leases various vehicles and machinery, such as air conditioners and computers, under non-cancelable lease agreements. The lease terms are in accordance with the contractual term and the ownership of the assets is of the Group. All the Group's leases are recognized by the operation's net present value.

11 Borrowings

		Parent company		Consolidated	
Type	Financial charges	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
In local currency					
Lease agreements – Colortel	INPC + 0.32% p.a.			13,854	22,167
Lease agreements – MB	IGPM/FGV p.a.			5,000	
Others lease agreements	IGPM/IGPI-DI/FGV p.a.			1,673	2,816
Leasing IBM	CDI Over p.d. + 2% p.m.			7,680	13,696
Borrowing – IFC	CDI +1.53% p.a.		30,764		30,764
Funding cost of IFC			(1,220)		(1,220)
Second issue of debentures	CDI + 1.18% p.a.	186,209	244,053	186,209	244,053
Fourth issue of debentures	CDI +1.50% p.a.	51,203	100,421	51,203	100,421
Funding cost of debentures		(714)	(1,278)	(714)	(1,278)
Borrowing – Banco da Amazônia	9.5% p.a.			7,881	9,227
Borrowing – FINEP	6% p.a.	3,817	4,248	3,817	4,248
Promissory notes – Banco Itaú (2st Tranche)	CDI+1.65% p.a.	151,567	142,854	151,567	142,854
Funding cost of promissory notes		(78)	(427)	(78)	(427)
		392,004	519,415	428,092	567,321
Current liabilities		328,836	326,072	349,941	349,274
Non-current liability		63,168	193,343	78,151	218,047
		392,004	519,415	428,092	567,321

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The maturity of amounts recorded in non-current liabilities at September 30, 2018 and December 31, 2017 is as follows:

	Parent company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
2019	60,184	178,993	63,953	196,894
2020	587	9,431	4,094	12,364
2021	587	3,109	3,751	5,745
2022	587	587	1,874	1,347
2023	587	587	1,431	903
2024	587	587	1,299	745
2025 to 2028	49	49	1,749	49
Non-current liabilities	<u>63,168</u>	<u>193,343</u>	<u>78,151</u>	<u>218,047</u>

Lease contracts are guaranteed by the leased assets.

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.

In April 2018, the Company settled the second issue of debentures in the total amount of R\$ 69,400 that were launched in October 2014. Residual balance of the principal amount: R\$ 180,000.

In May 2018, the Company settled in advance the loan related to the loan agreement with the International Finance Corporation (IFC I), in the amount of R\$ 48,500, which was financed from the beginning of the agreement in 2011. The settlement amount was R\$ 20,500.

In May 2018, the Company settled in advance the loan related to the loan agreement with the International Finance Corporation (IFC II), in the amount of R\$ 20,340, which was financed from the beginning of the agreement in 2012. The settlement amount was R\$ 9,800.

In June 2018, the Company settled the second issue of debentures in the total amount of R\$ 53,900 that were launched in December 2016. Residual balance of the principal amount: R\$ 50,000.

The contracts with several creditors include restrictive clauses that require the maintenance of certain financial indices with previously established parameters. At September 30, 2018 and December 31, 2017, the subsidiaries and the parent company achieved all the contractually required indices.

12 Salaries and social charges

	Parent company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Salaries, termination pay and social charges payable	366	352	115,156	120,652
Provision for vacation pay			58,674	37,988
Provision for 13 th month salary			58,666	
	<u>366</u>	<u>352</u>	<u>232,496</u>	<u>158,640</u>

Estácio Participações S.A.**Notes to the financial statements****at September 30, 2018**

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13 Taxes payable

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
ISS payable	3	5	18,979	15,300
IRRF payable	97	95	8,367	13,589
PIS and COFINS payable	76	72	2,097	3,703
IOF			64	64
	<u>176</u>	<u>172</u>	<u>29,507</u>	<u>32,656</u>
IRPJ payable			558	31,111
CSLL payable			2,156	13,027
			<u>2,714</u>	<u>44,138</u>
	<u>176</u>	<u>172</u>	<u>32,221</u>	<u>76,794</u>

14 Taxes payable in installments

	<u>Consolidated</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
IRPJ	831	1,067
CSLL	28	120
FGTS	797	1,457
ISS	1,876	3,332
PIS	96	113
COFINS	753	893
INSS	6,494	7,430
OTHERS	38	184
	<u>10,913</u>	<u>14,596</u>
Current liabilities	3,821	4,295
Non-current liability	<u>7,092</u>	<u>10,301</u>
	<u>10,913</u>	<u>14,596</u>

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:

	<u>Consolidated</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
2019	639	2,105
2020	1,424	1,215
2021	1,111	907
2022	1,125	892
2023	1,092	892
2024 to 2029	<u>1,701</u>	<u>4,290</u>
	<u>7,092</u>	<u>10,301</u>

Estácio Participações S.A.**Notes to the financial statements****at September 30, 2018**

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15 Price of acquisition payable

	Consolidated	
	September 30, 2018	December 31, 2017
FACITEC		2,922
SÃO LUIS	9,002	8,588
IESAM	10,849	13,021
Estácio Amazonas	2,820	2,728
CEUT	3,950	4,660
FNC	13,680	26,102
FCAT	2,982	2,897
FUFS	3,273	3,180
	<u>46,556</u>	<u>64,098</u>
Real estate acquisition (i)	<u>8,500</u>	<u>23,000</u>
	<u>55,056</u>	<u>87,098</u>
Current liabilities	49,446	57,109
Non-current liabilities	<u>5,610</u>	<u>29,989</u>
	<u>55,056</u>	<u>87,098</u>

(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.

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 amounts recorded in noncurrent liabilities at September 30, 2018 and December 31, 2017 have the following maturity schedule:

	Consolidated	
	September 30, 2018	December 31, 2017
2019	2,337	26,809
2020	1,091	1,060
2021	<u>2,182</u>	<u>2,120</u>
	<u>5,610</u>	<u>29,989</u>

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.

At September 30, 2018 and December 31, 2017, the provision for contingencies was comprised as follows:

	Consolidated			
	September 30, 2018		December 31, 2017	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
Civil	19,042	15,923	15,147	14,572
Labor	96,038	64,584	62,712	73,155
Tax	<u>8,411</u>	<u>17,009</u>	<u>8,425</u>	<u>15,081</u>
	<u>123,491</u>	<u>97,516</u>	<u>86,284</u>	<u>102,808</u>

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In the period ended September 30, 2018, the amount of R\$ 289 (R\$ 172 in the year ended December 31, 2017) refers to the tax contingency of the parent company.

The changes in the provision for contingencies are as follows:

	<u>Civil</u>	<u>Labor</u>	<u>Tax</u>	<u>Total</u>
At December 31, 2016	16,833	39,292	8,755	64,880
Additions	24,613	112,900	1,097	138,610
Reversals	(6,016)	(23,596)	(774)	(30,386)
Write-offs	(18,955)	(55,298)	(653)	(74,906)
Monetary restatement of write-offs	(1,328)	(10,586)		(11,914)
At December 31, 2017	15,147	62,712	8,425	86,284
Additions	23,997	49,287	1,107	74,391
Monetary restatement	1,312	20,829	224	22,365
Reversals	(1,683)	(2,155)	(333)	(4,171)
Write-offs	(19,731)	(34,635)	(1,012)	(55,378)
At September 30, 2018	<u>19,042</u>	<u>96,038</u>	<u>8,411</u>	<u>123,491</u>

For the periods ended September 30, 2018 and 2017, the expense for the provision for contingencies, recognized in the statement of income as "general and administrative expenses", was as follows:

	<u>2018</u>	<u>2017</u>
Composition of results		
Additions	74,391	93,195
Reversals	(4,171)	(25,702)
Monetary restatement	<u>22,365</u>	
Contingencies	<u>92,585</u>	<u>67,493</u>
General and administrative expenses (Note 23)	(70,220)	(67,465)
Finance result (Note 25)	<u>(22,365)</u>	<u>(28)</u>
	<u>(92,585)</u>	<u>(67,493)</u>

(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:

<u>Matters</u>	<u>Amounts</u>
Incorrect collection	4,032
Real estate	4,876
Issue of certificates of completion/diplomas and graduation	1,266
Accreditation and cancelation of the program / Enrollment	969
FIES	1,025
Prouni	96
Success fees	2,963
Others (i)	<u>3,815</u>
	<u>19,042</u>

- (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.

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(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 and termination benefits + reduction of working time + FGTS + notice	45,861
Overtime + suppression Inter + Intra	8,585
Moral/property damage/moral harassment	1,268
Employer's social security payment	8,657
Fees	1,904
Deviation from agreed position and salary equalization	6,941
Fines (Article 467 CLT, article 477 CLT and CCT/ACT)	1,374
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	939
Vacation pay	1,088
Success fees	2,373
Others (i)	17,048
	<u>96,038</u>

(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 the law 11,096/05 and exclusion of scholarships from the ISS calculation basis and fine for alleged non-compliance with record-keeping and reporting obligations (special bookkeeping systems).

The provisions related to tax proceedings are as follows:

Matters	Amounts
Services Tax	103
Ancillary obligation related fine	8
Success fees	8,300
	<u>8,411</u>

(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. These proceedings classified as possible losses are not subject to the constitution of a provision in accordance with accounting practices in force.

	Consolidated	
	September 30, 2018	December 31, 2017
Civil	180,476	158,010
Labor	185,774	136,266
Tax	572,994	446,740
	<u>939,244</u>	<u>741,016</u>

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Among the main proceedings classified as possible loss, we highlight the following:

Civil Matters	Amounts
Improper Collection	41,434
Real Estate	33,817
FIES	55,344
Enrollment	10,810
Issuance of Completion and Graduation Certificate/Diploma	11,517
Penalty - PROCON	20
PROUNI	1,535
Accreditation and Cancellation of Program	1,670
System Access	946
Others (i)	23,383
	<u>180,476</u>

- (i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions and other claims for damages.

Labor Matters	Amounts
Salary differences + Decrease in working hours + Government Severance Indemnity Fund for Employees (FGTS) + Overtime	65,447
Notice + Elimination of breaks between and during work shifts	44,295
Cota Social Security	23,571
Deviation from agreed position and salary equalization	14,786
Pain and suffering/material damages/workplace harassment	9,954
Penalties (ART. 467 CLT, ART. 477 CLT E CCT/ACT)	5,111
Fees	5,807
Other (health hazard/night-shift/improvement/years of service/risk)	3,003
Work Card Adjustment + Indirect Termination + Recognition of employment relationship	327
Vacation	3,445
Job Stability	3,096
Others (i)	6,932
	<u>185,774</u>

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

Tax Matters	Amounts
Social Security Contribution / FGTS	278,959
ISS	211,875
PROUNI / PIS / COFINS	6,828
IRPJ / CSLL / IRRF	14,157
IPTU / FORO / IPVA	5,082
Various penalties	3,716
Inventory of property / CND / Certificate of Non-profit Welfare Entity (CEBAS)	1,234
Value-Added Tax on Sales and Services (ICMS) on electricity	982
Taxes / Sewer Service Fees	64
Others	50,097
	<u>572,994</u>

We summarize below the position of the most significant lawsuits classified as possible loss:

Social security:

- (i) Given the divergence of understanding of Article 13 of Law 11,096/05 ("PROUNI Act"), 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\$ 114,542. According to the opinion of the external legal advisors, the risk of loss in these cases remains possible.

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(ii) Tax assessment notices in connection with an alleged non-compliance with the principal tax liability related to the period from February 2017 to December 2007. The Company filed an appeal requesting the cancellation of the tax assessment notices claiming that they were clearly groundless. The appeal was deemed partially valid, and considered the percentage of the contributions to the employers' association at the rate of 20% as from the month in which the Company changed from a non-profit entity to an entrepreneurial company. On January 16, 2018, the Company filed an action for annulment with a view to challenging the remaining debt. The provisional remedy sought in this proceeding was granted and, as a result, judgments on merits are pending by the lower court for both actions for annulment. The total amount involved is R\$ 21,893. According to the opinion of our external legal advisors, the likelihood of loss in the proceedings is considered as possible.

(iii) 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. 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. On September 20, 2016, the case records were assigned and, currently, the Company is awaiting the placement of the appeal on docket for judgment. The amount involved is R\$ 120,758. According to the opinion of our external legal advisors, the likelihood of loss in the proceedings is considered as possible.

Tax Services:

(i) Tax collection proceeding assigned by the Municipality of Niterói, in connection with the issue of a tax assessment notice on September 29, 2009, 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\$ 35,048. According to the opinion of our external legal advisors, the likelihood of loss in the proceedings is considered as possible.

(ii) The Municipality of Rio de Janeiro issued a tax assessment notice against SESES on the understanding that scholarships could not be deducted from the ISS calculation basis. The assessment covered the period from August 2009 to July 2010, and the related protest letter was filed on April 12, 2012. On June 12, 2012, the records were sent to the Coordinating Office for Tax Review and Judgment. On April 1, 2014, SESES became aware of the decision that deemed the protest letter groundless and maintained the assessment, and filed a voluntary appeal on April 30, 2014. For review of the appeal, the records were referred to the Board of Tax Appeals on June 2, 2014. Currently, the appeal is pending inclusion in the list for judgment. According to the opinion of our external legal advisors, the likelihood of loss in the proceedings is considered as possible. The total amount involved is R\$ 53,468.

(iii) On August 14, 2018 a tax foreclosure action was brought against Sociedade Tecnopolitana da Bahia Ltda. (STB), merged with IREP in June 2010, as a result of non-payment of Services Tax (ISS) in the period from 2007 to February 2011. The assessment arose from an investigation in connection with the procedures for cancellation of the registration of the activities previously performed at STB's headquarters and branch facilities. The related motion to stay of execution was filed on October 3, 2018. The action is currently pending judgment by the lower court. The total amount involved is R\$ 16,396. According to the opinion of our external legal advisors, the likelihood of loss in the proceedings is considered as possible.

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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 September 30, 2018, share capital is represented by 309,088,851 common shares.

At the Board of Directors' meeting held on March 15, 2018, a capital increase of R\$ 8,946 was approved, through the capitalization of the balance of profit reserves, without the issuance of new shares.

The Company's shareholding structure at September 30, 2018 and December 31, 2017 is as follows:

Stockholders	Common shares			
	September 30, 2018	%	December 31, 2017	%
Officers and directors	802,393	0.3	817,606	0.2
Treasury	8,975,936	2.9	8,461,767	2.7
Others (i)	299,310,522	96.8	308,617,045	97.1
	<u>309,088,851</u>	<u>100</u>	<u>317,896,418</u>	<u>100</u>

(i) *Free float*

(b) Changes in shares

At December 31, 2017	317,896,418
Cancellation of treasury shares	
- Board of Directors' meeting held on June 13, 2018	<u>(8,807,567)</u>
At September 30, 2018	<u>309,088,851</u>

(c) Treasury shares

At the Meeting of the Board of Directors held on June 29, 2017, the 5th Program for the Repurchase of our shares on stock exchange was approved, including up to 15,894,821 common shares equivalent to 5.00% of the share capital. On May 16, 2018, the Board of Directors approved that the term of the 5th repurchase program was extended from 12 to 18 months, expiring on December 21, 2018. Under such program, up to September 30, 2018, a total number of 10,515,700 shares had been purchased.

	Number	Average cost	Balance
Treasury shares at December 31, 2017	8,461,767	15.42	130,454
SOP payment with treasury shares (Note 17 d.3)	(1,193,964)	16.04	(19,147)
Cancellation of shares	(8,807,567)	17.55	(154,603)
Repurchase of shares	<u>10,515,700</u>	<u>23.77</u>	<u>249,937</u>
Treasury shares at September 30, 2018	<u>8,975,936</u>	<u>23.02</u>	<u>206,641</u>

(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 September 30, 2018 and December 31, 2017 is as follows:

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	Parent company	
	September 30, 2018	December 31, 2017
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
	<u>595,464</u>	<u>595,464</u>

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

The premium on issue of shares is represented as follows:

	September 30, 2018
Subscription of 17,853,127 shares	(23,305)
Amount paid for the 17,853,127 shares	<u>522,204</u>
Share premium	<u>498,899</u>

(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) Goodwill and discount on the sale of treasury shares

The goodwill and discount on the sale of treasury shares refers to the difference between the acquisition 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.

The discount on the sale of treasury shares is represented as follows on September 30, 2018 and December 31, 2017.

	Number of shares	Disposal	Amount paid	Discount
Discount at December 31, 2017	1,036,291	15,976	11,282	4,694
SOP payment	1,193,964	19,147	15,858	3,289
Discount at September 30, 2018	<u>2,230,255</u>	<u>35,123</u>	<u>27,140</u>	<u>7,983</u>

(e) Revenue reserves

At December 31, 2017, of the Company's accumulated results, the amount of R\$ 302,520 was allocated to the "Reserve for New Investments" relating to potential acquisitions, expansion and improvements in infrastructure, technology and organic expansion, as provided for in the Company's bylaws. This proposal for profit retention was approved by the Annual General Meeting held on April 18, 2018.

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**18 Financial instruments and sensitivity analysis
of financial assets and liabilities**

The Company's financial assets and liabilities at September 30, 2018 and December 31, 2017, 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, 2017.

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. In addition, the Company requires the settlement or negotiation of the amounts overdue upon return of the students for classes in the next semester.

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate in accordance with the investments 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. 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 program, and reduce the demand for the courses.

(c) Foreign exchange rate risk

As of September 30, 2018 and December 31, 2017, the Company has no position in foreign currency.

(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 September 30, 2018 compared to December 31, 2017.

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.

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The Company has been implementing measures to reverse the Parent company's net working capital, such as: effective control of expenses and review of non-priority investments, in order to achieve the economic and financial balance in the short and medium terms.

	Consolidated			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At September 30, 2018				
Trade payables	112,983			
Borrowings	330,874	65,544	6,134	1,116
Finance lease liabilities	19,067	3,049	2,172	6,581
Price of acquisition payable	49,446	3,583	2,384	
At December 31, 2017				
Trade payables	70,923			
Borrowings	327,952	193,357	20,652	1,850
Finance lease liabilities	21,322	15,247	2,889	
Price of acquisition payable	57,109	28,486	3,361	

(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 September 30, 2018 and December 31, 2017.

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 September 30, 2018, three different scenarios were defined. Based on the CDI rate officially published by CETIP on September 30, 2018 (6.39% p.a.), this rate was used as the probable scenario for the year. Rate changes of 25% and 50% were then calculated, scenarios II and III, respectively.

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 September 30, 2018, with projections for one year and verification of the sensitivity of the CDI for each scenario.

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CDI increase scenario				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments R\$ 761,982	CDI	6.39% 48,691	7.99% 60,863	9.59% 73,036
Debentures II R\$ 185,779	CDI+1.18	7.65% (14,204)	9.26% (17,206)	10.88% (20,209)
Debentures IV R\$ 50,919	CDI+1.50	7.99% (4,066)	9.61% (4,892)	11.23% (5,718)
Promissory notes (2nd Tranche) R\$ 151,489	CDI+1.65	8.15% (12,339)	9.77% (14,799)	11.39% (17,259)
Net position		18,082	23,966	29,850

CDI decrease scenario				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments R\$ 761,982	CDI	6.39% 48,691	4.79% 36,518	3.20% 24,345
Debentures II R\$ 185,779	CDI+1.18	7.65% (14,204)	6.03% (11,201)	4.41% (8,198)
Debentures IV R\$ 50,919	CDI+1.50	7.99% (4,066)	6.36% (3,241)	4.74% (2,415)
Promissory notes (2nd Tranche) R\$ 151,489	CDI+1.65	8.15% (12,339)	6.52% (9,879)	4.90% (7,420)
Net position		18,082	12,197	6,312

(f) Capital management

The Company's debt in relation to the shareholder's equity in the period ended September 30, 2018 and in the year ended December 31, 2017 is presented by the consolidated data as follows:

Consolidated		
	September 30, 2018	December 31, 2017
Borrowing (Note 11)	428,092	567,321
(-) Cash and cash equivalents (Note 3)	(8,612)	(13,996)
Net debt	419,480	553,325
Equity	3,123,339	2,777,257
Net debt on equity	0.13	0.20

(g) Fair value of financial instruments

At September 30, 2018 and December 31, 2017, 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).

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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 September 30, 2018 and December 31, 2017.

19 Management compensation

(a) Compensation

For the periods ended September 30, 2018 and 2017, total compensation (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R\$ 13,588 and R\$ 10,266, 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)).

(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, 2017.

At September 30, 2018, the number of options granted which were exercised totaled 12,835,412 shares (R\$ 107,052), and the total shares granted, deducted from the prescribed shares of 17,645,302 shares (R\$ 167,115).

Program	Granted	Options deemed to have expired	Abandoned Options	Issued	Balance of shares
1P	11,910,909	5,067,255	469,539	6,374,115	
2P	1,411,563	798,438	131,835	481,290	
3P	1,805,373	451,929	62,947	1,269,316	21,181
4P	2,736,000	696,000	19,423	2,016,677	3,900
5P	720,000	348,000	118,394	253,606	
6P	5,090,000	2,231,000	1,821,498	655,932	381,570
7P	889,000	359,800	218,434	92,326	218,440
8P	983,000	360,400	42,132	383,514	196,954
9P	1,300,000	300,000		820,000	180,000
10P	1,105,779	338,000	39,000	340,000	388,779
11P	991,010	346,510	16,255	148,636	479,609
Total	28,942,634	11,297,332	2,939,457	12,835,412	1,870,433

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

	<u>Exercised options</u>
December 31, 2016	10,556,842
March 31, 2017	10,556,842
June 30, 2017	11,375,594
September 30, 2017	11,375,594
December 31, 2017	11,593,133
March 31, 2018	11,595,333
June 30, 2018	12,772,667
September 30, 2018	12,835,412

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The assumptions used to determine each grant, based on the Black-Scholes 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 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

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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.

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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	104,000
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	608,000
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	608,000
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	104,400
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	116,400
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	81,200
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	110,200
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	110,200
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	33,000
10 Program Jul16	4/15/2019	4/15/2027	R\$ 8.61	R\$ 15.12	59.18%	0.00%	12.50%	10	208,000	101,000
10 Program Jul16	4/15/2020	4/15/2027	R\$ 9.18	R\$ 15.12	59.18%	0.00%	12.50%	10	208,000	101,000
10 Program Jul16	4/15/2021	4/15/2027	R\$ 9.64	R\$ 15.12	59.18%	0.00%	12.50%	10	208,000	101,000
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	13,500
11Program Apr17	5/15/2019	5/15/2028	R\$ 6.84	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	70,500
11Program Apr17	5/15/2020	5/15/2028	R\$ 7.41	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	70,500
11Program Apr17	5/15/2021	5/15/2028	R\$ 7.86	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	70,500
11Program Apr17	5/15/2022	5/15/2028	R\$ 8.26	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	70,500
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	25,505
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	25,505

(i) Market price on the respective grant dates.

The Company recognizes on a monthly basis the share options, granted in a capital reserve account with a corresponding entry in the statement of income, in general and administrative expenses in the personal line and social charges. In the quarter ended September 30, 2018, R\$ 2,875 (R\$ 7,458 in the year ended December 31, 2017) was recognized. The amount of the provision on September 30, 2018 is R\$ 75,782 (R\$ 72,907 at December 31, 2017).

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

Statutory Board

	September 30, 2018		December 31, 2017	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	13.62	1,493,472	13.62	1,503,136
Exercised	13.52	362,069	13.65	9,664
Prescribed	0.00	0,00	0.00	0,00
Abandoned	16.97	120,255	0.00	0,00
	13.81	1,011,148	13.62	1,493,472

Board of Directors

	September 30, 2018		December 31, 2017	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	10.20	950,779	10.21	975,779
Exercised	9.92	350,000	9.70	25,000
	10.13	600,779	10.20	950,779

(c) Special Program for Long-term Incentive

The history and details of the Special Long-Term Incentive Program for Statutory Directors (ILP) have not been changed in relation to the information presented in the financial statements at December 31, 2017.

In the quarter ended September 30, 2018, the provision was not recognized (R\$ 94 in the year ended December 31, 2017). The amount of the provision for the program on September 30, 2018 and December 31, 2017 is R\$ 304.

20 Earnings per share

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

	2018	2017
Numerator		
Profit for the year	628,572	437,377
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	306,795	308,759
Basic and diluted earnings per thousand shares	2.04883	1.41656

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All amounts in thousands of reais unless otherwise stated

21 Net revenue from services rendered

	Consolidated	
	2018	2017
Gross operating revenue	3,709,760	3,606,941
	674,849	519,164
	<u>4,384,609</u>	<u>4,126,105</u>
Gross revenue deductions	(1,632,254)	(1,585,581)
Grants - scholarships	(1,388,689)	(1,344,511)
Return of monthly tuition and charges	(7,364)	(6,188)
Discounts granted	(710)	(15,768)
Taxes	(120,370)	(115,574)
Adjustment to present value - PAR	(32,337)	(17,623)
Adjustment to present value - DIS	(17,020)	
FGEDUC	(46,595)	(52,526)
Others	(19,169)	(33,391)
	<u>2,752,355</u>	<u>2,540,524</u>

22 Costs of services rendered

	Consolidated	
	2018	2017
Personnel and social charges	(828,554)	(933,100)
Electricity, water, gas and telephone	(29,672)	(30,223)
Rents, condominium fees and IPTU	(181,005)	(189,517)
Mailing and courier expenses	(1,286)	(2,216)
Depreciation and amortization	(70,740)	(76,398)
Teaching material	(5,004)	(8,820)
Outsourced security and cleaning services	(43,694)	(46,273)
Others	(16,657)	
	<u>(1,176,612)</u>	<u>(1,286,547)</u>

23 Selling, general and administrative expenses

	Parent company		Consolidated	
	2018	2017	2018	2017
Selling				
Impairment of trade receivables			(219,546)	(150,255)
Advertising			(141,469)	(142,094)
Sales and marketing			(33,859)	(31,091)
Others			(811)	(1,237)
			<u>(395,685)</u>	<u>(324,677)</u>
General and administrative expenses				
Personnel and social charges	(3,695)	(4,349)	(125,659)	(112,775)
Outsourced services	(3,805)	(4,260)	(87,842)	(61,344)
Consumption material			(1,503)	(1,896)
Maintenance and repairs	(53)	(22)	(27,721)	(27,503)
Depreciation and amortization	(9,818)	(13,210)	(73,173)	(72,441)
Educational covenants		(32)	(13,401)	(6,588)
Travels and accommodation	(100)	(200)	(5,056)	(6,956)
Institutional events	(5)	(2)	(1,953)	(2,167)
Provision for contingencies	(110)		(70,220)	(67,465)
Copies and bookbinding		(2)	(2,791)	(3,756)
Insurance	(6,164)	(6,488)	(6,701)	(7,083)
Cleaning supplies			(2,135)	(2,379)
Transportation	(2)	(6)	(3,582)	(4,344)
Car rental			(2,486)	(2,564)
Others	(361)	(779)	(13,637)	(15,865)
	<u>(24,113)</u>	<u>(29,350)</u>	<u>(437,860)</u>	<u>(395,126)</u>

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24 Other operating income/expenses

	Parent company		Consolidated	
	2018	2017	2018	2017
Income from agreements	272	1,225	439	1,994
Income from rentals			6,553	5,982
Provision for impairment of fixed assets		(26)	(1,496)	2,587
Provision for losses on sale of portfolio			(13,023)	
Other operating income (expenses)	(106)		204	(1,205)
	<u>166</u>	<u>1,199</u>	<u>(7,323)</u>	<u>9,358</u>

25 Finance result

	Parent company		Consolidated	
	2018	2017	2018	2017
Finance income				
Late payment fine and interest			25,972	24,426
Update of accounts receivable - FIES			8,419	7,459
Earnings from financial investments	3,941	8,926	27,267	39,138
Updating of tax credits	1,548	2,491	2,794	9,023
Updating of PAR			4,037	
Updating of DIS			4,373	
Others			277	11,936
	<u>5,489</u>	<u>11,417</u>	<u>73,139</u>	<u>91,982</u>
Finance costs				
Banking expenses	(817)	(1,906)	(24,170)	(11,670)
Interest and financial charges	(26,138)	(84,602)	(54,356)	(110,437)
Updating of contingencies	(7)		(22,365)	(28)
Financial discounts			(49,830)	(37,354)
Monetary variation losses			(6,455)	(15,259)
Borrowing expenses	(2,315)	(8,078)	(2,315)	(8,078)
Others	(504)	(555)	(8,445)	(11,707)
	<u>(29,781)</u>	<u>(95,141)</u>	<u>(167,936)</u>	<u>(194,533)</u>

26 Result by business segment

	Presencial		EAD		Estácio	
	2018	2017	2018	2017	2018	2017
Gross Operating Revenue	3,709,760	3,606,941	674,849	519,164	4,384,609	4,126,105
(-) Deductions from Gross Revenue	(1,374,805)	(1,356,138)	(257,449)	(229,443)	(1,632,254)	(1,585,581)
Net Operating Revenue	<u>2,334,955</u>	<u>2,250,803</u>	<u>417,400</u>	<u>289,721</u>	<u>2,752,355</u>	<u>2,540,524</u>
Cost of services rendered	(1,123,099)	(1,239,782)	(53,513)	(46,765)	(1,176,612)	(1,286,547)
Personnel	(791,374)	(887,695)	(37,180)	(45,405)	(828,554)	(933,100)
Rents, condominium fees and IPTU	(180,981)	(189,239)	(24)	(278)	(181,005)	(189,517)
Teaching material	(6,079)	(10,448)	(211)	(588)	(6,290)	(11,036)
Outsourced services and Others	(74,409)	(76,464)	(15,614)	(32)	(90,023)	(76,496)
Depreciation	(70,256)	(75,936)	(484)	(462)	(70,740)	(76,398)
Gross profit	<u>1,211,856</u>	<u>1,011,021</u>	<u>363,887</u>	<u>242,956</u>	<u>1,575,743</u>	<u>1,253,977</u>

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27 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 September 30, 2018 and 2017 is as follows:

	Parent company		Consolidated	
	2018	2017	2018	2017
Profit before income tax and social contribution	625,211	416,887	640,078	440,981
Combined statutory rate of income tax and social contribution - %	34	34	34	34
Income tax and social contribution at the statutory rates	(212,572)	(141,741)	(217,627)	(149,934)
Depreciation		(5)	(1,443)	(569)
Leasing			177	(69)
Adjustment to present value			(17,505)	2,425
Equity in the results of subsidiaries	228,973	179,779		
Amortization of goodwill	(3,323)	(4,471)	(6,026)	(7,874)
Non-deductible expenses (i)			(1,818)	(1,445)
Options granted LP provision - employees			(978)	(2,104)
Tax losses not registered	(13,040)	(33,562)	(14,717)	(35,700)
Decommissioning expenses			(1,560)	(345)
Provision for contingencies	(38)		(7,560)	(1,982)
Provision for impairment of receivables			(44,851)	(2,507)
Monthly tuitions to be canceled and billed			(11,070)	3,213
Provision for FIES risk			(276)	(420)
Provision for loss on fixed assets			1,590	
Others			1,819	304
			(321,845)	(197,007)
Tax benefits				
Tax incentive – PROUNI			216,993	164,635
Tax incentive – Lei Rouanet			3,211	2,717
Current income tax and social contribution in the results for the period			(101,641)	(29,655)

(i) These primarily refer to expenses for sponsorships, donations and gifts.

	Parent company		Consolidated	
	2018	2017	2018	2017
Current income tax and social contribution			(101,641)	(29,655)
Deferred income tax and social contribution	3,361	20,490	89,502	26,051
Income tax and social contribution from the prior periods			633	
	3,361	20,490	(11,506)	(3,604)

In the first quarter of 2018, there was a substantial reduction in PROUNI's tax benefit as a result of the disqualification of the subsidiary, because it temporarily did not hold a Tax Clearance Certificate (CND). Therefore, in the first quarter of 2018, the tax liability related to PIS, COFINS, Income Tax and Social Contribution was fully recognized, without the PROUNI benefit in March 2018. During the second quarter of 2018, the Company resolved the disqualification issue and reviewed the tax bases for the first quarter, based on the legislation in force. As a result, the tax liability recognized in excess in the first quarter was reversed in the approximate amount of R\$ 10,000 for PIS/COFINS and R\$ 47,000 for IRPJ/CSLL. It is important to note that the PROUNI's tax benefit level, when the six-month period is considered, returned to levels that approximate those of the Company's history and is expected to remain at such level during the year.

At September 30, 2018, the Company recorded deferred tax assets on temporary differences of R\$ 172,362 (R\$ 56,440 at December 31, 2017). The breakdown of the tax effects of temporary differences which originated the deferred tax assets is summarized below:

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	Parent company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Adjustment to present value			21,376	3,871
Provision for contingencies	98	58	36,420	28,860
Provision for impairment of receivables			76,171	4,899
Monthly tuitions to be canceled			13,160	2,090
Provision for decommissioning			4,782	4,149
Provision for loss on fixed assets			833	2,424
Goodwill	(1,111)	(4,432)	(8,445)	(14,471)
Provision for risk - FIES			7,042	6,766
Options granted recognized			28,740	27,763
Leasing			(318)	(141)
Incorporated goodwill			(11,290)	(11,290)
Depreciation	13	13	2,070	626
Decommissioning adjustment			927	
Tax losses			894	894
	<u>(1,000)</u>	<u>(4,361)</u>	<u>172,362</u>	<u>56,440</u>
Assets			178,295	70,617
Liabilities	<u>(1,000)</u>	<u>(4,361)</u>	<u>(5,933)</u>	<u>(14,177)</u>
	<u>(1,000)</u>	<u>(4,361)</u>	<u>172,362</u>	<u>56,440</u>

The realization of the deferred tax effect on temporary differences recorded at September 30, 2018 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 September 30, 2018, 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 September 30, 2018, the Company had tax credits arising from income tax and social contribution losses amounting to R\$ 120,521 (R\$ 107,481 at December 31, 2017) that are not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

28 Commitments

The table below sets forth the required and non-cancelable annual minimum future payments related to the contractual obligations assumed by the Company at September 30, 2018 and December 31, 2017:

	Consolidated		
	Less than 1 year	Between 1 and 5 years	Over five years
At September 30, 2018			
Operating leases	19,067	6,912	2,228
Campuses' lease agreements	185,342	584,089	453,188
At December 31, 2017			
Operating leases	20,560	17,358	
Campuses' lease agreements	195,270	606,145	453,107

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29 Events after the reporting period

At a meeting held on November 7, 2018, the Board of Directors approved the distribution, on a special basis, of interim dividends in the amount of R\$ 400,000 from the Company's revenue reserves.

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