

(A free translation of the original in Portuguese)

Estácio Participações S.A.
Quarterly information (ITR) at
March 31, 2016
and report on review of
quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Estácio Participações S.A.

We have reviewed the accompanying parent company and consolidated interim accounting information of Estácio Participações S.A., included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2016, comprising the balance sheet as at March 31, 2016 and the statements of income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the interim accounting information in accordance with the accounting standard CPC 21 (R1), Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Estácio Participações S.A.

**Other matters -
Statements of value added**

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2016. These statements are the responsibility of the Company's management, are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS - International Financial Reporting Standards, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, May 5, 2016

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

Claudia Eliza Medeiros de Miranda
Contadora CRC 1RJ087128/O-0

Estácio Participações S.A.

Estácio Participações S.A.

Balance sheet

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Assets					Liabilities and equity				
Current assets					Current liabilities				
Cash and cash equivalents (Note 3)	275	429	63,658	48,410	Trade payables	1,408	1,353	51,657	59,237
Marketable securities (Note 3)	134,679	424,050	298,608	645,350	Borrowings (Note 11)	40,518	271,831	57,654	291,346
Swap differential receivable		24,820		24,820	Salaries and social charges (Note 12)	227	250	187,735	122,652
Trade receivables (Note 4)			990,498	1,166,346	Taxes payable (Note 13)	164	295	70,012	80,095
					Monthly tuitions received in advance			4,882	23,547
Advances to employees/third parties			26,237	28,778	Advances under agreements (Note 17)	1,800	1,800	2,887	2,887
Related parties (Note 5)	2,329	2,189			Taxes payable in installments (Note 14)			2,505	2,254
Prepaid expenses (Note 6)	68	119	65,647	62,176	Related parties (Note 5)	4,300	4,295	369	512
Dividends receivable (Note 8)	136,731	136,731			Dividends payable	115,111	115,111	115,111	115,111
Interest on capital receivable	1,275	1,275			Price of acquisition payable (Note 15)			33,053	41,980
Taxes and contributions (Note 7)	32,965	27,425	79,518	99,027	Others	2	3	9,237	6,562
Others	359	362	44,660	43,134					
	308,681	617,400	1,568,826	2,118,041		163,530	394,938	535,102	746,183
Non-current assets					Non-current liabilities				
Long-term receivables					Long-term payables				
Trade receivables (Note 4)			459,345		Borrowings (Note 11)	725,453	726,587	755,562	758,302
Related parties (Note 5)			1,000						
Prepaid expenses (Note 6)			5,761	11,798	Contingencies (Note 16)			25,436	25,274
Judicial deposits (Note 16)	2,373	2,373	122,668	108,912	Advances under agreements (Note 17)	1,650	2,100	2,646	3,368
Deferred taxes (Note 27)			51,562	46,693	Taxes payable in installments (Note 14)			16,206	17,372
Taxes and contributions (Note 7)	187	2,844	29,115	32,627	Deferred taxes (Note 27)	15,053	16,734	32,014	36,078
Others			16,821	17,186	Provision for asset decommissioning			16,840	16,559
	2,560	5,217	686,272	217,216	Price of acquisition payable (Note 15)			66,162	61,101
					Others	30	31	15,836	15,254
Investments						742,186	745,452	930,702	933,308
In subsidiaries (Note 8)	2,578,290	2,368,821			Equity (Note 18)				
Others			228	228	Share capital	1,064,934	1,064,934	1,064,934	1,064,934
	2,578,290	2,368,821	228	228	Share issue costs	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	824,464	829,454	1,488,993	1,488,678	Capital reserves	669,198	661,820	669,198	661,820
Property and equipment (Note 10)	53	90	529,817	535,920	Treasury shares	1,118,293	1,118,293	1,118,293	1,118,293
					Revenue reserves	(145,723)	(137,603)	(145,723)	(137,603)
					Retained earnings	128,482		128,482	

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

Estácio Participações S.A.

Estácio Participações S.A.

Balance sheet
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>3,402,807</u>	<u>3,198,365</u>	<u>2,019,038</u>	<u>2,024,826</u>		<u></u>	<u></u>	<u></u>	<u></u>
	<u>3,405,367</u>	<u>3,203,582</u>	<u>2,705,310</u>	<u>2,242,042</u>		<u>2,808,332</u>	<u>2,680,592</u>	<u>2,808,332</u>	<u>2,680,592</u>
Total assets	<u>3,714,048</u>	<u>3,820,982</u>	<u>4,274,136</u>	<u>4,360,083</u>	Total liabilities and equity	<u>3,714,048</u>	<u>3,820,982</u>	<u>4,274,136</u>	<u>4,360,083</u>

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

Estácio Participações S.A.

Statement of income

Quarters ended March 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2016	2015	2016	2015
Continuing operations				
Net operating revenue (Note 22)			792,908	722,319
Cost of services rendered (Note 23)			(436,946)	(403,256)
Gross profit			355,962	319,063
Operating income (expenses)				
Selling expenses (Note 24)			(90,379)	(53,756)
General and administrative expenses (Note 24)	(8,911)	(8,678)	(120,709)	(110,169)
Equity in the results of subsidiaries (Note 8)	159,931	147,410		
Other operating income (Note 25)	409	409	4,192	1,653
Operating profit	<u>151,429</u>	<u>139,141</u>	<u>149,066</u>	<u>156,791</u>
Finance income (Note 26)	40,078	13,951	74,230	25,830
Finance costs (Note 26)	(64,706)	(24,188)	(86,142)	(38,381)
Finance result, net	<u>(24,628)</u>	<u>(10,237)</u>	<u>(11,912)</u>	<u>(12,551)</u>
Profit before income tax and social contribution	126,801	128,904	137,154	144,240
Current and deferred income tax (Note 27)	1,236	1,233	(6,373)	(10,033)
Current and deferred social contribution (Note 27)	445	444	(2,299)	(3,626)
Earnings for the period attributable to the stockholders	<u>128,482</u>	<u>130,581</u>	<u>128,482</u>	<u>130,581</u>
Basic earnings per share (Note 21)	<u>0.00041</u>	<u>0.00041</u>	<u>0.00041</u>	<u>0.00041</u>
Diluted earnings per share (Note 21)	<u>0.00040</u>	<u>0.00041</u>	<u>0.00040</u>	<u>0.00041</u>

There was no comprehensive income for the periods ended March 31, 2016 and 2015.

The accompanying notes are an integral part this quarterly information.

Estácio Participações S.A.

Statement of changes in equity

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Share capital	Share issue expenditures	Long-term incentives	Share premium	Capital reserves		Revenue reserves		Retained earnings	Total
					Options granted	Legal	Profit retention	Treasury shares		
At January 1, 2015	1,053,098	(26,852)	2,478	595,464	44,794	52,780	695,949	(24,851)		2,392,860
Options granted (Note 20)					5,446					5,446
Long-term incentives (Note 20)			930							930
Treasury shares acquired (Note 18)								(104,822)		(104,822)
Profit for the period									130,581	130,581
At March 31, 2015	1,053,098	(26,852)	3,408	595,464	50,240	52,780	695,949	(129,673)	130,581	2,424,995
Stock option exercised (Note 18)	11,836									11,836
Options granted (Note 20)					13,704					13,704
Long-term incentives (Note 20)			2,788							2,788
ILP payment (Note 18)			(3,784)							
Treasury shares acquired (Note 18)								3,784		(11,714)
Profit for the year								(11,714)		354,093
Allocation of profit									354,093	(314,234)
Transfer to reserves						24,234	290,000			(55,230)
Capital increase							55,330			(115,110)
Proposed dividends										
At December 31, 2015	1,064,934	(26,852)	2,412	595,464	63,944	77,014	1,041,279	(137,603)		2,680,592
Options granted (Note 20)					6,448					6,448
Long-term incentives (Note 20)			930							930
Treasury shares acquired (Note 18)								(8,120)		(8,120)
Profit for the period									128,482	128,482
At March 31, 2016	1,064,934	(26,852)	3,342	595,464	70,392	77,014	1,041,279	(145,723)	128,482	2,808,332

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

Estácio Participações S.A.

Statement of cash flows

Quarters ended March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before income tax and social contribution	126,801	128,904	137,154	144,240
Adjustments to reconcile profit with cash from operations				
Depreciation and amortization	5,027	4,863	48,231	38,914
Amortization of funding costs	224	227	224	227
Provision for impairment of trade receivables			23,606	14,790
Foreign exchange variation on borrowings in foreign currency	(16,255)	(3,612)	(16,255)	(3,612)
Gains on derivative instruments - SWAP	24,820	5,979	24,820	5,979
Options granted – stock options provision			6,448	5,446
Income on financial investments	(20,460)	(10,152)	(31,480)	(1,247)
Provision for contingencies			3,438	3,866
Update of trade receivables - FIES			(12,972)	
Present value - trade receivables - FIES			(5,373)	
Adjusted tax credits			(1,123)	1,188
Interest on borrowings	27,879	17,973	29,555	17,973
Equity in the results of subsidiaries	(159,931)	(147,410)		
Others	(449)	(449)	2,206	1,953
	(12,344)	(3,677)	208,479	229,717
Changes in assets and liabilities				
Marketable securities held for trading	309,831	(15,759)	378,222	(31,328)
Increase in trade receivables			(286,010)	(287,025)
Decrease (increase) in other assets		272	(1,508)	(6,019)
Decrease (increase) in advances to employees/third-parties		341	2,541	(8,332)
Decrease (increase) in prepaid expenses	52	285	(3,471)	2,936
Increase in taxes and contributions	(2,883)	(1,522)	24,144	6,982
Increase (decrease) in trade payables	55	(39)	(7,644)	5,050
Increase (decrease) in taxes payable	(131)	1,650	(26,043)	(10,714)
Increase (decrease) in salaries and social charges	(23)	67	64,826	43,449
(Decrease) in monthly tuitions received in advance			(18,665)	762
Labor/civil convictions			(3,276)	(3,439)
(Decrease) in Price of acquisition payable			(6,950)	(603)
Provision for decommissioning of assets			13	(14)
Increase (decrease) in other liabilities		(1,681)	3,257	(6,404)
(Decrease) in taxes paid in installments			(915)	(1,147)
(Increase) decrease in non-current assets			6,402	1,104
(Increase) decrease in judicial deposits			(13,756)	(1,887)
	294,557	(20,063)	319,646	(66,912)
Interest paid on borrowings	(18,394)	(1,225)	(18,394)	(1,225)
Corporate Income Tax (IRPJ) and Social Contribution on Net income (CSLL) paid			(2,184)	3,285
Net cash provided by (used in) operating activities	276,163	(21,288)	299,068	(64,852)
Cash flows from investing activities:				
Property and equipment			(14,303)	(42,449)
Intangible assets			(19,347)	(17,382)
Goodwill on the acquisition of investments			(6,670)	
Aquisition of subsidiary companies, net of cash obtained in the acquisition			(1,981)	
Advance for future capital increase	(42,160)	(73,800)		
Net cash used in investing activities	(42,160)	(73,800)	(42,301)	(59,831)
Cash flows from financing activities				
Treasury shares acquired	(8,120)	(104,822)	(8,120)	(104,822)
Dividends paid		(76)		(76)
Intercompanies loan	(135)	(94)	(1,143)	
New borrowings		199,984	(1,470)	203,006
Repayment of borrowings	(225,902)		(230,786)	
Net cash provided by (used in) financing activities	(234,157)	94,992	(241,519)	98,108
Increase (decrease) in cash and cash equivalents	(154)	(96)	15,248	(26,575)
Cash and cash equivalents at the beginning of the period	429	249	48,410	48,011
Cash and cash equivalents at the end of the period	275	153	63,658	21,436
(Decrease) increase in cash and cash equivalents	(154)	(96)	15,248	(26,575)

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

Estácio Participações S.A.

Statement of value added

Quarters ended March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2015	2014	2015	2014
Revenue				
Educational services			819,707	746,460
Other revenue			6,153	4,852
Provision for impairment of trade receivables			(23,606)	(14,790)
Other selling expenses			(580)	(763)
			801,674	735,759
Inputs acquired from third parties				
Materials, energy and outsourced services	(2,869)	(2,866)	(141,828)	(119,194)
Impairment/recovery of assets				5
Contingencies			(3,438)	(427)
	(2,869)	(2,866)	(145,266)	(119,616)
Gross value added	(2,869)	(2,866)	656,408	616,143
Depreciation and amortization	(5,027)	(4,863)	(48,231)	(38,914)
Net value added generated by the entity	(7,896)	(7,729)	608,177	577,229
Value added received through transfer				
Equity in results of investees	159,931	147,410		
Interest income	40,646	13,951	75,558	25,830
Other	227	181	4,423	1,421
	200,804	161,542	79,981	27,251
Total value added to distribute	<u>192,908</u>	<u>153,813</u>	<u>688,158</u>	<u>604,480</u>
Distribution of value added				
Work remuneration				
Direct remuneration	650	601	278,629	253,625
Benefits			8,805	7,767
Government Severance Indemnity Fund for Employees (FGTS)			19,887	17,603
	650	601	307,321	278,995
Taxes, charges and contributions				
Federal	(930)	(1,557)	76,754	72,658
State			6	7
Municipal			32,858	33,399
	(930)	(1,557)	109,618	106,064
Third-party capital remuneration				
Interest	64,706	24,188	86,142	38,381
Rentals			56,595	50,459
	64,706	24,188	142,737	88,840
Own capital remuneration				
Retained earnings	128,482	130,581	128,482	130,581
	128,482	130,581	128,482	130,581
Value added distributed	<u>192,908</u>	<u>153,813</u>	<u>688,158</u>	<u>604,480</u>

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

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

1 Operations

Estácio Participações S.A. ("Estácio" or "Company") 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 limited companies in Brazil.

The Company is a corporation headquartered at Avenida Embaixador Abelardo Bueno, 199, 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, nine University Centers and thirty-eight 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 April 27, 2016, authorized the disclosure of this quarterly information.

2 Summary of significant accounting policies

2.1 Interim accounting information

The parent company and consolidated quarterly information are being presented in conformity with the standards issued by the Brazilian Securities Commission (CVM), the Technical Pronouncement CPC 21 (R1), "Interim Financial Reporting" issued by the Brazilian Accounting Pronouncements Committee (CPC) and the International Accounting Standard (IAS) 34 issued by the International Accounting Standards Board (IASB).

As described in Note 4, to maintain comparability between the periods presented, the Company reclassified the amount of R\$ 445,505 from current assets to non-current assets in the financial statements as of December 31, 2015 due to the renegotiation of the accounts receivable from FIES which will be received by 2018.

2.2 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, 2014. Accordingly, the quarterly information should be read together with the financial statements for the year ended December 31, 2015.

2.3 Business combinations

The acquisitions carried out in 2015 are as follows:

(i) Faculdade Nossa Cidade (FNC)

On September 3, 2015, Estácio acquired, through its indirect subsidiary Sociedade Educacional Atual Da Amazônia Ltda. ("ATUAL"), all the shares of Centro Educacional Nossa Cidade Ltda., for the amount of R\$ 90,000, which less the net debt of the Company at the closing date declared by

Estácio Participações S.A.

Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

the sellers, amounting to R\$ 13,790, totaling R\$ 76,210, to be paid as follows: R\$ 38,807 at the operating closing date with financial resources and through debt assumption and general obligations; and the remaining balance will be amortized within 42 (forty two) months as from the operations's closing date. The transaction does not include the purchase of the real estate. FNC, founded in 2005, has approximately 8,700 students, 16,580 total authorized vacancies, with 24 college courses in maturing stage and 11 graduation courses included in its portfolio, besides the technical courses. In 2013, it was assessed by MEC and rated with a 3, in a scale 1 – 5, in the Course General Index ("Índice Geral de Cursos – IGC"). The acquisition's objective is to widen Estacio's capilarity in college education in the State of São Paulo, aggregating a course portfolio which covers all the main segments with high demand by the job market, among which we highlight Law, Engineering and Architecture, Health, Degrees, Management and Technologists.

The considerations paid, the accounting balances of the acquired assets and assumed liabilities at the acquisition date and the allocation of the purchase price determined based on the fair value of the acquired assets and assumed liabilities are as follows:

	FNC
Acquisition amount	
Cash	38,807
Commitments to be paid	37,403
	<hr/>
Total Consideration	76,210
	<hr/>
Net assumed liabilities at book value	8,762
Goodwill	84,972
	<hr/>
Allocation of goodwill	8,226
Trademark	896
License to operate	10,463
Students portfolio	(6,659)
Deferred income tax and social contribution	72,046
	<hr/>
	84,972
	<hr/>
	FNC
Cash and cash equivalents	1,108
Accounts receivable	2,733
Sundry credits	944
Taxes and contributions	52
Property and equipment	3,008
Intangible assets	32
Borrowings	(8,185)
Trade payables	(3,648)
Salaries and social charges	(1,646)
Taxes payables	(1,652)
Others	(1,508)
	<hr/>
Net assumed liabilities at book value	(8,762)
	<hr/>

(ii) **Faculdades Integradas de Castanhal Ltda. (FCAT)**

On November 17, 2015, Estácio acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"), all of the quotas of Faculdades Integradas de Castanhal Ltda., for R\$ 26,000, which, less the net indebtedness of Atual at the closing date stated by the sellers, amounting to R\$ 5,974, plus a conditional instalment of R\$ 2,000, due to the recognition of the civil Engineering course that was approved, amounts to R\$ 22,026, to be paid as follows: R\$ 12,926 in financial resources, paid in cash, and the remaining balance through one installment of R\$ 3,900 to be paid on May 17, 2016 and another four annual installments of R\$ 1,300 to be paid as from November 17, 2016. The transaction did not include the purchase of the property.

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

FCAT, founded in 2007, has around 2,700 students, 9,225 total authorized vacancies, with 12 undergraduate courses in its portfolio and 24 graduate courses, besides the extension courses. In 2013, it was evaluated by MEC, which issued an Institution Concept ("Conceito Institucional - CI") 4, from a scale of 1-to-5 range. The consolidation of the activities in the State of Pará will make the company's expansion possible in a market it already acts in, thus becoming the largest private higher education institution of Pará in face-to-face courses. Besides, it complements the offer of a course portfolio that already covered all the main segments with job market high demand, with special focus for the Law, Health and Management areas. Finally, the operation in the city will allow the exploration of important gains of academic quality, efficiency and scale.

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

	FCAT
Acquisition amount	
Cash	12,926
Commitments to be paid	9,100
Total Consideration	22,026
Net assumed liabilities at book value	5,624
Goodwill	27,650
Allocation of goodwill	3,637
Trademark	515
License to operate	5,087
Students portfolio	(3,141)
Deferred income tax and social contribution	21,552
Goodwill	27,650
	FCAT
Cash and cash equivalents	316
Accounts receivable	1,076
Sundry credits	272
Property and equipment	2,081
Intangible assets	7
Borrowings	(24)
Trade payables	(273)
Salaries and social charges	(2,608)
Taxes payables	(1,934)
Installment	(1,314)
Deferred tax liabilities	(3,177)
Contingencies	(46)
Net assumed liabilities at book value	(5,624)

The acquisition carried out in 2016 are as follows:

(i) **Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. (FUFS)**

On March 10, 2016, Estácio acquired, through its indirect subsidiary Sociedade Educacional Atual Da Amazônia Ltda. ("ATUAL"), all of the quotas of Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda., for R\$ 9,500 to be paid as follows: R\$ 850 through assumption of debt; R\$ 4,950 in cash; R\$ 700 within 90 days; R\$ 1,000 within 48 months and R\$ 2,000 within 60 months. Amounts not paid in cash will be restated based on the Amplified Consumer Price Index (IPCA). The transaction does not include the purchase of properties.

Estácio Participações S.A.

Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

FUFS, founded in 2012, has around 1,500 students, 2,760 total authorized vacancies, with 5 graduate courses in its portfolio in the maturation phase. In 2011, the entity was evaluated by the Ministry of Education and Culture (MEC), and rated 3 in the Institutional Concept evaluation in a scale of 1 to 5. It is located in the city of Feira de Santana, the second largest municipality in the State of Bahia, which comprises about 36 municipalities within its area of influence, which, together, total approximately 1.3 million inhabitants. The acquisition aims to expand the reach of Estácio in higher education courses in the State of Bahia, by adding a portfolio of courses in the health area, specifically Nursing, Biomedicine, Physiotherapy, Nutrition and Radiology. It was identified that there is a significant demand for graduates of these courses by the labor market in the region. Finally, developing operations in the city will allow obtaining important gains in academic quality, efficiency and scale.

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

	FUFS
Acquisition amount	
Cash	4,950
Commitments to be paid	3,700
Total Consideration	8,650
Net assumed liabilities at book value	(1,981)
	6,669
	FUFS
Accounts receivable	2,749
Sundry credits	18
Property and equipment	758
Intangible assets	11
Borrowings	(694)
Trade payables	(64)
Salaries and social charges	(257)
Taxes payables	(540)
Net assumed liabilities at book value	1,981

2.4 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 in 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, 2015.

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 options plans and the impairment of non-financial assets already disclosed in the notes to the financial statements at December 31, 2015;
- Insurance; and
- Other information

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3 Cash and cash equivalents and marketable securities

	Parent company		Consolidated	
	March 31, 2015	December 31, 2015	March 31, 2015	December 31, 2015
Cash and banks	275	429	63,658	48,410
Cash and cash equivalents	275	429	63,658	48,410
Bank Deposit Certificates (CDB)	27,110	55,938	40,455	80,273
Agribusiness Credit Note (LCA)			3,137	3,052
Investment funds	227	57,355	81,924	176,182
Repurchase agreements	107,342	310,757	173,092	385,843
Marketable securities	134,679	424,050	298,608	645,350

The variation of the "Marketable Securities" in relation to December 31, 2015 is due to the payment of the loan with Banco Itaú (operation 4131) amounting to R\$ 227,131 (Note 11).

The Bank Deposit Certificates (CDBs) are remunerated at the average Interbank Deposit Certificate (CDI) rate of 99.9% at March 31, 2016 (100.9% at December 31, 2015). Investments in Agribusiness Credit Notes (LCA) are remunerated based on the CDI rate variation, at 86.0% at March 31, 2016 (86.0% at December 31, 2015).

The exclusive investment fund is backed by financial allocations in fund quotas, CDBs, and repurchase agreements with first-tier banks and issuers.

Repurchase agreements backed by first-tier debentures are recorded at the fair value, bearing interest at average of 99.3% of CDI at March 31, 2016 (100.7% of the CDI at December 31, 2015).

The Company has a Financial Investments and Derivatives Policy that stipulates that investments must be in low risk marketable securities with highly-rated financial institutions. At March 31, 2016, the operations earn interest based on the variation of the Interbank Deposit Certificate (CDI) rate.

At March 31, 2015 and December 31, 2015, all of the Company's marketable securities were classified as "held for trading".

4 Trade receivables

	Consolidated	
	March 31, 2016	December 31, 2015
Monthly tuition	419,424	440,996
Student Financing Fund (FIES) (a)	1,013,751	768,831
Agreements and exchanges	13,196	13,748
Receivables on credit cards (b)	52,256	34,941
Renegotiated receivables	100,739	66,473
	1,599,366	1,324,989
Amounts to be identified	(1,128)	(2,187)
Provision for doubtful credits (c)	(125,654)	(128,342)
(-) Adjustment to present value	(22,741)	(28,114)
	1,449,843	1,166,346
Current assets	990,498	1,166,346
Non-current assets	459,345	
	1,449,843	1,166,346

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The composition of receivables by age is as follows:

	March 31, 2016		December 31, 2015	
		%		%
FIES	1,013,751	64	768,832	58
Not yet due	164,686	10	60,436	5
Overdue for up to 30 days	102,282	6	84,524	6
Overdue from 31 to 60 days	49,897	3	81,803	6
Overdue from 61 to 90 days	31,692	2	80,261	6
Overdue from 91 to 179 days	111,404	7	120,791	9
Overdue for more than 180 days	125,654	8	128,342	10
	1,599,366	100	1,324,989	100

The composition of receivables from agreements by age is as follows:

	March 31, 2016		December 31, 2015	
		%		%
Not yet due	62,957	63	36,719	55
Overdue for up to 30 days	6,244	6	5,224	8
Overdue from 31 to 60 days	4,638	5	3,839	6
Overdue from 61 to 90 days	3,999	4	2,908	4
Overdue from 91 to 179 days	9,526	9	7,238	11
Overdue for more than 180 days	13,375	13	10,545	16
	100,739	100	66,473	100

(a) Accounts receivable from the Student Financing Fund (FIES) are represented by educational loans obtained by students from Caixa Econômica Federal (CEF) and the National Education Development Fund (FNDE), whereby the financed funds, during the year 2015, are transferred monthly by CEF and Banco do Brasil to a specific bank account. This amount has been used to pay the social security contributions and federal taxes and converted into cash by means of auctions of Brazilian National Treasury securities. These receivables presented a growth of 132% at March 31, 2016 compared to December 31, 2015, explained by the increase in the FIES student base and by the postponement of transfers by the federal government as from the end of 2014, which delayed the Group's working capital related to receipts.

On February 03, 2016, the company renegotiated with the government the receipt of the FIES accounts receivable in 3 instalments, due in June 2016 (25%), June 2017 (25%) and June 2018 (50%). These instalments will be updated by the variation of the IPCA. On December 31, 2015, the Company recorded R\$ 28,114, as a corresponding entry to net revenue of the present value adjustment activities, considering the discount average rate of 13.38% p.a., and it has been adjusted as realized. At March 31, 2016, the Company has recorded the amount of R\$ 22,741. As described in Note 2.1, the Company reclassified the amount of R\$ 445,505 from current asset to non-current asset as of December 31, 2015.

At March 31, 2016, the provision for credit risk of "Student Financing Fund" (FIES) amounted to R\$ 15,836 (R\$ 15,254 at December 31, 2015) and it is recorded in "Others" in long-term liabilities. The provision is established as follows:

- (i) For FIES students with guarantor, a provision was recognized for 2.25% of the accounts receivable with this characteristic, considering the assumptions of 15% exposure to credit risk on an estimated of 15% of default.
- (ii) For the uncovered risk of FGEDUC, with enrollment since April 2012, a provision was recognized for 10% of the receivables under the responsibility of the sponsors (and the Guarantor Fund is responsible for the remaining 90%) on the 15% exposure to credit risk on an estimate of 15% of default, i.e. 0.225%.
- (iii) For the uncovered risk of FGEDUC, with enrollment up to March 2012, a provision was recognized 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%.

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

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

Description	December 31, 2015	Gross increase in the provision for impairment	Recovered amounts	Net effect of the provision	Disposals (i)	March 31, 2016
Monthly tuition and fees	128,342	62,249	(38,646)	23,603	(26,291)	125,654
	<u>128,342</u>	<u>62,249</u>	<u>(38,646)</u>	<u>23,603</u>	<u>(26,291)</u>	<u>125,654</u>

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

For the period ended March 31, 2016 and 2015, expenses with the provision for impairment of trade receivables (Note 24), recognized in the statement of income as selling expenses, are as follows (consolidated):

	March 31, 2016	March 31, 2015
Supplementary provision (i)	23,603	13,515
Others	3	1,275
	<u>23,606</u>	<u>14,790</u>

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

5 Related-party transactions

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

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Current assets				
Current account				
SESES	2,138	1,998		
Nova Academia do Concurso	1	1		
FAL	2	2		
FATERN	3	3		
IREP	163	163		
Atual	4	4		
SEAMA	4	4		
Editora	6	6		
FARGS	2	2		
São Luís	3	3		
FACITEC	3	3		
	<u>2,329</u>	<u>2,189</u>		
Subsidiaries				
Non-current assets				
Related parties			1,000	

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	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Current liabilities				
Current account				
SESES	4,222	4,217		
IREP	65	65		
Atual	3	3		
Nova Academia	3	3		
FAL	1	1		
Fatern	2	2		
Seama	4	4		
	4,300	4,295		
Related parties (i)			369	512
			369	512

(i) At March 31, 2016, the amount payable of R\$ 369 (R\$ 512 at December 31, 2015) refers to service providers related to board Members.

For the period ended March 31, 2016 and 2015, the Group did not achieve financial results in intercompany loans.

6 Prepaid expenses

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Insurance	68	119	1,011	982
Municipal Real Estate Tax (IPTU) to be appropriated			7,349	
Teaching materials (i)			21,616	19,548
Anticipation of vacation pay and charges (ii)			33,194	44,400
Registration fee - Ministry of Education (MEC)			3,066	3,464
Sponsorship (2016 Olympic Games)			902	1,579
Technical-pedagogical cooperation - Santa Casa			2,334	2,334
Other prepaid expenses			1,936	1,667
Total	68	119	71,408	73,974
Current assets	68	119	65,647	62,176
Non-current assets			5,761	11,798
	68	119	71,408	73,974

(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	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Withholding Income Tax (IRRF)	3,252	9,135	12,168	19,841
Corporate Income Tax (IRPJ) / Social Contribution on Net Income (CSLL)	29,686	20,920	56,205	72,327
Social Integration Program (PIS)	6	6	397	395
Social Contribution on Revenues (COFINS)	25	25	1,705	1,698
Services Tax (ISS)	77	77	33,021	30,553
National Institute of Social Security (INSS)			4,614	6,317
Government Severance Indemnity Fund for Employees (FGTS)			408	408
Tax on Financial Transactions (IOF)	106	106	115	115
Others				
	33,152	30,269	108,633	131,654
Current assets	32,965	27,425	79,518	99,027
Non-current assets	187	2,844	29,115	32,627
	33,152	30,269	108,633	131,654

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8 Investments in subsidiaries

Subsidiary Estácio Participações S.A:

	March 31, 2016		Parent company December 31, 2015
	Investments	Investments loss	Investments loss
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	1,383,634		1,289,597
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,118,791		1,010,120
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	18,053		18,312
Estácio Editora ("EDITORA")		(30)	(30)
União dos Cursos Superiores SEB Ltda. ("UNISEB")	57,812		50,792
	2,578,290	(30)	2,368,821

The subsidiaries' information is as follows:

	March 31, 2016							
	Interest	Number of quotas	Total assets	Total liabilities	Equity	Advance for future capital increase	Goodwill	Deferred income tax on goodwill from downstream merger
Seses	100%	461,077	1,628,631	362,997	1,265,634	118,000		64,660
Irep	100%	370,774	1,579,585	608,366	971,219	85,130	62,442	88,611
Nova Academia de Concurso	100%	10,905	6,743	2,858	3,885	150	14,018	(360)
Estácio Editora e Distribuidora Ltda.	100%	250	31	66	(35)		5	
Uniseb Operacional	100%	22,337	84,523	25,981	58,542	1,500		(2,230)
Total - March 31, 2016			3,299,513	1,000,268	2,299,245	204,780	76,465	(2,230)

	December 31, 2015							
	Interest	Number of quotas	Total assets	Total liabilities	Equity	Advance for future capital increase	Goodwill	Deferred income tax on goodwill from downstream merger
Seses	100%	461,077	1,528,498	334,901	1,193,597	96,000		222,217
Irep	100%	370,774	1,248,447	365,840	882,608	65,070	62,442	317,746
Nova Academia de Concurso	100%	9,855	6,245	3,051	3,194	1,100	14,018	(254)
Estácio Editora e Distribuidora	100%	250	31	66	(35)		5	
Uniseb Operacional	100%	22,337	77,949	26,427	51,522	1,500		(2,230)
Total - December 31, 2015			2,861,170	730,285	2,130,886	163,670	76,465	(2,230)

The global changes in the investments in subsidiaries in the period ended March 31, 2016 and in the year ended December 31, 2015 are as follows:

Investments in subsidiaries at December 31, 2014	1,679,141
Equity in the results of subsidiaries	564,472
Advance for future capital increase	239,070
Proposed dividends (i)	(136,730)
	22,868
Investments in subsidiaries at December 31, 2015	2,368,821
Equity in the results of subsidiaries	159,931
Advance for future capital increase	42,160
Options granted and long-term incentives	7,378
Investments in subsidiaries at March 31, 2016	2,578,290

(i) For the year ended December 31, 2015, the subsidiary IREP proposed the distribution of compulsory minimum dividends of R\$ 136,730.

The accounting information of the subsidiaries used in the application of the equity accounting method were related to the base date March 31, 2016.

The direct subsidiaries' investments are as follows:

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

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	March 31, 2016	December 31, 2015
Sociedade Educacional Atual da Amazônia ("ATUAL")	532,262	486,437
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	16,172	15,107
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	37,577	36,402
	<u>586,011</u>	<u>537,946</u>

The subsidiaries' information is as follows:

							March 31, 2016
	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Advance for future capital increase	Equity in the result of investees
Sociedade Educacional Atual da Amazônia ("ATUAL")	100%	22,977	725,195	290,508	434,687	82,072	26,234
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	100%	11,948	9,636	4,610	5,026	3,070	(654)
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100%	9,160	26,853	4,255	22,598		1,175
Total			<u>761,684</u>	<u>299,373</u>	<u>462,311</u>	<u>85,142</u>	<u>26,755</u>

							December 31, 2015
	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Advance for future capital increase	Equity in the result of investees
Sociedade Educacional Atual da Amazônia ("ATUAL")	100%	22,977	673,965	265,513	408,452	62,482	109,190
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	100%	11,408	9,174	4,033	5,141	1,890	(2,713)
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100%	9,160	24,722	3,299	21,423		4,995
Total			<u>707,861</u>	<u>272,845</u>	<u>435,016</u>	<u>64,372</u>	<u>111,472</u>

The global changes of the investments of the direct subsidiary Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP") in subsidiaries in the period ended March 31, 2016 and in the year ended December 31, 2015 are as follows:

Investments in subsidiaries at December 31, 2014	352,012
Equity	111,472
Advance for future capital increase	<u>74,462</u>
Investments in subsidiaries at December 31, 2015	537,946
Equity	26,755
Advance for future capital increase	<u>21,310</u>
Investments in subsidiaries at March 31, 2016	586,011

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Subsidiary Sociedade Educacional Atual da Amazônia ("ATUAL"):

	March 31, 2016	December 31, 2015
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUL")	3,089	3,847
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	3,940	3,758
Sociedade Educacional da Amazônia ("SEAMA")	50,427	46,949
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	16,978	16,213
Unisãoluis Educacional S.A. ("UNISÃO LUIS")	125,918	110,377
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	46,125	42,829
Associação de Ensino de Santa Catarina ("ASSESC")	7,268	6,991
Instituto de Estudos Superiores da Amazônia ("IESAM")	80,538	78,103
Centro de Assistência ao Desenvolvimento de formação Profissional Unicel Ltda. ("LITERATUS")	46,919	43,733
Centro de Ensino Unificado de Teresina ("CEUT")	40,715	39,630
Faculdade Nossa Cidade ("FNC")	81,018	75,455
Faculdades Integradas de Castanhal Ltda. ("FCAT")	20,679	20,150
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'ana Ltda. ("FUFSS")	3,225	
	526,839	488,035

The subsidiaries' information is as follows:

							March 31, 2016
	Interest	Number of quotas	Total Assets	Total Liabilities	Equity	Advance for future capital increase	Equity in the result of investees
UNIUL	100%	3,066	2,488	3,575	(1,087)	3,220	(357)
IDEZ	100%	3,744	3,203	2,460	743	1,150	(68)
SEAMA	100%	3,232	36,775	4,383	32,392		3,478
FARGS	100%	4,280	11,073	2,750	8,323	600	765
SÃO LUIS	100%	220	108,703	12,863	95,840	3,575	15,541
Facitec	100%	6,051	23,403	3,932	19,471		3,296
Assesc	100%	2,500	3,887	1,343	2,544		276
IESAM	100%	2,400	72,958	30,937	42,021	11,720	2,435
LITERATUS	100%	29,251	40,556	26,556	14,000	7,705	(544)
CEUT	100%	2,408	19,743	19,616	127	13,020	2,435
FNC	100%	9,880	16,202	19,678	(3,476)	12,448	4,162
FCAT	100%	100	5,137	11,352	(6,215)	5,342	(1,071)
FUFSS	100%	150	4,558	2,513	2,045	1,180	65
Total – March 31, 2016			348,686	141,958	206,728	59,960	30,413

							December 31, 2015
	Interest	Number of quotas	Total Assets	Total Liabilities	Equity	Advance for future capital increase	Equity in the result of investees
UNIUL	100%	3,066	2,504	3,233	(729)	3,620	(1,509)
IDEZ	100%	3,744	2,954	2,143	811	900	(322)
SEAMA	100%	3,232	32,259	3,345	28,914		10,254
FARGS	100%	4,280	9,620	2,262	7,358	600	2,698
SÃO LUIS	100%	220	92,203	11,904	80,299	3,575	58,565
Facitec	100%	6,051	19,561	3,386	16,175		9,164
Assesc	100%	2,500	3,396	1,129	2,267		481
IESAM	100%	2,400	69,583	29,997	39,586	11,720	23,088
LITERATUS	100%	29,251	39,033	24,489	14,544	3,975	(1,694)
CEUT	100%	2,408	15,306	17,614	(2,308)	14,370	7,940
FNC	100%	9,880	11,142	18,781	(7,639)	11,048	1,124
FCAT	100%	100	4,973	10,117	(5,144)	3,742	480
Total – December 31, 2015			302,734	128,400	174,334	53,550	110,269

The global changes of the investments of the direct subsidiary Sociedade Educacional Atual da Amazônia ("ATUAL") in subsidiaries in the period ended March 31, 2016 and in the year ended December 31, 2015 are as follows:

Investments in subsidiaries at December 31, 2014	363,007
Equity	110,269
Advance for future capital increase	29,145
Acquisition of Subsidiary	(14,386)
Investments in subsidiaries at December 31, 2015	488,035
Equity	30,413
Advance for future capital increase	6,410
Acquisition of Subsidiary	1,981
Investments in subsidiaries at March 31, 2016	526,839

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9 Intangible assets

(a) Intangible assets - Parent company

		December 31, 2015		March 31, 2016
		Cost	Additions	Cost
Cost				
Goodwill on the acquisition of investments		772,054		772,054
Right of use of software		99		99
Goodwill		91,841		91,841
		863,994		863,994
	Amortization rates	Amortization	Additions	Amortization
Amortization				
Goodwill on the acquisition of investments				
Right of use of software	20% p.a.	(20)	(5)	(25)
Goodwill	20% p.a.	(10,469)	(4,802)	(15,271)
		(10,489)	(4,807)	(15,296)
Net book value		853,505	(4,807)	848,698
		December 31, 2015		March 31, 2016
		Cost	Additions	Cost
Cost				
Goodwill on the acquisition of investments		780,065		780,065
Right of use of software		124		124
Project Integração		32		32
Goodwill		79,704		79,704
		859,925		859,925
	Amortization rates	Amortization	Additions	Amortization
Amortization				
Goodwill on the acquisition of investments				
Right of use of software	20% p.a.	(40)	(4)	(44)
Goodwill	20 to 50% p.a.	(30,431)	(4,986)	(35,417)
		(30,471)	(4,990)	(35,461)
Net book value		829,454	(4,990)	824,464

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(b) Intangible assets - Consolidated

	December 31, 2015					March 31, 2016
	Cost	Additions per acquisition	Additions	Disposals	Transfers	Cost
Cost						
Goodwill on the acquisition of investments	1,088,374					1,088,374
Right of use of software	138,435		11,990		1,348	151,773
Integration and distance learning project	16,769		43			16,812
CSC	1,940					1,940
Learning Center	61,103		1,190			62,293
Relationship Center	2,348					2,348
Hemispheres	1,346					1,346
IT architecture	15,851		921			16,772
Online class material	6,384		1,326			7,710
Knowledge Factory - EAD	16,931		1,257			18,188
Students portfolio	153,092					153,092
Other	11,824		655	(3)		12,476
	1,514,397		17,382	(3)	1,348	1,533,124

Estácio Participações S.A.

Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

		December 31, 2015					March 31, 2016
	Amortization rates	Amortization	Additions per acquisition	Additions	Disposals	Transfers	Amortization
Amortization							
Goodwill on the acquisition of investments	Indefinite	(6,924)					(6,924)
Right of use of software	20% p.a.	(71,744)		(8,170)		(652)	(80,566)
Integration and distance learning project	20% p.a.	(13,084)		(219)			(13,303)
CSC	20% p.a.	(1,940)					(1,940)
Learning Center	5% p.a.	(10,818)		(622)			(11,440)
Relationship Center	20% p.a.	(1,878)		(117)			(1,995)
Hemispheres	20% p.a.	(1,072)		(67)			(1,139)
Online class material	20% p.a.	(2,168)		(291)			(2,459)
Knowledge Factory - EAD	20% p.a.	(942)		(177)			(1,119)
Students portfolio	20% p.a.	(27,991)		(8,005)			(35,996)
Other	20% p.a.	(408)		(68)			(476)
		(138,969)		(17,736)		(652)	(157,357)
Net book value		1,375,428		(354)	(3)	696	1,375,767

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

	December 31, 2015				March 31, 2016	
	Custo	Additions per acquisition	Additions	Disposals	Transfers	Cost
Cost						
Goodwill on the acquisition of investments	1,190,676		6,670		(210)	1,197,346
Right of use of software	189,336	11	13,287			202,424
Integration and distance learning project	17,859		97			17,956
CSC	1,940					1,940
Learning Center	66,507		1,274			67,781
Relationship Center	2,348					2,348
Hemispheres	1,346					1,346
IT architecture	21,093		897			21,990
Online class material	7,208		18			7,226
Knowledge Factory - EAD	22,373		1,426			23,799
Students portfolio	170,244					170,244
Other	19,002		2,348			21,350
	1,709,932	11	26,017		(210)	1,735,750

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

		December 31, 2015					March 31, 2016
	Amortization rates	Amortization	Additions per acquisition	Additions	Disposals	Transfers	Amortization
Amortization							
Goodwill on the acquisition of investments	Indefinite	(6,924)					(6,924)
Right of use of software	20% p.a.	(108,352)		(9,689)		14	(118,027)
Integration and distance learning project	20% p.a.	(14,234)		(287)			(14,521)
CSC	20% p.a.	(1,940)					(1,940)
Learning Center	5% p.a.	(13,563)		(709)			(14,272)
Relationship Center	20% p.a.	(2,347)					(2,347)
Hemispheres	20% p.a.	(1,341)		(4)			(1,345)
IT architecture	17% to 20% p.a.	(2,896)		(910)			(3,806)
Online class material	5% p.a.	(3,450)		(322)			(3,772)
Knowledge Factory - EAD	5% p.a.	(1,855)		(245)			(2,100)
Students portfolio	20% to 50% p.a.	(61,425)		(12,875)			(74,300)
Other	20% p.a.	(2,927)		(476)			(3,403)
		(221,254)		(25,517)		14	(246,757)
Net book value		1,488,678	11	500		(196)	1,488,993

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

At March 31, 2016 and December 31, 2015, goodwill on acquisition of investments was comprised as follows:

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Goodwill on acquisition of investments net of accumulated amortization				
IREP			89,090	89,090
ATUAL			15,503	15,503
<i>Seama</i>			18,035	18,035
<i>Idez</i>			2,047	2,047
<i>Uniuol</i>			956	956
<i>Fargs</i>			8,055	8,055
<i>São Luis</i>			27,369	27,369
<i>Facitec</i>			26,654	26,654
<i>Assesc</i>			4,723	4,723
<i>Iesam</i>			26,797	26,797
<i>Literatus</i>			26,214	26,214
<i>Ceut</i>			27,568	27,568
<i>FNC (Note 2.3)</i>			72,046	72,046
<i>FCAT (Note 2.3)</i>			21,552	21,552
<i>FUFS (Note 2.3)</i>			6,670	
FAL			8,076	8,076
FATERN			14,979	14,979
Nova Academia			14,018	14,018
Estácio Editora			5	5
Uniseb	9,371	9,371	9,371	9,371
Uniseb Holding	770,694	770,694	770,694	770,694
	<u>780,065</u>	<u>780,065</u>	<u>1,190,422</u>	<u>1,183,752</u>

The Company carries out annual analyses for impairment purposes, the last being for the year ended December 31, 2015, 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. The assumptions used are disclosed in the notes to the financial statements for the year ended December 31, 2015.

Estácio Participações S.A.

Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

10 Property and equipment

Property and equipment - Parent company

		December 31, 2014		March 31, 2015
		Cost	Additions	Cost
Cost				
Computers and peripherals		9,075		9,075
Installations		33		33
		<u>9,108</u>		<u>9,108</u>
		Depreciation rate	Depreciation	Depreciation
Depreciation				
Computers and peripherals	25% p.a.	(8,846)	(55)	(8,901)
Installations	8.3% p.a.		(1)	(1)
		<u>(8,846)</u>	<u>(56)</u>	<u>(8,902)</u>
Net book value		<u>262</u>	<u>(56)</u>	<u>206</u>
		December 31, 2015		March 31, 2016
		Cost	Additions	Cost
Cost				
Computers and peripherals		9,075		9,075
Facilities		33		33
		<u>9,108</u>		<u>9,108</u>
		Depreciation rate	Depreciation	Depreciation
Depreciation				
Computers and peripherals	25% p.a.	(9,015)	(36)	(9,051)
Facilities	8.3% p.a.	(3)	(1)	(4)
		<u>(9,018)</u>	<u>(37)</u>	<u>(9,055)</u>
Net book value		<u>90</u>	<u>(37)</u>	<u>53</u>

Estácio Participações S.A.

Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

Property and equipment - Consolidated

	<u>December 31, 2015</u>				<u>March 31, 2016</u>	
	<u>Cost</u>	<u>Additions per acquisition</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Cost</u>
Cost						
Land	19,373				20,907	19,373
Buildings	112,249		146		(15,995)	133,302
Third-parties'properties improvements	210,895		3,262			198,162
Furniture and utensils	78,870		10,825	(100)		89,595
Computers and peripherals	120,413		2,096	(135)		122,374
Machinery and equipment	96,357		1,492	(74)		97,775
Physical/ hospital activities equipments	41,425		1,763	(54)		43,134
Library	126,883		3,364			130,247
Facilities	27,459		2,952			30,087
Tablets	45,459		301			45,760
Others	12,371		1,220	(10)	(1,348)	12,233
Construction in progress	7,771		15,028		(4,911)	17,888
Demobilization	11,638			(11)		11,627
Total	910,839		42,449	(384)	(1,347)	951,557

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

	Annual depreciation rates %	December 31, 2015	Additions per acquisitions	Additions	Disposals	Transfers	March 31, 2016
		Depreciation					Depreciation
Depreciation							
Buildings	1.67% p.a.	(47,277)		(799)		(217)	(48,293)
Third-parties'properties improvements	11.11% p.a.	(97,480)		(6,244)		217	(103,507)
Furniture and utensils	8.33% p.a.	(41,802)		(2,168)	121		(43,849)
Computers and peripherals	25% p.a.	(94,866)		(3,822)	198		(98,490)
Machinery and equipment	8.33% p.a.	(60,594)		(3,112)	719		(62,987)
Physical/ hospital activities equipments	6.67% p.a.	(16,133)		(538)	38		(16,633)
Library	5% p.a.	(50,762)		(1,563)			(52,325)
Facilities	8.33% p.a.	(9,440)		(530)			(9,970)
Tablets	20% p.a.	(10,357)		(2,116)			(12,473)
Others	14.44% p.a.	(6,126)		(227)	9	652	(5,692)
Demobilization		(10,291)		(59)			(10,350)
Total		(445,128)		(21,178)	1,085	652	(464,569)
Net residual value		465,711		21,271	701	(695)	486,988

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

	December 31, 2015					March 31, 2016
	Cost	Additions per acquisition	Additions	Disposals	Transfers	Custo
Cost						
Land	19,373					19,373
Buildings	135,010	148	140		828	134,482
Third-parties' properties improvements	217,109		691		4,764	222,564
Furniture and utensils	97,042	158	1,925	(89)	(41)	98,995
Computers and peripherals	156,778	54	146	(102)		156,876
Machinery and equipment	101,303	153	1,133	(3)		102,586
Physical/ hospital activities equipments	48,201	141	668	(3)		49,007
Library	138,397	142	734		80	139,353
Facilities	42,025	58	2,828		171	45,082
Tablets	47,019			(7)		47,012
Others	12,116		8			12,124
Construction in progress	31,575		6,030		(5,592)	32,013
Demobilization	11,627					11,627
Total	1,057,575	854	14,303	(204)	210	1,072,738

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

	Annual depreciation rates %	December 31, 2015					March 31, 2016
		Depreciation	Additions per acquisitions	Additions	Disposals	Transfers	Depreciation
Depreciation							
Land							-
Buildings	1.67% p.a.	(49,794)	(7)	(548)			(50,349)
Third-parties' properties improvements	11.11% p.a.	(118,886)		(5,564)			(124,450)
Furniture and utensils	8.33% p.a.	(51,546)	(18)	(2,611)		9	(54,159)
Computers and peripherals	25% p.a.	(109,376)	(13)	(4,564)	300		(113,653)
Machinery and equipment	8.33% p.a.	(66,129)	(18)	(3,949)	1,226		(68,870)
Physical/ hospital activities equipments	6.67% p.a.	(18,516)	(16)	(635)	2		(19,165)
Library	5% p.a.	(59,351)	(17)	(1,460)	21	(14)	(60,821)
Facilities	8.33% p.a.	(12,331)	(7)	(872)		(9)	(13,219)
Tablets	20% p.a.	(18,731)		(2,225)	2		(20,954)
Others	14.44% p.a.	(6,445)		(218)			(6,663)
Demobilization		(10,550)		(68)			(10,618)
		(521,655)	(96)	(22,714)	1,558	(14)	(542,921)
Total		535,920	758	(8,411)	1,354	196	529,817

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

As mentioned in Note 11, certain assets acquired through financing were used as a financing guarantee. The Company and its Subsidiaries has 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, 2015	March 31, 2016	
		Cost	Additions	Cost
Cost				
Finance leases				
Capitalized		91,470		91,470
		91,470		91,470
	Depreciation rate	Depreciation	Additions	Depreciation
Depreciation				
Finance leases				
Capitalized	25% p.a.	(51,909)	(5,047)	(56,956)
		(51,909)	(5,047)	(56,956)
Net book value		39,561	(5,047)	34,514

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

11 Borrowings

Type	Financial charges	Parent company		Consolidated	
		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
In local currency					
Lease agreements – Colortel	INPC + 0.32% p.a.			5,199	6,902
Lease agreements – Assist	INPC p.a.			367	468
Lease agreements – CIT	8% p.a.			81	202
Lease agreements - Total Service	IGPI-DI/FGV p.a.			57	64
Lease agreements – Springer	IGPM + 1% p.a.			42	72
Lease agreements – Bayde	IGPI-DI/FGV p.a.			2,313	3,101
Lease agreements – Bradesco	1.14% p.m.			76	105
Lease agreements – Brasif	IGPM/FG p.a.				51
Leasing IBM	CDI Over p.d. + 2% p.m.			25,285	25,355
Leasing Carimã	IGPI-DI/FGV p.a.				
Borrowing – IFC	CDI +1,53% p.a.	49,274	50,064	49,274	50,064
Funding cost of IFC		(2,376)	(1,859)	(2,376)	(1,859)
First issue of debentures	CDI +1.50% p.a.	210,586	202,941	210,586	309,223
Second issue of debentures	CDI + 1.18% p.a.	320,186	309,223	320,186	194,168
Third issue of debentures	CDI + 112% CDI	187,330	194,168	187,330	(1,933)
Funding cost of debentures		(1,792)	(1,933)	(1,792)	(1,933)
Borrowing - FEE BNB	3% p.a.			1,121	1,345
Borrowing - Banco da Amazônia	9.5% p.a.			10,348	10,737
Borrowing - Banco Itaú line 4131	USD + 1,46% p.a.		242,761		242,761
Borrowing - FINEP	6% p.a.	3,053	3,053	3,053	3,053
Borrowing - Itaú S/A - "Giro Parcelado"	0.82% p.m.			1,050	1,200
Borrowing - Itaú S/A - "Giro Parcelado"	0.81% p.m.			733	833
Borrowing - Itaú S/A - "Giro Parcelado"	1.19% p.m.			502	716
		765,971	998,418	813,216	1,049,648
Current liabilities		40,518	271,831	57,654	291,346
Non-current liability		725,453	726,587	755,562	758,302
		765,971	998,418	813,216	1,049,648

Estácio Participações S.A.

Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

The costs of funding to be settled amounted to R\$ 4,168 at March 31, 2016, being R\$ 2,376 related to the borrowings from IFC (R\$ 377 of the 1st borrowing, and R\$ 1,435 of the 2nd borrowing and R\$ 564 of the 3rd borrowing) and R\$ 1,792 to the debentures.

The maturity of amounts recorded in non-current liabilities at March 31, 2016 and December 31, 2015 is as follows:

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
2017	254,119	255,413	257,180	259,742
2018	228,915	228,852	232,082	232,274
2019	228,906	228,843	248,905	248,925
2020	9,317	9,300	11,040	11,023
2021	2,871	2,854	4,594	4,577
2022	430	430	866	866
2023	430	430	430	430
2024	430	430	430	430
2025	35	35	35	35
Non-current liability	725,453	726,587	755,562	758,302

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

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

In March 2016, the Company entered into a loan agreement with the International Finance Corporation (IFC), in the amount in Brazilian reais equivalent to US\$ 100 million, which can be used within 12 months. Of this total amount US\$ 50 million related to Loan A will be obtained with the IFC and the other half related to Loan B with Banco Santander. To ensure that the transaction will be pegged to the Brazilian currency, the Company will always contract swap transactions on a jointly and automatic basis.

Without other significant fundings in the period, the contractual conditions of other effective borrowings remain unchanged compared to those presented in the financial statements at December 31, 2015.

12 Salaries and social charges

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Salaries and social charges payable	227	250	105,478	87,154
Provision for vacation pay			60,051	35,498
Provision for 13 th month salary			22,206	
	227	250	187,735	122,652

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

13 Taxes payable

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
ISS payable	5	5	18,809	14,996
IRRF payable		49	10,872	16,051
PIS and COFINS payable	158	240	4,513	4,319
IOF			384	384
	<u>163</u>	<u>294</u>	<u>34,578</u>	<u>35,750</u>
IRPJ payable			25,338	32,440
CSLL payable	<u>1</u>	<u>1</u>	<u>10,096</u>	<u>11,905</u>
	<u>1</u>	<u>1</u>	<u>35,434</u>	<u>44,345</u>
	<u>164</u>	<u>295</u>	<u>70,012</u>	<u>80,095</u>

14 Taxes payable in installments

	Consolidated	
	March 31, 2016	December 31, 2015
IRPJ	3,817	3,824
CSLL	261	253
FGTS	1,474	1,497
ISS	262	373
PIS	1,841	1,869
COFINS	587	487
INSS	7,742	8,402
IPTU	114	114
OTHERS	<u>2,613</u>	<u>2,807</u>
	<u>18,711</u>	<u>19,626</u>
Current liabilities	2,505	2,254
Non-current liability	<u>16,206</u>	<u>17,372</u>
	<u>18,711</u>	<u>19,626</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:

	Consolidated	
	March 31, 2016,	December 31, 2015
2016		1,275
2017	3,167	3,000
2018	1,022	991
2019 to 2027	<u>12,017</u>	<u>12,106</u>
	<u>16,206</u>	<u>17,372</u>

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Notes to the financial statements

at March 31, 2016

All amounts in thousands of reais unless otherwise stated

15 Price of acquisition payable

	March 31, 2016	Consolidated December 31, 2015
FAL		309
FATERN	608	590
UNIUOL	187	182
FACITEC	5,320	7,770
SÃO LUIS	16,676	16,150
IESAM		16,459
LITERATUS	6,670	6,395
CEUT	7,503	7,277
FNC	31,973	38,663
FCAT	9,575	9,286
FUFS	3,733	
	99,215	103,081
Current liabilities		
Non-current liability	33,053	41,980
	66,162	61,101
	99,215	103,081

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

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

	Consolidated		
	Less than 1 year	Between 2 and 5 years	Total
At March 31, 2016			
FATERN	608		608
UNIUOL	187		187
FACITEC		5,320	5,320
SAO LUIS	8,823	7,853	16,676
IESAM	2,340	14,630	16,970
LITERATUS	1,410	5,260	6,670
CEUT	2,846	4,657	7,503
FNC	10,658	21,315	31,973
FCAT	5,475	4,100	9,575
FUFS	706	3,027	3,733

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.

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Notes to the financial statements at March 31, 2016

All amounts in thousands of reais unless otherwise stated

At March 31, 2016 and December 31, 2015, the provision for contingencies was comprised as follows:

	Consolidated			
	March 31, 2016		December 31, 2015	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
Civil	1,006	14,311	1,075	13,615
Labor	24,368	96,804	24,147	83,692
Tax	62	11,553	52	11,605
	<u>25,436</u>	<u>122,668</u>	<u>25,274</u>	<u>108,912</u>

The changes in the provision for contingencies are as follows:

	Consolidated			
	Tax	Labor	Civil	Total
At December 31, 2015	52	24,147	1,075	25,274
Additions	10	4,615	244	4,869
Reversals		(1,248)	(183)	1,431
Derecognition		(3,146)	(130)	(3,276)
At March 31, 2016	<u>62</u>	<u>24,368</u>	<u>1,006</u>	<u>25,436</u>

For the periods ended March 31, 2016 and 2015, the expense for the provision for contingencies, recognized in the statement of income as "general and administrative expenses", was as follows:

	2016	2015
Composition of results		
Additions	4,869	6,807
Reversals	(1,431)	(2,941)
General and administrative expenses (Note 24)	<u>3,438</u>	<u>3,866</u>

(a) Civil

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

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

Matters	All amounts in thousands of reais
Indemnity for moral damages	708
Incorrect collection	171
Impossibility of enrollment/reenrollment	21
Discipline-related problems	14
Return of fees	14
Delay in issuance of diploma	11
Other*	67
	<u>1,006</u>

(*) These arise from other operating and/or academic problems, civil class actions, actions for review and other suits for damages.

(b) Labor

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

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

Matters	Amounts
Salary differences + reduction of working time + CCT fine + FGTS + notice	5,261
Fines (article 467 CLT, article 477 CLT and CCT/ACT)	3,876
Overtime + suppression Inter + Intra	3,416
Moral/property damage/moral harassment	2,679
Correction CTPS + indirect repeal + recognition of employment relationship	1,476
Vacation pay	1,383
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	923
Deviation of function and parity	832
Other*	4,522
	<u>24,368</u>

(*) Pleadings complementary to the main ones described above (effects) and Union's fees.

(c) Tax

The Company's legal advisors reviewed, assessed and quantified the various tax proceedings and, considering that there are no proceedings assessed as probable losses, management considered as not necessary the recognition of a provision for such proceedings.

Case	Amounts
Penalty imposed alleging noncompliance with record-keeping and reporting obligations.	<u>62</u>
	<u>62</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. In accordance with this risk assessment and the provision-related criteria adopted by the Company, certain contingencies are not provided as for, as follows:

	Consolidated	
	March 31, 2016	December 31, 2015
Tax	509,920	506,178
Civil	131,387	136,623
Labor	20,633	23,629
	<u>661,940</u>	<u>666,430</u>

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

- (i) In 2011, the Brazilian Federal Revenue Secretariat (SRF) issued two tax assessment notices, due to alleged debts of social security contributions for the period from January 2006 to January 2007 and noncompliance with record-keeping and reporting obligations. The referred defenses were filed with the Special SRF Office for the Largest Taxpayers of the State of Rio de Janeiro (DEMAC/RJO). In August 2012, an administrative lower court sentence was rendered, which partially granted the Company's objections, to recognize the extinguishment of right and exclude the entries of the period from January to July 2006, the other inspection arguments were maintained. The Company filed appeals, which are waiting judgment by the Board of Tax Appeals. The total amount involved, disregarding the effects of the extinguishment of right, is R\$ 216,667. According to the opinion of the external legal advisors, the risk of loss in these cases remains possible.

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- (ii) In 2009, SESES filed a common civil action against the Federal Government/Federal Tax Authorities, through which it claims authorization to pay the social security contributions, according to the graduation provided by Article 13 of Law 11,096/05 ("PROUNI Law"), with the beginning of the graduation as from the 1st month that a general meeting took place that authorized the change of its legal nature to a company for profit, in February 2007, consequently resulting in the following graduation for the payment of the social security contributions by SESES: 20% in 2007; 40% in 2008; 60% in 2009; 80% in 2010; and 100% in 2011, notwithstanding the understanding of INSS inspectors, who claim that the five-year period for application of the escalated rates as defined in Article 13 of the PROUNI Law should start to be counted as from the date of publication of such Law, which occurred in 2005. On August 7, 2012, the Federal Regional Court (TRF) favorably judged the Company's appeal. According to the mentioned decision, the enjoyment begins as from the date of the Stockholders' Meeting that changed the legal nature of SESES and not the publication date of the Prouni Act. Currently, the suit is awaiting judgment of the appeal filed by Federal Tax Authorities. The outside legal advisors assessed this case as a possible loss and the estimated amount involved is R\$ 14,669.
- (iii) Given the divergence of understanding of Article 13 of Law 11,096/05 ("PROUNI Act"), as mentioned in item (ii) above, Tax Foreclosures were issued by the National Treasury aimed at the judicial recovery of debts related to the alleged differences in payments of social security contributions. Embargoes were imposed on these executions, which are still being tried. The total amount involved is R\$ 99,410. According to the opinion of the external legal advisors, the risk of loss in these cases remains possible.

17 Advances under exclusivity agreements

On August 3, 2006, an agreement was entered into between the Company's subsidiaries and Unibanco (now "Itaú"), effective until July 31, 2011. The purpose of such agreement was granting exclusivity/preference to Itaú with respect to the offering and provision of products and services to students, employees and suppliers, as well as for Itaú to be the main provider of financial services.

In exchange for the exclusivity granted to Itaú, and for maintaining such a condition during the term of the agreement, that is, until July 31, 2011, Itaú paid to the subsidiaries a fixed amount of R\$ 15,954, which has been recognized in income over the term of the agreement. On February 18, 2008, without significant changes in the main contractual clauses, the parties entered into a new agreement extending the partnership until February 18, 2018. In consideration for the exclusive rights granted to Itaú, and while the agreement remains effective, Itaú paid the Company an additional amount of R\$ 18,000. At March 31, 2016, the balance related to amounts advanced in connection with the agreement amounted to R\$ 5,533 (R\$ 6,255 at December 31, 2015), being R\$ 2,887 classified in consolidated current liabilities, which will be amortized over the life of the agreement.

18 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 March 31, 2016, share capital is represented by 316,684,999 common shares.

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The Company's shareholding structure at March 31, 2016 and December 31, 2015 is as follows:

Stockholders	Common shares			
	March 31, 2016	%	December 31, 2015	%
Officers and directors	43,512,239	13.7	39,887,769	12.6
Treasury	9,337,178	3.0	8,896,878	2.8
Other (*)	263,835,582	83.3	267,900,352	84.6
	<u>316,684,999</u>	<u>100.0</u>	<u>316,684,999</u>	<u>100.0</u>

(*) Free float.

In the Board of Directors' meeting held on April 30, 2015, it was approved the private issue of 1,216,788 nominative common shares, with no par value, which resulted in the consequent increase of the Company's capital by R\$ 11,415, within the limit of the authorized capital, in order to meet the exercise of options granted to the beneficiaries of the stock option plan.

In the Board of Directors' meeting held on August 5, 2015, it was approved the private issue of 38,327 nominative common shares, with no par value, which resulted in the consequent increase of the Company's capital by R\$ 421, within the limit of the authorized capital, in order to meet the exercise of options granted to the beneficiaries of the stock option plan.

(b) Changes in shares

There were no changes in share capital during the quarter ended March 31, 2016. Share capital amounts to R\$ 316,684,999.

(c) Treasury shares

At the Board of Directors' Meeting on August 6, 2015, the Board approved the 4th Program for Repurchase of the Company's shares on the stock exchange, up to 9,500,550 common shares, equivalent to 3.00% of the Company's capital.

	Number	Average cost	Balance
Treasury shares at December 31, 2015	<u>8,896,878</u>	<u>15.47</u>	<u>137,603</u>
Treasury share acquired	440,300	18.44	8,120
Treasury shares at March 31, 2016	<u>9,337,178</u>	<u>15.61</u>	<u>145,723</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 in the period ended March 31, 2016 and in the year ended December 31, 2015 is as follows:

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	March 31, 2016	Parent company December 31, 2015
Tax reserve	3	3
Undistributed profits (i)	96,477	96,477
Special reserve for goodwill on merger	85	85
Share premium	498,899	498,899
	595,464	595,464

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

The premium on issue of shares is represented as follows:

	March 31, 2016
Subscription of 17,853,127 shares	(23,305)
Amount paid for the 17,853,127 shares	522,204
Share premium	498,899

(d.2) Grant options

The Company recorded the Capital Reserve for Share Options granted in the amount of R\$ 6,448 during the quarterly ended March 31, 2016 (R\$ 19,150 during the year ended December 31, 2015), as mentioned in Note 20 (b). As required by the applicable technical accounting pronouncement, the fair value of options was determined on the grant date and has been recognized over the vesting period up to the date of these quarterly information.

(d.3) Long-term incentive

The Company recorded a capital reserve for long-term incentives (Note 20 (c)) in the amount of R\$ 930 during the period ended March 31, 2016 (R\$ 3,718 during the year ended December 31, 2015).

(e) Revenue reserves

On December 31, 2015, from the results accumulated by the Company, R\$ 290,000 was allocated to the profit retention reserve (2014 - R\$ 303,273) to finance the investments expected in the Company's capital budget, prepared by management was approved at the Annual General Meeting of Stockholders that was held on April 27, 2016.

19 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company's financial assets and liabilities at March 31, 2016 and December 31, 2015, 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, 2015.

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:

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(a) Credit risk

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

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

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

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate in accordance with the financial investments and derivatives policy approved by the Board of Directors. The balances of cash and cash equivalents, marketable securities and judicial deposits are held at financial institutions with AA to AAA credit rating according to the credit rating agencies Standard & Poor's, Fitch and Moody's.

(b) Interest rate risk

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

(c) Foreign exchange rate risk

The Group's income is not subject to changes due to exchange rate volatility, because the Group has not carried out significant transactions in foreign currency.

At March 31, 2016 the Company has not recorded any position in derivatives. Its exposure to foreign exchange risk mainly related to the loan in U.S. dollars, which was hedged by the swap transaction and was settled on March 14, 2016, at its original maturity date.

(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 March 31, 2016 compared to December 31, 2015.

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. The amounts disclosed in the table are the contractual undiscounted cash flows.

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	Consolidated			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At March 31, 2016				
Trade payables	51,657			
Borrowings	125,728	355,304	557,758	5,166
Finance lease liabilities	13,540	1,677	18,275	
Price of acquisition payable	33,206	35,182	39,686	
Related parties	4,300			
At December 31, 2015				
Trade payables	59,237			
Borrowings	350,687	368,257	558,589	7,350
Finance lease liabilities	15,565	864	19,970	
Price of acquisition payable	42,161	31,289	40,586	
Related parties	4,295			

(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 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 loans 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 March 31, 2016, three different scenarios were defined. Based on the CDI rate officially published by CETIP on March 31, 2016 (14.13% p.a.), this rate was used as the probable scenario for the year. Rate changes of 25% and 50% were then calculated.

For each scenario, the "gross financial revenue and financial expenses" were calculated, disregarding the effect of taxes on the investment yields. The base date used for the portfolio was March 31, 2016, with projections for one year and verification of the sensitivity of the CDI for each scenario.

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		CDI increase scenario		
	Risk	Scenario (I)	Scenario (II)	Scenario (III)
Transactions				
Financial investments R\$ 298,608	CDI	14.13% 42,193	17.66% 52,742	21.20% 63,290
Debentures I R\$ 210,296	CDI+1.50	15.84% (33,315)	19.43% (40,855)	23.01% (48,395)
Debentures II R\$ 320,186	CDI+1.18	15.48% (49,554)	19.05% (60,998)	22.63% (72,442)
Debentures III R\$ 187,330	112% CDI	15.88% (5,434)	19.46% (6,661)	23.05% (7,889)
IFC I R\$ 34,225	CDI+1.53	15.88% (5,976)	19.46% (7,326)	23.05% (8,676)
IFC II R\$ 15,049	CDI+1.69	16.06% (2,417)	19.65% (2,957)	23.24% (3,498)
Net position		(78,414)	(96,159)	(113,934)
		CDI decrease scenario		
	Risk	Scenario (I)	Scenario (II)	Scenario (III)
Transactions				
Financial investments R\$ 298,608	CDI	14.13% 42,193	10.60% 31,645	7.07% 21,097
Debentures I R\$ 210,296	CDI+1.50	15.84% (33,315)	12.26% (25,775)	8.67% (18,235)
Debentures II R\$ 320,186	CDI+1.18	15.48% (49,554)	11.90% (38,110)	8.33% (26,666)
Debentures III R\$ 187,330	112% CDI	15.95% (29,887)	11.94% (22,371)	7.95% (14,884)
IFC I R\$ 34,225	CDI+1.53	15.88% (5,434)	12.29% (4,206)	8.70% (2,979)
IFC II R\$ 15,049	CDI+1.69	16.06% (2,417)	12.47% (1,876)	8.87% (1,336)
Net position		(78,414)	(60,693)	(43,003)

(f) Capital management

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

		Consolidated	
		March 31, 2016	December 31, 2015
Total liabilities		1,465,804	1,679,491
(-) Cash and cash equivalents		(63,658)	(48,410)
Net debt		1,402,146	1,631,081
Equity		2,808,332	2,680,592
Net debt on equity		0.50	0.61

(g) Fair value of financial instruments

On March 31, 2016 and December 31, 2015, the carrying values of the Company's financial instruments approximate their fair value.

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

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

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

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

(h) Offsetting of financial instruments

There were no significant assets or liabilities subject to offset during the period ended March 31, 2016 and the year ended December 31, 2015.

20 Management compensation

(a) Compensation

For the periods ended March 31, 2016 and 2015, total compensation (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R\$ 2,033 and R\$ 2,036, 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 share option plan described in Note 20(b)).

(b) Stock option plan

The history and the details of the stock options plans did not change in relation to the information included in the financial statements for the year ended December 31, 2015.

At March 31, 2016, the number of options granted which were exercised totaled 9,305,555 (R\$ 69,071), and the total shares granted amounted to 17,834,623 (R\$ 174,297).

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

	Exercised options
December 31, 2014	7,660,975
March 31, 2015	7,660,975
June 30, 2015	9,267,228
September 30, 2015	9,305,555
December 31, 2015	9,305,555
March 31, 2016	9,305,555

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

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

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Program	End of grace period	Expiration date	Fair Value	Price of the underlying asset	Expected annual volatility	Expected dividends	Risk-free interest rate	Estimated life (years)	Number of options granted	Number of lapsed options
Program 1P jan/09	4/15/2010	4/15/2020	R\$ 0,57	R\$ 7,79	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\$ 7,79	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\$ 7,79	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\$ 7,79	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\$ 7,79	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\$ 7,79	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\$ 7,79	63,99%	1,72%	6,83%	7	1.363.635	0
Program 1P jan/10	4/15/2011	4/15/2021	R\$ 2,96	R\$ 7,89	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\$ 7,89	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\$ 7,89	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\$ 7,89	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\$ 7,89	63,15%	0,93%	6,23%	10	89.088	52.728
Program 1P jul/08	4/15/2009	4/15/2019	R\$ 2,36	R\$ 7,94	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\$ 7,94	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\$ 7,94	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\$ 7,94	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\$ 7,94	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\$ 7,95	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\$ 7,95	57,49%	0,97%	6,85%	8	60.000	30.000
Program 1P mar/10	4/15/2011	4/15/2021	R\$ 2,43	R\$ 7,77	62,20%	1,01%	6,21%	10	90.909	0
Program 1P mar/10	4/14/2012	4/14/2022	R\$ 3,23	R\$ 7,77	62,20%	1,01%	6,21%	10	90.909	0
Program 1P mar/10	4/14/2013	4/14/2023	R\$ 3,77	R\$ 7,77	62,20%	1,01%	6,21%	10	90.909	0
Program 1P mar/10	4/14/2014	4/14/2024	R\$ 4,18	R\$ 7,77	62,20%	1,01%	6,21%	10	90.909	0
Program 1P mar/10	4/14/2015	4/14/2025	R\$ 4,43	R\$ 7,77	62,20%	1,01%	6,21%	10	90.909	0
Program 1P set/08	4/15/2009	4/15/2019	R\$ 0,47	R\$ 7,82	56,00%	1,62%	8,42%	10	663.645	399.999
Program 1P set/08	4/15/2010	2/15/2020	R\$ 1,12	R\$ 7,82	56,00%	1,62%	8,42%	9	663.633	399.999
Program 1P set/08	4/15/2011	4/15/2021	R\$ 1,55	R\$ 7,82	56,00%	1,62%	8,42%	10	663.633	399.999
Program 1P set/08	4/14/2012	4/14/2022	R\$ 1,78	R\$ 7,82	56,00%	1,62%	8,42%	10	663.633	399.999
Program 1P set/08	4/14/2013	4/14/2023	R\$ 2,08	R\$ 7,82	56,00%	1,62%	8,42%	10	663.633	0
Program 1P set/09	4/15/2010	4/15/2020	R\$ 1,78	R\$ 7,90	56,75%	1,13%	5,64%	10	174.582	32.727
Program 1P set/09	4/15/2011	2/15/2021	R\$ 2,51	R\$ 7,90	56,75%	1,13%	5,64%	9	174.537	32.727
Program 1P set/09	4/14/2012	4/14/2022	R\$ 3,00	R\$ 7,90	56,75%	1,13%	5,64%	10	174.537	32.727
Program 1P set/09	4/14/2013	4/14/2023	R\$ 3,40	R\$ 7,90	56,75%	1,13%	5,64%	10	174.537	101.814
Program 1P set/09	4/14/2014	4/14/2024	R\$ 3,62	R\$ 7,90	56,75%	1,13%	5,64%	10	174.537	0
Program 2P jul/10	4/15/2011	4/15/2021	R\$ 1,37	R\$ 8,70	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\$ 8,70	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\$ 8,70	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\$ 8,70	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\$ 8,70	58,84%	1,52%	6,25%	10	129.684	60.936
Program 2P mai/10	4/15/2011	4/15/2021	R\$ 2,52	R\$ 8,87	60,71%	1,62%	6,30%	10	140.625	140.625
Program 2P mai/10	4/15/2012	4/15/2015	R\$ 2,52	R\$ 8,87	60,71%	1,62%	6,30%	3	140.625	140.625
Program 2P mai/10	4/14/2013	4/14/2023	R\$ 2,52	R\$ 8,87	60,71%	1,62%	6,30%	10	140.625	140.625
Program 2P mai/10	4/14/2014	4/14/2024	R\$ 2,52	R\$ 8,87	60,71%	1,62%	6,30%	10	140.625	140.625
Program 2P mai/10	4/14/2015	4/14/2025	R\$ 2,52	R\$ 8,87	60,71%	1,62%	6,30%	10	140.625	0
Program 2P nov/10 Cons.	4/15/2011	11/3/2020	R\$ 2,48	R\$ 8,44	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\$ 8,44	57,60%	1,52%	5,88%	8	30.000	0
Program 3P abr/11	4/15/2012	4/15/2022	R\$ 1,29	R\$ 9,89	54,94%	1,32%	6,20%	10	165.240	12.717
Program 3P abr/11	4/14/2013	4/14/2023	R\$ 2,27	R\$ 9,89	54,94%	1,32%	6,20%	10	165.240	38.133
Program 3P abr/11	4/14/2014	4/14/2024	R\$ 2,92	R\$ 9,89	54,94%	1,32%	6,20%	10	165.240	61.011
Program 3P abr/11	4/14/2015	4/14/2025	R\$ 3,42	R\$ 9,89	54,94%	1,32%	6,20%	10	165.240	61.011
Program 3P abr/11	4/14/2016	4/14/2026	R\$ 3,74	R\$ 9,89	54,94%	1,32%	6,20%	10	165.240	61.011
Program 3P jan/11	4/15/2012	4/15/2022	R\$ 1,99	R\$ 10,16	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\$ 10,16	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\$ 10,16	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\$ 10,16	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\$ 10,16	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\$ 10,16	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\$ 10,16	56,55%	1,14%	5,79%	7	30.000	0
Program 4P abr/12	4/15/2013	4/15/2023	R\$ 1,12	R\$ 7,73	51,66%	1,65%	4,29%	10	234.000	27.000
Program 4P abr/12	4/14/2014	4/14/2024	R\$ 1,81	R\$ 7,73	51,66%	1,65%	4,29%	10	234.000	42.000
Program 4P abr/12	4/14/2015	4/14/2025	R\$ 2,26	R\$ 7,73	51,66%	1,65%	4,29%	10	234.000	42.000
Program 4P abr/12	4/14/2016	4/14/2026	R\$ 2,60	R\$ 7,73	51,66%	1,65%	4,29%	10	234.000	48.000
Program 4P abr/12	4/14/2017	4/14/2027	R\$ 2,82	R\$ 7,73	51,66%	1,65%	4,29%	10	234.000	48.000
Program 4P abr/12 Cons.	4/15/2013	4/2/2022	R\$ 1,09	R\$ 7,73	51,66%	1,65%	4,29%	8	180.000	0
Program 4P abr/12 Cons.	4/14/2014	4/2/2022	R\$ 1,78	R\$ 7,73	51,66%	1,65%	4,29%	7	180.000	0
Program 4P ago/12	4/15/2013	4/15/2023	R\$ 2,64	R\$ 7,43	50,39%	1,15%	4,29%	10	18.000	18.000
Program 4P ago/12	4/14/2014	4/14/2024	R\$ 3,37	R\$ 7,43	50,39%	1,15%	4,29%	10	18.000	18.000
Program 4P ago/12	4/14/2015	4/14/2025	R\$ 3,88	R\$ 7,43	50,39%	1,15%	4,29%	10	18.000	18.000
Program 4P ago/12	4/14/2016	4/14/2026	R\$ 4,29	R\$ 7,43	50,39%	1,15%	4,29%	10	18.000	18.000
Program 4P ago/12	4/14/2017	4/14/2027	R\$ 4,55	R\$ 7,43	50,39%	1,15%	4,29%	10	18.000	0
Program 4P jan/13	4/15/2014	4/15/2024	R\$ 8,23	R\$ 7,22	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\$ 7,22	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\$ 7,22	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\$ 7,22	33,47%	0,00%	3,90%	10	160.200	7.200
Program 4P jan/13	4/15/2018	4/15/2028	R\$ 8,75	R\$ 7,22	33,47%	0,00%	3,90%	10	160.200	7.200
Program 4P jul/12	4/15/2013	4/15/2023	R\$ 2,23	R\$ 7,54	50,78%	1,23%	4,29%	10	48.000	9.000
Program 4P jul/12	4/14/2014	4/14/2024	R\$ 2,96	R\$ 7,54	50,78%	1,23%	4,29%	10	48.000	9.000
Program 4P jul/12	4/14/2015	4/14/2025	R\$ 3,46	R\$ 7,54	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\$ 7,54	50,78%	1,23%	4,29%	10	48.000	0
Program 4P jul/12	4/14/2017	4/14/2027	R\$ 4,12	R\$ 7,54	50,78%	1,23%	4,29%	10	48.000	0
Program 4P nov/12	4/15/2014	4/15/2024	R\$ 6,31	R\$ 7,27	49,44%	0,76%	3,50%	10	15.000	15.000
Program 4P nov/12	4/15/2015	4/15/2025	R\$ 6,88	R\$ 7,27	49,44%	0,76%	3,50%	10	15.000	15.000
Program 4P nov/12	4/15/2016	4/15/2026	R\$ 7,36	R\$ 7,27	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\$ 7,27	49,44%	0,76%	3,50%	10	15.000	0
Program 4P nov/12	4/15/2018	4/15/2028	R\$ 8,08	R\$ 7,27	49,44%	0,76%	3,50%	10	15.000	0

(*) 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	Expected Annual Volatility	Expected Dividends	Risk-free interest rate	Estimated life (years)	Number of options granted	Number of lapsed options
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	7.200
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	7.200
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	102.000
Program 6P Oct13	4/15/2014	4/15/2024	R\$ 5,05	R\$ 17,48	28,80%	0,00%	11,99%	10	265.000	0
Program 6P Oct13	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 Oct13	4/15/2016	4/15/2026	R\$ 6,40	R\$ 17,48	28,80%	0,00%	11,99%	10	265.000	15.000
Program 6P Oct13	4/15/2017	4/15/2027	R\$ 6,94	R\$ 17,48	28,80%	0,00%	11,99%	10	265.000	15.000
Program 6P Oct13	4/15/2018	4/15/2028	R\$ 7,43	R\$ 17,48	28,80%	0,00%	11,99%	10	265.000	15.000
Program 6P Jul14	4/15/2015	4/15/2025	R\$ 15,13	R\$ 16,79	26,43%	0,00%	11,99%	10	608.000	0
Program 6P Jul14	4/15/2016	4/15/2026	R\$ 15,76	R\$ 16,79	26,43%	0,00%	11,99%	10	608.000	0
Program 6P Jul14	4/15/2017	4/15/2027	R\$ 16,41	R\$ 16,79	26,43%	0,00%	11,99%	10	608.000	0
Program 6P Jul14	4/15/2018	4/15/2028	R\$ 17,05	R\$ 16,79	26,43%	0,00%	11,99%	10	608.000	0
Program 6P Jul14	4/15/2019	4/15/2029	R\$ 17,65	R\$ 16,79	26,43%	0,00%	11,99%	10	608.000	0
Program 6P Jul14 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 Jul14 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 Aug14	4/15/2015	4/15/2025	R\$ 14,48	R\$ 16,88	26,68%	0,00%	11,99%	10	60.000	0
Program 6P Aug14	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 Aug14	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 Aug14	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 Aug14	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 Aug14 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 Aug14 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 Oct14	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 Oct14	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 Oct14	4/15/2017	4/15/2027	R\$ 10,64	R\$ 25,40	28,80%	0,00%	11,99%	10	177.800	37.000
Program 7P Oct14	4/15/2018	4/15/2028	R\$ 11,47	R\$ 25,40	28,80%	0,00%	11,99%	10	177.800	37.000
Program 7P Oct14	4/15/2019	4/15/2029	R\$ 12,24	R\$ 25,40	28,80%	0,00%	11,99%	10	177.800	37.000
8P Program	4/15/2016	4/15/2026	R\$ 5,45	R\$ 13,15	28,80%	0,00%	11,99%	10	196.600	0
8P Program	4/15/2017	4/15/2027	R\$ 6,42	R\$ 13,15	28,80%	0,00%	11,99%	10	196.600	0
8P Program	4/15/2018	4/15/2028	R\$ 7,20	R\$ 13,15	28,80%	0,00%	11,99%	10	196.600	0
8P Program	4/15/2019	4/15/2029	R\$ 7,88	R\$ 13,15	28,80%	0,00%	11,99%	10	196.600	0
8P Program	4/15/2020	4/15/2030	R\$ 8,47	R\$ 13,15	28,80%	0,00%	11,99%	10	196.600	0

(*) 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, of R\$ 6,448 for the period ended March 31, 2016 (R\$ 19,150 for the year ended December 31, 2015).

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

Statutory Board

	March 31, 2016		December 31, 2015	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	13,73	931,660	8,28	501,961
Granted	0,00	0,00	14,37	870,171
Exercised	0,00	0,00	8,92	450,472
	13,73	921,660	13,73	921,660

Board of Directors

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	March 31, 2016		December 31, 2015	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	8,01	188,130	6,76	30,630
Granted	0,00	0,00	17,91	212,500
Exercised	0,00	0,00	16,66	55,000
	8,01	188,130	8,01	188,130

(c) Special Program for Long-term Incentive

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

The Program has the Company's statutory officers as the beneficiaries, and was structured in the form of variable remuneration, whose value depends on the value of its shares, which may be settled in cash or shares, the entity ruling the form of settlement. Currently, the Company estimates to settle with shares held in treasury. On February 5, 2015, the Letter CVM/SEP/GEA-2/No. 034/2014, issued by the CVM, approved the Company's request (filed on August 25, 2014) to use the treasury shares in its Long-term compensation program (ILP).

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

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

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

On April 17, 2015, the payment of the Long-term Incentive Program, of 236,520 shares (3,784), was carried out.

The provision of the program at March 31, 2016 is R\$ 3,342 (R\$ 2.412 at December 31, 2015).

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All amounts in thousands of reais unless otherwise stated

21 Earnings per share

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

(a) Basic earnings per share

	2016	2015
Numerator		
Profit for the year	128,482	130,581
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	316,684,999	315,429,884
Basic earnings per share	0.00041	0.00041

(a) Diluted earnings per share

	2016	2015
Numerator		
Profit for the year	128,482	130,581
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	316,684,999	315,429,884
Potential increase in the number of shares relating to the share option plan	983,000	
Adjusted weighted average number of shares outstanding	317,667,999	315,429,884
Diluted earnings per share	0.00040	0.00041

22 Net revenue from services rendered

	2016	Consolidated 2015
Gross operating revenue	1,277,970	1,101,657
Gross revenue deductions	(485,062)	(379,338)
Grants - scholarships	(419,231)	(326,550)
Return of monthly tuition and charges	(1,679)	(2,883)
Discounts granted	(7,140)	(4,630)
Taxes	(32,952)	(28,993)
FGEDUC	(19,363)	(16,282)
Others	(4,697)	
Net operating revenue	792,908	722,319

23 Costs of services rendered

	2016	Consolidated 2015
Personnel and social charges	(326,858)	(295,576)
Electricity, water, gas and telephone	(10,290)	(8,600)
Rents, condominium fees and IPTU	(59,200)	(57,398)
Mailing and courier expenses	(514)	(871)
Depreciation and amortization	(21,784)	(20,908)
Teaching material	(4,595)	(8,199)
Outsourced security and cleaning services	(13,705)	(11,614)
Costs of services rendered	(436,946)	(403,256)

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Notes to the financial statements at March 31, 2016

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24 Expenses by nature

	Parent company		Consolidated	
	2016	2015	2016	2015
Selling				
Impairment of trade receivables			(23,606)	(14,790)
Advertising			(55,434)	(29,391)
Sales and marketing			(10,760)	(8,811)
Other			(579)	(764)
			<u>(90,379)</u>	<u>(53,756)</u>
General and administrative expenses				
Personnel and social charges	(780)	(722)	(43,056)	(39,819)
Outsourced services	(648)	(1,565)	(16,562)	(18,677)
Consumption material			(973)	(608)
Maintenance and repairs	(14)	(11)	(8,118)	(8,929)
Depreciation and amortization (i)	(5,251)	(5,090)	(26,671)	(18,233)
Educational covenants	(159)	(72)	(1,657)	(1,493)
Travels and accommodation	(66)	(77)	(1,229)	(1,666)
Institutional events (ii)	(11)		(7,405)	(9,022)
Provision for contingencies			(3,438)	(3,866)
Copies and bookbinding			(1,343)	(1,205)
Insurance	(1,457)	(1,015)	(1,679)	(1,520)
Cleaning supplies			(607)	(479)
Transportation		(9)	(1,000)	(730)
Car rental			(651)	(558)
Other	(525)	(117)	(6,320)	(3,364)
	<u>(8,911)</u>	<u>(8,678)</u>	<u>(120,709)</u>	<u>(110,169)</u>

(i) This balance includes the amortization of funding costs of R\$ 224.

25 Other operating income

	Parent company		Consolidated	
	2016	2015	2016	2015
Income from agreements	409	409	675	695
Income from rentals			2,216	2,604
Business intermediations				
Web class income			65	312
Other operating income (expenses)			1,236	(1,958)
	<u>409</u>	<u>409</u>	<u>4,192</u>	<u>1,653</u>

26 Finance income and costs

	Parent company		Consolidated	
	2016	2015	2016	2015
Finance income				
Late payment fine and interest			8,429	5,059
Update of accounts receivable - FIES			12,972	
Earnings from financial investments	11,705	10,167	18,950	16,716
Monetary variation gains	512		1,404	267
Exchange variation gain	27,958	3,750	27,958	3,753
Derivative financial instruments gain - SWAP	471		471	
Adjustment to present value - FIES			5,373	
Other	(568)	34	(1,327)	35
	<u>40,078</u>	<u>13,951</u>	<u>74,230</u>	<u>25,830</u>
Finance costs				
Banking expenses	(65)	(216)	(2,156)	(2,883)
Interest and financial charges	(27,642)	(17,973)	(34,636)	(19,910)
Financial discounts (i)			(5,477)	(5,294)
Monetary variation losses			(3,972)	(3,909)
Derivative financial instruments losses - SWAP	(26,036)	(5,979)	(26,036)	(5,979)
Exchange variation losses	(10,958)		(10,961)	
Other	(5)	(20)	(2,904)	(406)
	<u>(64,706)</u>	<u>(24,188)</u>	<u>(86,142)</u>	<u>(38,381)</u>

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

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Notes to the financial statements at March 31, 2016

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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 March 31, 2016 and 2015 is as follows:

	Parent company		Consolidated	
	2016	2015	2016	2015
Profit before income tax and social contribution	126,801	128,904	137,154	144,240
Combined statutory rate of income tax and social contribution - %	34	34	34	34
Income tax and social contribution at the statutory rates	(43,112)	(43,827)	(46,632)	(49,042)
Goodwill from mergers				453
Depreciation (b)	(7)		388	
Leasing			(69)	(101)
Adjustment to present value			1,827	
Equity in the results of subsidiaries	54,377	50,120		
Amortization of goodwill	(1,695)		(4,378)	(1,089)
Non-deductible expenses (a)			(164)	(697)
Options granted LP provision - employees			(2,509)	(4,208)
Tax losses not registered	(9,563)	(6,293)	(10,114)	(6,562)
Decommissioning expenses			(118)	(244)
Provision for contingencies			(59)	(145)
Provision for impairment of receivables (b)			1,229	
Monthly tuitions to be canceled and billed			(5,188)	(3,029)
Provision for Fies risk			(197)	(259)
Other			191	637
			(65,793)	(64,286)
Tax benefits				
Tax incentive – PROUNI			48,189	48,310
Current income tax and social contribution in the results for the period			(17,604)	(15,976)

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

(b) Nondeductible amount of provision for impairment of trade receivables refers to students with outstanding payments overdue for more than 180 days, and the provision for cancel of monthly pay slips.

	Parent company		Consolidated	
	2016	2015	2016	2015
Current income tax and social contribution			(17,604)	(15,976)
Deferred income tax and social contribution	1,681	1,677	8,932	2,317
Income tax and social contribution from prior periods				
	1,681	1,677	(8,672)	(13,659)

At March 31, 2016, the Company recorded deferred tax assets on temporary differences of R\$ 19,548. The breakdown of the tax effects of temporary differences which originated the deferred tax assets is summarized below:

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Adjustment to present value			7,732	9,559
Provision for contingencies			8,648	8,579
Provision for impairment of receivables			1,050	2,280
Monthly fees to bill			(253)	(555)
Monthly tuitions to be canceled			6,501	1,615
Provision for decommissioning			3,608	3,586
Goodwill	(15,053)	(16,734)	(32,245)	(36,314)
Provision for risk - Fies			5,384	5,187
Options granted recognized			26,685	24,177
Decommissioning adjustment			1,772	1,676
Incorporated goodwill			(10,228)	(10,069)
Tax losses			894	894
Other assets				
	(15,053)	(16,734)	19,548	10,615
Assets			51,562	46,693
Liabilities	(15,053)	(16,734)	(32,014)	(36,078)
	(15,053)	(16,734)	19,548	10,615

Estácio Participações S.A.

Notes to the financial statements

at March 31, 2016

All amounts in thousands of reais unless otherwise stated

The realization of the deferred tax effect on temporary differences recorded at March 31, 2016 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 March 31, 2016, 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.

On March 31, 2016, the Company had tax credits arising from income tax and social contribution losses amounting to R\$ 47,350 (R\$ 37,788 at December 31, 2015) that are not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

* * *



1Q16 RESULTS

Rio de Janeiro, May 5, 2016 – **Estácio Participações S.A.** – “Estácio” or “Company” (BM&FBovespa: ESTC3; Bloomberg: ESTC3.BZ; Reuters: ESTC3.SA; OTCQX: ECPCY) – announces its results for the first quarter of 2016 (1Q16) in comparison with the first quarter of 2015 (1Q15). The accounting information herein is presented in accordance with International Financial Reporting Standards (“IFRS”) and on a consolidated basis.

Highlights

- Estácio closed 1Q16 with a **total base** of 587,800 students, 11.4% up on 1Q15, 410,700 of whom enrolled in on-campus programs (up by 6.2% on a same shop basis) and 164,200 in distance-learning programs (up by 16.7% on a same shop basis), as well as 12,900 from the acquisitions in the last 12 months.
- **Net operating revenue** came to R\$792.9 million in 1Q16, 9.8% more than in 1Q15, thanks to student base growth of 11.6%.
- **Adjusted EBITDA** amounted to R\$213.4 million in 1Q16, a 9.1% improvement over 1Q15, with a respective **adjusted EBITDA margin** of 26.9%.
- **Net income** totaled R\$128.5 million in 1Q16, while **earnings per share** (ex-treasury shares) stood at R\$0.42 in 1Q16, flat over 1Q15.
- The Company closed 1Q16 with solid **cash and cash equivalents** of R\$362.3 million.

Key Consolidated Indicators

Financial Highlights (R\$ million)	1Q15	1Q16	Change
Net Revenue	722.3	792.9	9.8%
Gross Profit	319.1	356.0	11.6%
<i>Gross Profit margin (%)</i>	<i>44.2%</i>	<i>44.9%</i>	<i>0.7 p.p.</i>
Adjusted EBITDA	195.7	213.4	9.1%
<i>Adjusted EBITDA Margin (%)</i>	<i>27.1%</i>	<i>26.9%</i>	<i>-0.2 p.p.</i>
Net Income	130.6	128.5	-1.6%
<i>Net Income Margin (%)</i>	<i>18.1%</i>	<i>16.2%</i>	<i>-1.9 p.p.</i>

Notes:

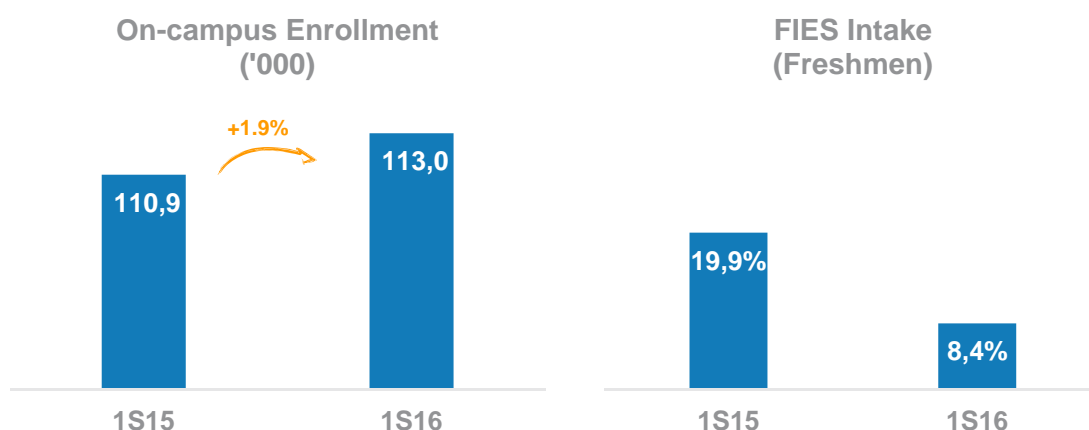
* Adjusted EBITDA considers as the operating result: (i) the adjustment of FIES accounts receivable; (ii) revenue from fines and interest related to overdue tuition; and (iii) discounts granted in negotiations of overdue tuition.

**The information of students base and average ticket calculation is not reviewed by the auditors.

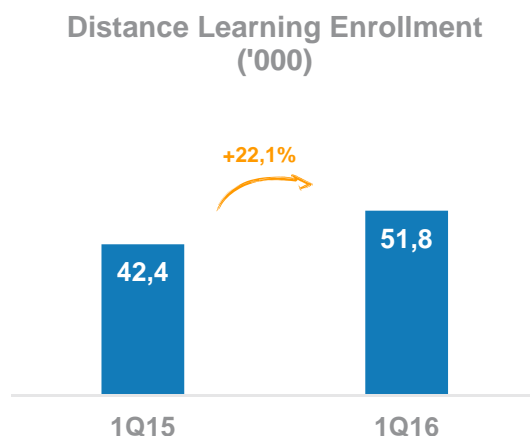
Message from Management

For the 12th consecutive time, including the two semesters of 2015, marked by the economic crisis and the alterations to the FIES framework, we once again closed the intake cycle with record enrollment figures.

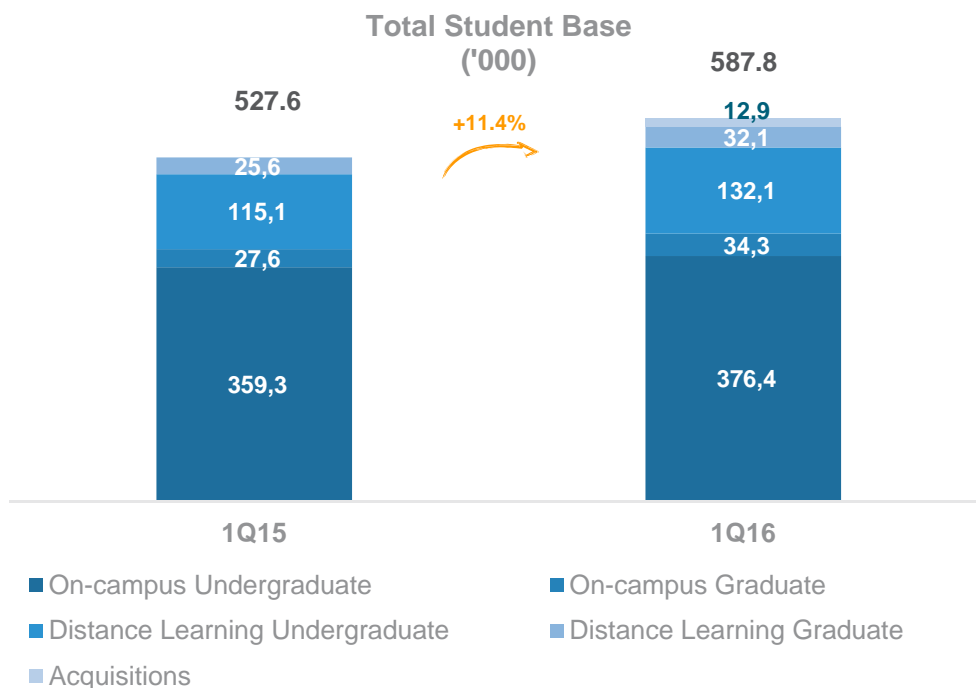
In the on-campus undergraduate segment, we enrolled 113,000 new students, 1.9% up on the same cycle last year, despite the unfavorable comparison both in terms of the number of FIES places and the overall economic situation. This semester, the FIES penetration rate for new students was 8.4% until the end of the enrollment period, versus 19.9% in the end of the first semester of 2015, once again underlining our resilience to the crisis and the correctness of the strategy adopted during the FIES boom years.



The distance learning segment also recorded solid growth, with 51,800 new students, 22.1% more than the year before. In addition to greater demand for this type of course between 2012 and 2015, our number of centers increased substantially and we began to put greater emphasis on this segment, exemplified by the launch of our first marketing campaign dedicated exclusively to distance learning.



This excellent intake result generated organic on-campus undergraduate student base growth (excluding acquisitions) of 4.8%, while our distance learning base expanded by 14.8%. Our graduate base grew by 24.9%, closing 1Q16 with 66,400 students. As a result, our total student base, including all the acquisitions, climbed by 11.4% over 1Q15.



In this context, net operating revenue totaled R\$792.9 million in 1Q16, 9.8% up on 1Q15, offsetting the losses from the substantial reduction in the PRONATEC program. As a result, adjusted EBITDA came to R\$213.4 million, up by 9.1%, with a margin of 26.9%, virtually in line with the year before.

Net income amounted to R\$128.5 million, 1.6% down year-on-year, not accompanying EBITDA growth due to the greater level of depreciation and the amortization of goodwill resulting from the recent acquisitions, as well as higher interest expenses due to the increase in debt in 2015.

With all intake processes in positive territory, resulting in double-digit student base growth year over year, 2016 looks highly promising in terms of results, especially when we consider the following aspects:

- Twelve-month revenue growth will tend to increase in the coming quarters, as positive impacts caused by Pronatec program on 2015 results diminish, and also as a more comparable FIES' penetration rate in the 2nd semester intake cycle;
- Marketing expenses, quite high this quarter due to the factors mentioned in our 4Q15 release, tend to stabilize closer to annual historic levels, implying a considerable reduction in expenses in the second half;
- PDA, although impacted by the economic crisis, also peaked in the first quarter due to students who did not obtain FIES throughout 2015, a period when the student body still had strong expectations regarding the program;
- Faculty costs were impacted by the anticipation of the class formation process in the first semester of 2016 due to the anticipation of our entire marketing campaign and to our efforts to accelerate the conversion of candidates into effective students. As a result, costs which had only been recognized in the second quarter in 2015 ended up impacting first-quarter results in 2016.

In addition to the operating aspects mentioned above, it is also worth noting a series of factors that could result in much more solid cash generation this year:

- In March 2016, we settled a debt of approximately R\$227.1 million referring to a foreign-currency loan with Banco Itaú obtained at the beginning of the FIES crisis, which had a cash flow swap that resulted in a final cost of CDI + 0.12% p.a.;
- In March 2016, we entered into an agreement with the IFC giving us the option to withdraw US\$100 million, if necessary, to cover the Company's normal expenses and investments. In order to guarantee

indexation to the national currency, the company will always take out the loan together with an automatic swap transaction. The term of this loan is six to eight years, highly favoring our debt profile;

- In February 2016, we signed an agreement with the Federal Government, the Post-Secondary Education Department (SESU), as the representative of the Ministry of Education (MEC), and Brazil's National Education Development Fund (FNDE), which defined the conditions for payment of FIES credits not settled by the FNDE in 2015. In Estácio's case, this amount was approximately R\$681 million, which will be restated for inflation and paid over the next three years – 25% by June 2016, 25% by June 2017 and 50% by June 2018;
- As part of this agreement, we received a list of the analytical reports from the MEC showing the outstanding amounts and the disparities proved to be less than 1%. These disparities are under analysis with the FNDE, but will not hamper payment of the undisputed amounts;
- All FIES-related activities in 2016 to date, whether the issue of certificates or the buybacks, have been fully complied with. As a result, in April we had the first substantial transfer, of around R\$158.2 million, with the subsequent buyback of all the amounts not used for tax payment purposes.

In other words, until now the FNDE has been fully complying with what had been agreed upon with the sector, which indicates a return to the situation prevailing before the economic crisis. This fact, together with growing operational stability, should allow the company to generate much stronger operating cash flow in 2016, which, in turn, will enable us to move ahead with our day-to-day activities and the incessant pursuit of our 2020 Vision.

Finally, it is worth noting that in the second semester of 2016 we will, for the first time, have a fairer basis of comparison with the previous period, since it will be the first time since the beginning of all the sector turbulence that we will have comparable macroeconomic scenarios and similar numbers of new students with access to FIES. In this context, it is worth mentioning that Estácio, thanks to its management model, the commitment of its people, and, above all, its disciplined strategy during the boom years and the bad years, has managed to generate growth even during the most unfavorable periods of comparison. As a result, we are extremely confident and we will be facing the coming cycles with the same tranquility and long-term view as always, fully aware that our commitment to creating value will not be swayed by external factors, whether positive or negative, nor by temptations or alarmist visions far from reality and out of step with the Company's solid fundamentals.

OPERATING PERFORMANCE

Estácio closed 1Q16 with a total base of 587,800 students (11.4% more than in 1Q15), 410,700 of whom enrolled in on-campus programs and 164,200 in distance-learning programs, as well as 8,700 students from the acquisition of Faculdade Nossa Cidade (FNC), 2,700 from the acquisition of Faculdade de Castanhal (FCAT) and 1,500 from the acquisition of Faculdades Unidas Feira de Santana (FUFS), all of which acquired in the last 12 months.

Table 2 – Total Student Base *

'000	1Q15	1Q16	Change
On-Campus	386.9	410.7	6.2%
Undergraduate	359.3	376.4	4.8%
Graduate	27.6	34.3	24.4%
Distance Learning	140.7	164.2	16.7%
Undergraduate	115.1	132.1	14.8%
Graduate	25.6	32.1	25.5%
Student Base - same shops	527.6	574.9	9.0%
Acquisitions in the last 12 months	-	12.9	N.A.
Total Student Base	527.6	587.8	11.4%
# Campuses	89	93	4.5%
On-Campus Students per Campus	4,347	4,555	4.8%
# Distance Learning Centers	168	191	13.7%
Distance Learning Students per Center	837	860	2.7%

Note:

* Acquisitions in the last 12 months refer to students from FNC (8,700), FCAT (2,700) and FUFS (1,500).

** # Distance Learning Centers refers to total number of active distance learning centers.

On-Campus Undergraduate Segment

Estácio's **on-campus undergraduate base** totaled 389,300 students in 1Q16, 8.3% more than in 1Q15. Under the same-shop concept, i.e., excluding FNC, FCAT and FUFS students, the Company recorded organic growth of 4.8%.

The **retention rate** in the on-campus undergraduate segment comprised 87.8% of the same-shop student base in 1Q16, versus 90.1% in 1Q15, a 2.4 p.p. decline.

Table 3 – Evolution of on-campus undergraduate base

'000	1Q15	1Q16	Change
Students - Starting balance	290,2	331,0	14,1%
(+/-) Acquisitions in the last 12 months	-	(11,4)	N.A.
(-) Graduates	(15,4)	(19,5)	26,6%
Renewable Base	274,8	300,1	9,2%
(+) Enrollments	110,9	113,0	1,9%
(+) Acquisitions	0,7	-	N.A.
(-) Not Renewed	(27,1)	(36,7)	35,4%
Students - same shops	359,3	376,4	4,8%
(+) Acquisitions in the last 12 months	-	12,9	N.A.
Students - Ending Balance	359,3	389,3	8,3%
Renewal rate	90,1%	87,8%	-2,4 p.p.

Note: * Acquisitions in the last 12 months refer to students from FNC (8,700), FCAT (2,700) and FUFS (1,500). Figures not reviewed by the auditors.

** The renewal rate is the ratio of the total balance of renewed students to the initial balance of same-shop students.

FIES

It is worth noting that there were 11,100 new FIES contracts in the first semester of 2016, representing an occupancy rate of 62.9% of the places offered by Estácio in this cycle (17,600). Our excellent new student enrollment result, with growth in the number of new students despite the reduced number of new FIES contracts (only 9,500 students, versus a total of 22,100 new students in the end of the first semester of 2015), underlines the efficiency of the strategy of not using FIES as the main sales pitch, always emphasizing Estácio's attributes and advantages to attract new students, thereby avoiding dependence on FIES during the enrollment process.

Table 4 – FIES Student Base

('000)	1Q15	2Q15	3Q15	4Q15	1Q16
On-campus undergraduate students	359.3	330.5	358.7	331.0	389.3
FIES Student Base	132.6	146.1	137.4	136.4	128.6
% of FIES Students	36.9%	44.2%	38.3%	41.2%	33.0%

Table 5 – New FIES Contracts (freshmen and seniors)

('000)	1H14	2H14	1H15	2H15	1H16
Total Intake	99.0	67.5	110.9	71.4	113.0
Freshmen with FIES (until the end of the intake process)	26.1	14.9	12.1	1.9	7.8
% via FIES	26.4%	22.1%	10.9%	2.6%	6.9%
Freshmen with FIES (until the end of the semester)	34.9	18.9	22.1	2.5	7.8
% via FIES	35.3%	28.0%	19.9%	3.5%	6.9%
Senior students with FIES (new contracts)	5.3	3.9	1.9	1.1	1.1
New FIES contracts in the semester	40.2	22.8	24.0	3.6	8.9

Distance-Learning Undergraduate Segment

The first-quarter **distance-learning undergraduate base** increased by 14.7% over 1Q15 to 132,100 students, as a result of the exceptionally successful intake in 1Q16, which increased by 22.1% over 1Q15.

The success of **distance-learning intake** in 1Q16 was a result of increased demand for courses with a more affordable average ticket, as well as the Estácio Commitment campaign and the increasing alignment of intake policies and strategies in all units, including partner centers. It is also worth noting that in 4Q15, Estácio launched a specific enrollment campaign for distance-learning students, featuring former champion tennis player Gustavo Kuerten, whose effects began to become apparent in 1Q16.

The distance-learning **retention rate** was 83.3%, versus 82.2% in 1Q15, a 1.1 p.p. improvement over 1Q15, favored by the Retention project, which helped us to overcome the difficulties with the migration of legacy systems in UniSEB's centers, as well as the higher propensity to dropout of a quite younger student base.

Table 6 – Evolution of distance-learning* undergraduate base

'000	1Q15	1Q16	Change
Students - Starting Balance	93.2	101.9	9.3%
(-) Graduates	(4.8)	(5.5)	14.6%
Renewable Base	88.4	96.4	9.0%
(+) Enrollments	42.4	51.8	22.1%
(-) Dropouts	(15.7)	(16.1)	2.5%
Students - Ending Balance	115.1	132.1	14.7%
<i>Retention Rate (%)</i>	<i>82.2%</i>	<i>83.3%</i>	<i>1.1 p.p.</i>

** The retention rate is the ratio of the final balance of students to the renewable base at the beginning of the semester.

Continuous Education

Graduate Segment

In 1Q16, Estácio had 66,400 students enrolled in graduate programs, 24.9% up on 1Q15, due to a number of changes and improvements in the academic and operational areas implemented since 2015, with an emphasis on the preparation of new courses, an increase in graduate distribution channels, and the implementation of our enrollment center, which expanded the segment's commercial reach.

Table 7 – Graduate Student Base

'000	1Q15	1Q16	Change
Graduate	53.1	66.4	24.9%
On-Campus	27.6	34.3	24.4%
Distance Learning	25.6	32.1	25.5%

Pronatec

At the end of 1Q16, Estácio had 3,600 students enrolled in the Pronatec program of vocational courses (Training Scholarship Modality), generating net revenue of R\$4.7 million in 1Q16. Since 3Q15, we have had students from the first bid notices graduating, significantly reducing this segment's total student base after the interruption of the bids.

Table 8 – Vocational Course Student Base - Pronatec

'000	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Pronatec Students	15.2	12.6	19.6	17.5	15.0	12.6	5.4	3.6

FINANCIAL PERFORMANCE

Performance by Segment

As of this quarter, we will be presenting the operating performance of each Estácio business segment, as shown in the table below.

The on-campus undergraduate segment presented an adjusted EBITDA margin of 41.8%, representing 85.0% of the consolidated results. The distance learning undergraduate segment achieved an adjusted EBITDA margin of 52.5%, representing 11.5% of the consolidated results. On the other hand, the EDUCON segment achieved an adjusted EBITDA margin of 25.0%, representing 3.5% of the consolidated results.

Table 9 – Operating Performance by Segment

R\$ million	On-campus undergrad.		Distance Learning undergrad.		EDUCON and OTHERS		CORPORATE		CONSOLIDATED	
	1Q16	% AV	1Q16	% AV	1Q16	% AV	1Q16	% AV	1Q16	% AV
Gross Operating Revenue	1,078.9	160.0%	130.8	179.6%	68.3	149.4%			1,278.0	161.2%
Gross Revenue Deductions	(404.5)	-60.0%	(58.0)	-79.6%	(22.6)	-49.4%			(485.1)	-61.2%
(+) Adjustment to Present Value (APV)	-	0.0%	-	0.0%	-	0.0%			-	0.0%
Net Operating Revenue	674.4	100.0%	72.9	100.0%	45.7	100.0%			792.9	100.0%
Personnel	(286.4)	-42.5%	(18.9)	-25.9%	(21.6)	-47.3%			(326.9)	-41.2%
Textbooks Materials	(3.4)	-0.5%	(1.0)	-1.4%	(0.2)	-0.5%			(4.6)	-0.6%
Rentals / Real Estate Taxes Expenses	(59.0)	-8.7%	(0.8)	-1.2%	(0.3)	-0.8%			(60.2)	-7.6%
Third-Party Services and Others	(24.4)	-3.6%	(0.2)	-0.3%	(0.2)	-0.3%			(24.8)	-3.1%
Correios e Malotes	(0.5)	-0.1%	(0.0)	0.0%	(0.0)	0.0%			(0.5)	-0.1%
Energia Elétrica, Água, Gás e Telefone	(10.3)	-1.5%	(0.1)	-0.2%	(0.1)	-0.1%			(10.5)	-1.3%
Serviços de Terceiros - Segurança e Limpeza	(13.6)	-2.0%	(0.1)	-0.1%	(0.1)	-0.2%			(13.8)	-1.7%
Gross Profit	301.2	44.7%	51.9	71.3%	23.4	51.2%			376.5	47.5%
Operational expenses	(20.6)	-3.1%	(7.7)	-10.5%	(10.6)	-23.2%			(38.8)	-4.9%
Salaries and Payroll Charges	(3.9)	-0.6%	(5.8)	-8.0%	(0.8)	-1.8%			(10.5)	-1.3%
General and Administrative Expenses	(16.7)	-2.5%	(1.8)	-2.5%	(9.8)	-21.4%			(28.3)	-3.6%
Selling Expenses	(17.2)	-2.6%	(6.3)	-8.6%	(2.9)	-6.4%			(26.4)	-3.3%
Provisions for Doubtful Accounts	(16.1)	-2.4%	(6.1)	-8.4%	(2.6)	-5.8%			(24.8)	-3.1%
Marketing	(1.2)	-0.2%	(0.1)	-0.2%	(0.3)	-0.6%			(1.6)	-0.2%
Other Operating Revenue	2.8	0.4%	(0.0)	0.0%	1.4	3.0%			4.2	0.5%
Operating Financial Result	266.2	39.5%	38.0	52.2%	11.3	24.6%	0.0		315.4	39.8%
Corporate Expenses						0.0%	(53.3)		(53.3)	-6.7%
Corporate Selling Expenses						0.0%	(64.6)		(64.6)	-8.2%
EBITDA	266.2	39.5%	38.0	52.2%	11.3	24.6%	(117.9)		197.5	24.9%
Fines and interest charged	19.5	2.9%	1.6	2.3%	0.3	0.7%			21.4	2.7%
Atualização do Contas a Receber FIES	-	0.0%	-	0.0%	-	0.0%				
Financial Discounts	(4.0)	-0.8%	(1.4)	-1.2%	(0.1)	-2.3%			(7.1)	-0.9%
Adjusted EBITDA	281.7	41.8%	38.2	52.5%	11.4	25.0%	(117.9)		213.5	26.9%

Consolidated Operating Revenue

Net operating revenue came to R\$792.9 million in 1Q16, 9.8% up on 1Q15, mainly due to the 11.4% increase in the post-secondary student base, which offset the R\$13.5 million reduction in the Pronatec line as a result of the MEC's adjustment of the program's volume.

Table 9 – Operating Revenue

R\$ MM	1Q15	1Q16	Change
Gross Operating Revenue	1,101.7	1,278.0	16.0%
Monthly Tuition Fees	1,065.7	1,253.4	17.6%
Pronatec	19.3	5.8	-69.9%
Others	16.7	18.8	12.6%
Gross Revenue Deductions	(379.3)	(485.1)	27.9%
Scholarships and Discounts	(334.0)	(428.0)	28.1%
Taxes	(29.0)	(33.0)	13.8%
FGEDUC	(16.3)	(19.4)	19.0%
Other deductions	-	(4.7)	N.A
% of Scholarships and Discounts / Gross Operating Revenue	30.3%	33.5%	3.2 p.p.
Net Operating Revenue	722.3	792.9	9.8%

Average Ticket

The **average monthly on-campus ticket** came to R\$578.7 in 1Q16, 2.3% more than in 1Q15. Considering the **average monthly on-campus undergraduate ticket** only, the year-on-year upturn was 3.1%, below inflation (despite positive), due to the following effects:

- **Change in the course mix:** Due to the deterioration in the economic scenario and the FIES limitations, there was an increase in the share of lower average ticket courses;
- **Decline in the number of subjects during the semester:** To avoid dropping out, students tend to reduce the number of subjects in which they are enrolled, impacting the quarter's average ticket, but also increasing their course duration;
- **Increase in the level of discounts and scholarships:** Deductions from revenue in the on-campus segment increased by 24.0%, due to the campaigns to attract new students in 1Q16.

Considering the **average monthly on-campus graduate ticket** only (excluding the revenue and student base numbers of partner institutions), there was a year-on-year decline of 7.3%, due to the strong intake of new graduate students, which increased the average percentage of discounts with tuition exemptions granted in the intake campaigns.

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

'000	1Q15	1Q16	Change
On-Campus Undergraduate Student Base	359.3	389.3	8.3%
(-) FNC Acquisition	-	(1.5)	N.A.
(-) Dropouts	(10.7)	(14.0)	31.1%
(=) Revenue Generating On-Campus Undergraduate Student Base	348.7	373.8	7.2%
(+) On-Campus Graduate Student Base	21.3	26.2	22.9%
(=) Revenue Generating On-Campus Student Base	370.0	400.0	8.1%
On-Campus Gross Revenue	966.2	1,114.1	15.3%
On-Campus Deductions	(338.5)	(419.7)	24.0%
On-Campus Net Revenue (R\$ million)	627.7	694.5	10.6%
On-Campus Average Ticket (R\$)	565.6	578.7	2.3%

Note: * Excluding the graduate segment in partner institutions and the acquisition of FUFs, which was only consolidated in the Company's results in March..

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

'000	1Q15	1Q16	Change
On-Campus Undergraduate Student Base	359.3	389.3	8.3%
(-) FNC Acquisition	-	(1.5)	N.A.
(-) FCAT Acquisition	(10.7)	(14.0)	31.1%
(=) Revenue Generating On-Campus Undergraduate Student Base	348.7	373.8	7.2%
On-Campus Undergraduate Net Revenue (R\$ million)	609.9	674.1	10.5%
On-Campus Undergraduate Average Ticket (R\$)	583.1	601.1	3.1%

Notes: * Excluding the figures related to revenue from the acquisition FUFs, which was only consolidated in the Company's results in March.

Table 12 – Calculation of the Average Monthly Ticket – On-Campus Graduate Programs

'000	1Q15	1Q16	Change
On-Campus Undergraduate Student Base	21.3	26.2	22.9%
On-Campus Undergraduate Net Revenue (R\$ million)	17.8	20.3	13.9%
On-Campus Undergraduate Average Ticket (R\$)	279.3	259.0	-7.3%

Notes: * Excluding the graduate segment in partner institutions.

The **average monthly distance-learning ticket** came to R\$186.7 in 1Q16, 0.9% more than in 1Q15, while the **average monthly distance-learning undergraduate ticket** stood at R\$190.4, up by 2.0%.

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

'000	1Q15	1Q16	Change
Distance Learning Undergraduate Student Base	109.0	127.6	17.1%
(+) Distance Learning Graduate Student Base	8.7	14.4	66.2%
(=) Revenue Generating Distance Learning Student Base	117.6	142.0	20.7%
Distance Learning Gross Revenue	102.0	142.1	39.3%
Distance Learning Deductions	(36.7)	(62.6)	70.3%
Distance Learning Net Revenue (R\$ million)	65.3	79.5	21.8%
Distance Learning Average Ticket (R\$)	184.9	186.7	0.9%
<i>% Deductions / Gross Operating Revenue</i>	<i>56.3%</i>	<i>78.7%</i>	<i>22.4 p.p.</i>

Note: * Excluding UniSEB's graduate segment and partnerships.

Table 14 – Calculation of the Average Monthly Ticket – Distance-Learning Undergraduate Program*

'000	1Q15	1Q16	Change
Revenue Generating Distance Learning Undergraduate Student Base	109.0	127.6	17.1%
Distance Learning Undergraduate Net Revenue (R\$ million)	61.0	72.9	19.4%
Distance Undergraduate Learning Average Ticket (R\$)	186.7	190.4	2.0%

Table 15 – Calculation of the Average Monthly Ticket – Distance-Learning Graduate Programs*

'000	1Q15	1Q16	Change
Revenue Generating Distance Learning Graduate Student Base	8.7	14.4	66.2%
Distance Learning Graduate Net Revenue (R\$ million)	4.2	6.6	57.0%
Distance Learning Graduate Average Ticket (R\$)	162.6	153.6	-5.5%

Note: * Excluding UniSEB's graduate segment and partnerships.

Cost of Services

The **cash cost of services** represented 52.4% of net operating revenue in 1Q16, versus 52.9% in 1Q15, a margin gain of 0.6 p.p., due to the:

- (i) **Textbook materials** line, which continues to reflect the effects of the increasing use of proprietary books, migration to the digital format, and improved inventory management;
- (ii) **Rentals and real estate taxes**, which have been subjected to contract renegotiations, as well as the constant improvement in building occupancy rates

The other lines (**Personnel and Third-party services and others**) remained relatively stable in relation to 1Q15, mainly due to the anticipation of class formation, which took place in 1Q16, impacting faculty costs over the same period last year.

Table 16 – Breakdown of Cost of Services

R\$ MM	1Q15	1Q16	Change
Cost of Services	(382.4)	(415.2)	8.6%
Personnel	(295.6)	(326.9)	10.6%
Salaries and Payroll Charges	(244.3)	(269.9)	10.5%
Brazilian Social Security Institute (INSS)	(51.3)	(57.0)	11.1%
Rentals / Real Estate Taxes Expenses	(57.4)	(59.2)	3.1%
Textbooks Materials	(9.1)	(5.1)	-44.0%
Third-Party Services and Others	(20.3)	(24.0)	18.2%

Table 17 – Vertical Analysis of Cost of Services

% of Net Operating Revenue	1Q15	1Q16	Change
Cost of Services	-52.9%	-52.4%	0.6 p.p.
Personnel	-40.9%	-41.2%	-0.3 p.p.
Salaries and Payroll Charges	-33.8%	-34.0%	-0.2 p.p.
Brazilian Social Security Institute (INSS)	-7.1%	-7.2%	-0.1 p.p.
Rentals / Real Estate Taxes Expenses	-7.9%	-7.5%	0.5 p.p.
Textbooks Materials	-1.3%	-0.6%	0.6 p.p.
Third-Party Services and Others	-2.8%	-3.0%	-0.2 p.p.

Table 18 – Reconciliation of cost of services

R\$ MM	1Q15	1Q16	Change
Cash Cost of Services	(382.3)	(415.0)	8.6%
(+) Depreciação e amortização	(20.9)	(21.8)	4.3%
Cost of Services	(403.3)	(436.9)	8.3%

Gross Income

Table 19 – Statement of gross income

R\$ MM	1Q15	1Q16	Change
Net Operating Revenue	722.3	792.9	9.8%
Cost of Services	(403.3)	(436.9)	8.3%
Gross Profit	319.1	356.0	11.6%
(-) Depreciation and amortization	(20.9)	(21.8)	4.3%
Cash Gross Profit	298.2	334.2	12.1%
<i>Cash Gross Margin</i>	<i>41.2%</i>	<i>42.1%</i>	<i>0.9 p.p.</i>

Selling, General and Administrative Expenses

Selling expenses represented 11.4% of net operating revenue in 1Q16, 4.0 p.p. higher than in 1Q15, as a result of higher investments in advertising and of the increase in PDA.

In the **advertising** line, 1Q16 continued to be impacted by seasonal effects that affected the performance of this line in 4Q15, reaching 8.3% of net operating revenue, well above our historical average. Among the factors that continued impacting the 1Q16 advertising line were:

- (i) the launch of a specific distance-learning campaign, designed to reinforce the perception of a truly national brand and at the same time call students' attention to our Distance Learning platform, which began to have a more significant effect on attracting new students to the segment;
- (ii) the intake campaign, designed to increase enrollment during the adverse economic scenario, especially in São Paulo, where Estácio's brand is gaining increasing ground; and
- (iii) the Rio 2016 Olympic Games campaign.

It is worth noting that advertising expenses should return to their previous levels in 2016 since all planning has already been effected in light of the new education market scenario. In other words, we expect a relatively different marketing expenses distribution from previous years, with a greater concentration in the first half, subsequently offset in the second.

In addition, the **PDA/net operating revenue ratio** recorded a loss of 0.9 p.p., due to higher delinquency rates in the 2nd half of 2015 resulting from adverse external scenario and a lower intake of students with FIES contracts.

General and administrative expenses corresponded to 11.9% of **net operating revenue** in 1Q16, a 0.9 p.p. improvement over 1Q15, due to the 0.8 p.p. gain in **other general and administrative expenses**, mainly third-party services.

The **institutional events** line continued to be impacted by R\$8.5 million related to our sponsorship of the 2016 Olympic Games in Rio. However, there is a corresponding counter-entry under revenue (in the **others** line) related to the training Estácio offers to the volunteers who will help at the event, so that the effect on the operating result (EBITDA) was nil, impacting the period's margin only.

The annual increase in **depreciation and amortization** was mainly due to the amortization of the goodwill from the price paid for the recent acquisitions.

Table 20 – Selling, General and Administrative Expenses

R\$ MM	1Q15	1Q16	Change
Selling, General and Administrative Cash Expenses	(145.7)	(184.4)	26.6%
Selling Expenses	(53.8)	(90.4)	68.0%
Provisions for Doubtful Accounts	(15.6)	(24.2)	55.1%
Marketing	(38.2)	(66.2)	73.3%
General and Administrative Expenses	(91.9)	(94.0)	2.3%
Personnel	(39.8)	(43.1)	8.3%
Salaries and Payroll Charges	(34.9)	(37.5)	7.4%
Brazilian Social Security Institute (INSS)	(5.0)	(5.6)	12.0%
Others	(52.1)	(51.0)	-2.1%
Third-Party Services	(18.7)	(16.6)	-11.2%
Consumable Material	(0.6)	(1.0)	66.7%
Maintenance and Repair	(8.9)	(8.1)	-9.0%
Provision for Contingencies	(0.4)	(3.3)	725.0%
Educational Agreements	(1.5)	(1.7)	13.3%
Travel and Lodging	(1.7)	(1.2)	-29.4%
Institutional Events	(9.0)	(7.4)	-17.8%
Copies and Bookbinding	(1.2)	(1.3)	8.3%
Insurance	(1.5)	(1.7)	13.3%
Cleaning Supplies	(0.5)	(0.6)	20.0%
Transportation	(0.7)	(1.0)	42.9%
Car Rental	(0.6)	(0.7)	16.7%
Others	(6.8)	(6.5)	-4.4%
Depreciation and amortization	(18.2)	(26.7)	46.7%
Other operating reneves	1.7	4.2	147.1%

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

% of Net Operating Revenue	1Q15	1Q16	Change
Selling, General and Administrative Cash Expenses	-20.2%	-23.3%	-3.1 p.p.
Selling Expenses	-7.4%	-11.4%	-4.0 p.p.
Provisions for Doubtful Accounts	-2.2%	-3.1%	-0.9 p.p.
Marketing	-5.3%	-8.3%	-3.1 p.p.
General and Administrative Expenses	-12.7%	-11.9%	0.9 p.p.
Personnel	-5.5%	-5.4%	0.1 p.p.
Salaries and Payroll Charges	-4.8%	-4.7%	0.1 p.p.
Brazilian Social Security Institute (INSS)	-0.7%	-0.7%	0.0 p.p.
Others	-7.2%	-6.4%	0.8 p.p.
Third-Party Services	-2.6%	-2.1%	0.5 p.p.
Consumable Material	-0.1%	-0.1%	0.0 p.p.
Maintenance and Repair	-1.2%	-1.0%	0.2 p.p.
Provision for Contingencies	-0.1%	-0.4%	-0.4 p.p.
Educational Agreements	-0.2%	-0.2%	0.0 p.p.
Travel and Lodging	-0.2%	-0.2%	0.1 p.p.
Institutional Events	-1.2%	-0.9%	0.3 p.p.
Copies and Bookbinding	-0.2%	-0.2%	0.0 p.p.
Insurance	-0.2%	-0.2%	0.0 p.p.
Cleaning Supplies	-0.1%	-0.1%	0.0 p.p.
Transportation	-0.1%	-0.1%	0.0 p.p.
Car Rental	-0.1%	-0.1%	0.0 p.p.
Others	-0.9%	-0.8%	0.1 p.p.
Depreciation and amortization	-2.5%	-3.4%	-0.8 p.p.
Other operating reneves	0.2%	0.5%	0.3 p.p.

EBITDA

Adjusted EBITDA totaled R\$213.4 million in 1Q16, 9.0% up on 1Q15, with an **adjusted EBITDA margin** of 26.9%, down by 0.2 p.p., primarily due to higher selling expenses and to the anticipation of class formation in relation to the previous year, with a consequent impact on faculty costs.

Table 22 – Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

R\$ million	1Q15	1Q16	Change
Operational Net Revenue	722.3	792.9	9.8%
(-) Cash Cost of Services	(382.3)	(415.2)	8.6%
(-) Selling, General and Administrative Cash Expenses	(145.7)	(184.4)	26.6%
(+) Other operating revenues	1.7	4.2	147.1%
Recurring EBITDA	195.9	197.5	0.8%
<i>Recurring EBITDA Margin (%)</i>	<i>27.1%</i>	<i>24.9%</i>	<i>-2.2 p.p.</i>
(+) Operating Financial Result	(0.2)	15.9	-6876.2%
Fines and interest charged	5.1	8.4	66.6%
Inflation Adjustment of FIES Accounts Receivable	-	13.0	N.A.
Financial Discounts	(5.3)	(5.5)	3.5%
Adjusted EBITDA	195.7	213.4	9.1%
<i>Adjusted EBITDA Margin (%)</i>	<i>27.1%</i>	<i>26.9%</i>	<i>-0.2 p.p.</i>

Financial Result

The 1Q16 **financial result** was negative by R\$11.9 million, a slight improvement over 1Q15, primarily due to recognition of the adjustment of FIES receivables, which offset the R\$14.7 million increase in the **interest and financial charges** line, as a result of the R\$46.5 million increase in the Company's gross debt.

In March 2016, we settled a debt of approximately R\$227.1 million referring to a foreign-currency loan with Banco Itaú. The loan contracted in March 2015 had a cash flow swap in which the long leg corresponded to the exchange variation plus 1.95% p.a., which offset the line's FX exposure, and the short leg to the CDI + 0.12% p.a.

Table 23 – Breakdown of the Financial Result

R\$ MM	1Q15	1Q16	Change
Financial Revenue	25.8	74.2	187.6%
Fines and interest charged	5.1	8.4	66.6%
Inflation adjustment to FIES receivables	-	13.0	N.A.
Investments income	16.7	19.0	13.5%
Active monetary variation	0.3	1.4	425.8%
Active exchange variation	3.8	28.0	645.0%
Derivative financial instruments gain - swap	-	0.5	N.A.
	-	5.4	N.A.
Other	0.0	(1.3)	N.A.
Financial Expenses	(38.4)	(86.1)	124.4%
Bank charges	(2.9)	(2.2)	-25.2%
Interest and financial charges	(19.9)	(34.6)	74.0%
Financial Discounts	(5.3)	(5.5)	3.5%
Passive monetary variation	(3.9)	(4.0)	1.6%
Derivative financial instruments losses - swap	-	(26.0)	N.A.
Passive exchange variation	(6.0)	(11.0)	83.3%
Other	(0.4)	(2.9)	615.3%
Financial Result	(12.6)	(11.9)	-5.2%

Net Income

Estácio posted **net income** of R\$128.5 million in 1Q16, 1.6% down on 1Q15, chiefly due to the effects of the increase of depreciation and amortization of the goodwill from acquired institutions in recent periods. **Earnings per share** (ex-treasury) came to R\$0.42 in 1Q16, flat over the same period in 2015.

Table 24 – Reconciliation of Adjusted EBITDA and Net Income

R\$ MM	1Q15	1Q16	Change
Adjusted EBITDA	195.7	213.4	9.1%
(-) Operating Financial Result	(0.2)	15.9	N.A.
EBITDA	195.9	197.5	0.8%
Financial Result	(12.6)	(11.9)	-5.6%
Depreciation and amortization	(39.1)	(48.5)	24.0%
Social Contribution	(3.6)	(2.3)	-36.1%
Income Tax	(10.0)	(6.4)	-36.0%
Net Income	130.6	128.5	-1.6%
Number of shares	308.8	307.8	-0.3%
Earnings per share (R\$)	0.42	0.42	0.0%

Companies Acquired

The table below shows the impact of institutions acquired in the last twelve months, i.e. FNC FCAT and FUFS (which was only consolidated in March 2016 result, therefore impacting one month only). Acquisitions carried out more than 12 months ago are already consolidated.

Table 25 – Main Indicators of the Companies Acquired in 1Q16

R\$ million	FNC	FCAT	FUFS	Total
Net Revenue	11.1	6.2	0.6	17.8
Gross Profit	5.3	0.6	0.1	6.0
<i>Gross Margin</i>	48.0%	9.6%	14.7%	33.7%
EBITDA	4.4	0.2	0.1	4.6
<i>EBITDA Margin</i>	39.3%	2.5%	13.1%	25.8%
Net Income	4.2	-1.1	0.1	3.2
<i>Income Margin</i>	37.5%	-17.4%	11.7%	17.7%

Accounts Receivable and Average Receivable Days

The number of **net student receivables days** (tuition and agreements), including FIES receivables and FIES net revenue (excluding the AVP effect), reached 174 days in 1Q16, 67 days more than in 1Q15, mainly due to the new FIES transfer and buyback schedule for 2015.

Removing FIES net revenue and FIES receivables (excluding the APV effect) from the equation, average receivables days came to 96 days, an increase of seven days over 1Q15, due to:

- **The lower penetration of freshmen with FIES contracts:** In the first semester of 2016, Estácio recorded only 9,500 enrollments with FIES contracts, until the end of the enrollment period, versus 22,100 until the end of the first semester of 2015;
- **The worsening of the economic scenario:** non-FIES students, distance-learning students, and students in other areas recorded higher delinquency rates in 2015, either due to the impossibility of obtaining FIES or due to the financial difficulties triggered by the worsening of the economic scenario.

In fact, Brazil's economic scenario has severely limited household payment capacity, which makes maintaining the timely payment level an even bigger challenge. In this context, Estácio hired external assistance and reinforced its in-house credit and collection team in order to provide specific input to the Company's management model, with the aim of substantially improving this indicator in the coming quarters.

Table 26 – Accounts Receivable and Average Receivable Days

Accounts Receivable (R\$ MM)	1Q15	2Q15	3Q15	4Q15	1Q16
Gross Accounts Receivable	921.1	1,162.0	1,247.7	1,325.0	1,599.4
FIES	325.9	552.5	616.8	681.3	1,010.6
FIES Carry-Forward Credits	87.2	74.4	79.0	87.6	3.1
Tuition monthly fees	412.5	448.2	429.6	454.7	432.6
Credit Cards receivable	43.9	38.9	45.6	34.9	52.3
Renegotiation receivables	51.6	48.1	76.8	66.5	100.7
Credits to identify	1.5	(5.4)	(3.5)	(2.2)	(1.1)
Provision for bad debts	(111.7)	(99.4)	(111.2)	(128.3)	(125.7)
Adjustment to Present Value (APV)	-	-	-	(28.1)	(22.7)
Net Accounts Receivable	810.8	1,057.2	1,133.0	1,166.4	1,449.8
Net Revenue (last twelve months)	2,588.6	2,773.8	2,873.6	2,939.4	3,010.0
(+) Adjustment to Present Value (APV)	-	-	-	28.1	22.7
Net Accounts Receivable Ex-APV	810.8	1,057.2	1,133.0	1,194.5	1,472.6
Annualized Net Revenue (last twelve months)	2,724.8	2,789.5	2,915.6	2,977.6	3,045.2
Days Receivables Ex-APV	107	136	140	144	174
(-) Contas a Receber e Contas a Compensar FIES	(413.1)	(626.9)	(695.8)	(768.8)	(1,013.8)
Net Accounts Receivable Ex. FIES	397.7	430.4	437.3	425.6	458.8
Net Revenue Ex-FIES (last twelve months)	1,612.9	1,598.1	1,672.9	1,696.7	1,728.4
Days Receivables Ex-FIES and FIES Revenues	89	97	94	90	96

Note: Net revenue in the last 12 months is annualized for the acquisitions concluded this period. Annualized net revenue was adjusted in 4Q15 and 2015 to exclude the effects of the adjustment to present value (APV) of FIES credits not settled by the FNDE in 2015.

In 1Q16, **FIES accounts receivable** increased by R\$684.7 million over 1Q15 to R\$1,010.6 million, due to the FIES transfer and buyback schedule effective in 2015. As a result, the **average FIES receivable term** stood at 276 days in 1Q16, an increase of 142 days over 1Q15.

Table 27 – Accounts Receivable and Average FIES Receivable Days

FIES Average Days Receivables	1Q15	2Q15	3Q15	4Q15	1Q16
FIES Receivables	325.9	552.5	616.8	681.3	1,010.6
Carry-Forward Credits					
FIES Carry-Forward Credits	87.2	74.4	79.0	87.6	3.1
FIES Revenues (last twelve months)	1,219.4	1,306.5	1,363.0	1,405.2	1,444.2
FGEDUC Deduction (last twelve months)	(60.0)	(64.6)	(68.3)	(71.2)	(74.3)
Taxes (last twelve months)	(47.5)	(50.6)	(52.0)	(53.1)	(53.1)
FIES Net Revenues (last twelve months)	1,111.9	1,191.4	1,242.7	1,280.9	1,316.8
FIES Days Receivables	134	189	202	216	277

Note: Net revenue in the last 12 months is annualized for the acquisitions concluded this period. Annualized net revenue was adjusted in 4Q15 and 2015 to exclude the effects of the adjustment to present value (APV) of FIES credits not settled by the FNDE in 2015.

Table 29 – Evolution of FIES Accounts Receivable

FIES Accounts Receivable (R\$ MM)	1Q15	2Q15	3Q15	4Q15	1Q16
Opening Balance	149.7	325.9	552.5	616.8	681.3
(+) FIES Revenue	311.7	376.7	352.8	364.0	350.7
(-) Transfer	121.1	128.9	270.4	301.8	16.9
(-) FIES Deduction/Provision	16.6	19.0	18.1	18.9	19.7
(+) Acquisitions	2.2	-2.2	-	2.4	2.3
(+) Inflation Adjustment of FIES Accounts Receivable	-	-	-	18.7	13.0
Ending Balance	325.9	552.5	616.8	681.3	1010.6

Out of the R\$350.7 million in total FIES revenue in 1Q16, Estácio received transfers corresponding to R\$16.9 million, related to January, February and March 2016.

Table 30 – Evolution of FIES Carry-Forward Credits

FIES Carry-Forward Credits (R\$ MM)	1Q15	2Q15	3Q15	4Q15	1Q16
Opening Balance	81.7	87.2	74.4	79.0	87.5
(+) Transfer	121.1	128.9	270.4	301.8	16.9
(-) Tax payment	24.3	79.2	78.9	91.4	28.1
(-) Repurchase auctions	91.3	63.5	188.4	203.8	74.2
(+) Acquisitions	-	-	1.0	2.0	0.9
(+) Monetary restatement	-	0.9	0.5	1.8	0.1
Ending Balance	87.2	74.4	79.0	87.5	3.1

Table 31 – Aging of Total Gross Accounts Receivable

Breakdown of Accounts Receivable by Age (R\$ million)	4Q15	%	1Q16	%
FIES	772.0	39%	1,016.9	63%
Not yet due	60.4	16%	164.7	10%
Overdue up to 30 days	84.5	15%	102.3	6%
Overdue from 31 to 60 days	81.8	5%	49.9	3%
Overdue from 61 to 90 days	80.3	3%	31.7	2%
Overdue from 91 to 179 days	120.8	9%	111.4	7%
Overdue more than 180 days	128.3	13%	125.7	8%
TOTAL	1,328.1	100%	1,602.5	100%

Table 32 – Aging of Agreements Receivable

Breakdown of Agreements by Age (R\$ million)	4Q15	%	1Q16	%
Not yet due	36.7	52%	63.0	62%
Overdue up to 30 days	5.2	9%	6.2	6%
Overdue from 31 to 60 days	3.8	5%	4.6	5%
Overdue from 61 to 90 days	2.9	5%	4.0	4%
Overdue from 91 to 179 days	7.2	12%	9.5	9%
Overdue more than 180 days	10.5	17%	13.4	13%
TOTAL	66.5	100%	100.7	100%
% over Accounts Receivable	12%		17%	

*Excludes credit card agreement

It is worth noting that Estácio provisions 100% of receivables overdue by more than 180 days, complemented by FIES provisions. The tables below show how PDA is constituted and reconciles the balance sheet amounts with those in the income statement.

Table 33 – Constitution of the Provision for Doubtful Accounts in the Income Statement

R\$ MM	12/31/2014	Gross increase in the provision for delinquency	Delinquency recover	Net provision effect	Write off	3/31/2016
TOTAL	128.3	62.2	(38.6)	23.6	(26.3)	125.7

Table 34 – Reconciliation of the Provision for Doubtful Account Balances in the Balance Sheet

	3/31/2016	3/31/2015
Additional Provision	23.6	13.5
Other	0.0	1.3
Total	23.6	14.8

Investments (CAPEX and Acquisitions)

Table 34 – CAPEX Breakdown

R\$ MM	1Q15	1Q16	Change
Total CAPEX	60.8	33.0	-45.7%
Maintenance	32.9	16.4	-50.2%
Discretionary and Expansion	27.9	16.6	-40.4%
Academic Model	2.5	4.3	73.7%
New IT Architecture	2.6	2.6	1.9%
Integration Processes	2.9	0.8	-71.9%
Tablet Project	0.4	-	N.A.
Computers	-	-	N.A.
Expansion	19.5	8.8	-54.7%
Acquisitions	-	7.4	N.A.

Total CAPEX (excluding acquisitions) came to R\$33.0 million in 1Q16, 45.7% less than in 1Q15, mainly due to the scheduling of maintenance investments, which totaled R\$16.4 million, 50.2% less than in 1Q15, when certain investments were anticipated, especially those related to the upgrading of systems, equipment, libraries and laboratories in the units.

We also invested around R\$4.3 million in the **academic model** (creation of content and distance-learning development and production); R\$2.6 million in the acquisition of hardware and development of the **IT architecture** revision project, which will replace the legacy academic systems and prepare our hardware for the Company's growth; and R\$800,000 in **integration projects**.

Investments in expansion projects, as well as the renovation and improvement of our campuses, totaled R\$8.8 million and refer to investments in new units, expansions of existing ones, and new rooms in order to accommodate the growth of our student base.

Total CAPEX (excluding the acquisitions) represented 4.2% of net revenue in 1Q16.

Capitalization and Cash

Cash and cash equivalents closed 1Q16 at R\$362.3 million, conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds, and certificates of deposit with top-tier Brazilian banks.

Bank **debt** of R\$813.2 million corresponded mainly to:

- the Company's bond issues (1st series of R\$200 million, 2nd series of R\$300 million and 3rd series of R\$187 million);
- the loan from the IFC (first installment of R\$48.5 million and second of around R\$20 million);
- the capitalization of equipment leasing expenses in compliance with Law 11638.

Including commitments for future payments related to past acquisitions, which total R\$99.2 million, as well as taxes payable in installments, Estácio's **gross debt** came to R\$931.1 million in 1Q16, a reduction of R\$236.4 million, mainly due to the payment, in March 2016, of the total debt, approximately R\$227.1 million, related to a loan in foreign currency obtained from Banco Itaú. This loan, contracted in March 2015, had a cash flow swap with a final cost in the operation settled on CDI + 0.12% p.a.

As a result, the Company closed 1Q16 with **net debt** of R\$568.9 million.

Table 35 – Capitalization and Cash

R\$ MM	3/31/2015	12/31/2015	3/31/2016
Shareholders' Equity	2,425.0	2,680.6	2,808.3
Cash & Cash Equivalents	721.1	693.8	362.3
Total Gross Debt	(884.6)	(1,172.4)	(931.1)
Loans and Financing	(805.5)	(1,049.6)	(813.2)
Short Term	(243.4)	(291.3)	(57.7)
Long Term	(562.2)	(758.3)	(755.6)
Commitments Payable	(60.9)	(103.1)	(99.2)
Taxes Paid in Installments	(18.2)	(19.6)	(18.7)
Cash / Net Debt	(163.5)	(478.6)	(568.9)

Cash Flow

We recorded negative **operating cash flow (OCF)** of R\$86.5 million in 1Q16, due to the increase in accounts receivable, as well as to the low level of FIES transfers in the period, offsetting the 45.7% reduction in CAPEX (excluding acquisitions). This scenario shall change in a relevant way already in the 2nd quarter, with a larger volume of FIES transfers planned for the period. It is noteworthy that the FNDE has been complying with the transfers and repurchases schedule; indeed, in April we obtained the transfer of R\$158 million, whose excess of certificates not used for tax payment have already been by the government.

Table 36 – Cash Flow

Cash Flow Statement (R\$ million)	1Q15	1Q16
Profit before income taxes and social contribution	144.2	137.2
Adjustments to reconcile profit to net cash generated:	86.7	102.8
Result after reconciliation to net cash generated	231.0	240.0
Changes in assets and liabilities:	(263.2)	(287.6)
Net cash provided by (used in) operating activities:	(32.3)	(47.7)
CAPEX (Ex-Acquisitions)	(60.8)	(33.0)
Operational Cash Flow:	(93.1)	(80.7)
Other investing activities:	1.0	(9.3)
Net cash provided by (used in) investing activities	(92.1)	(90.0)
Cash flows from financing activities:	98.1	(241.5)
Net cash provided by (used in) financing activities	6.0	(331.5)
Cash and cash equivalents at the beginning of the period	715.1	693.8
Increase in cash and cash equivalents	6.0	(331.5)
Cash and cash equivalents at the end of the period	721.1	362.3

Key Material Facts

Annual Corporate Event



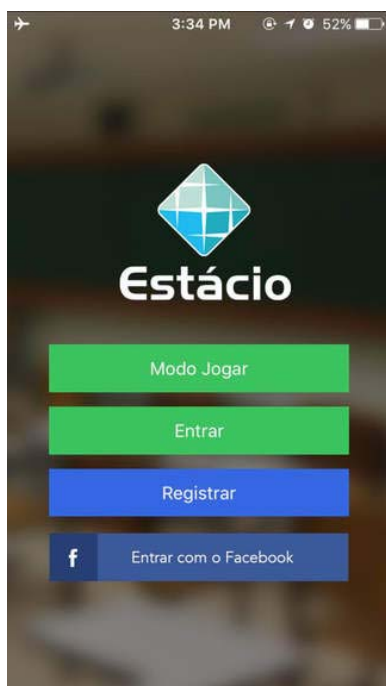
Estácio's 2016 Corporate Event, geared towards management and employees, took place at the beginning of April.

In addition to praising units and centers that did exceptionally well last year, exceeding targets and overcoming challenges, as usual a number of market leaders were invited to give lectures. One of these was José Galló, CEO of Lojas Renner, who talked about the importance of employee engagement in attracting and pleasing customers, and of the need to establish a long-term vision and adopt a sustainable growth pace, avoiding the temptations of boom periods.

Another special guest was Vicente Falconi, mentor of the management methodology adopted by Estácio and other major Brazilian companies, who took part in a talk show hosted by Miguel de Paula and Rogério Melzi, Estácio's People & Management Officer and CEO, respectively.

The logistics and various activities of the entire event, which was attended by 600 executives from around Brazil was supported by technology developed by OPA, one of the start-ups sponsored by the EspaçoNAVE program, which every semester hosts and helps a group of potential companies founded by Estácio students and former students throughout Brazil.

Estácio launches Estácio Enem app



The reality of Estácio's mission of Educating to Transform is becoming increasingly apparent. With the aim of democratizing access to information and helping increase education quality in the schools, the Company is launching the Estácio Enem App. Free to students and teachers at 700 public and private schools throughout Brazil, the platform is designed to help prepare these students for various post-secondary entrance exams, especially the ENEM, as well as making teachers' lives easier.

The platform allows students and teachers to interact. For the students, it has a game-like environment, while for the teachers it generates statistics based on students' responses, identifying their difficulties, thereby making their work more assertive.

It can be accessed via the App Estácio Enem on the web (<http://estacioenem.estacio.br>) or via mobile phone using the links below:

Android:

<https://play.google.com/store/apps/details?id=com.ioasys.approva.estacio>

Apple: [https://itunes.apple.com/br/app/estacio-](https://itunes.apple.com/br/app/estacio-enem/id1040028953?l=en&mt=8)

[enem/id1040028953?l=en&mt=8](https://itunes.apple.com/br/app/estacio-enem/id1040028953?l=en&mt=8)

Estácio in Sport

2016 Rio Open



Rogério Melzi (CEO of Estácio), Fabiano de Paula, Bruno Soares and Estácio's ambassador, Guga Kuerten

In February, Estácio sponsored the Rio Open, the biggest tennis tournament in South America. Between February 15 and 21, national and international stars of the sport disputed the event, held at the Jockey Club Brasileiro in the city of Rio de Janeiro.

Various tennis champions sponsored by Estácio took part, including Bruno Soares, Teliana Pereira, Beatriz Hadad, Marcelo Demoliner, Thiago Monteiro and Fabiano de Paula. Guga Kuerten, ambassador for the Estácio brand, was at the stand, which also received a visit from Vinícius, the mascot for the 2016 Rio Olympics.

Team Estácio: a group of athletes sponsored and supported by Estácio



Representatives of the Paralympic and Olympic Committees and the Sports Department, Rogério Melzi (CEO of Estácio), Guga and Zico.

March 1, 2016 saw the launch of Team Estácio, a group of athletes from various sports sponsored by the Company.

The event was opened by Rogério Melzi, who talked about the importance of sport to education, what Estácio has been doing to ensure that athletes can both compete and continue studying, and the future of the athletes when they can no longer compete. Subsequently, our brand ambassador, Guga Kuerten, spoke about the importance of Estácio's support for the athletes and the inestimable value of education. The ex-Flamengo soccer maestro Zico spoke of the difficulties he faced in graduating in Physical Education when he was still playing, at a time when distance learning did not exist.

More than 300 people attended, including sports personalities, hopeful Brazilian medalists, such as Bruno Soares, the tennis player from Minas Gerais and Rafaela Silva, the judo star, and representatives of the Olympic and Paralympic Committees, the Sports Department, and various Sports Federations, Confederations, Clubs and Institutes supported by Estácio. The Flamengo basketball team – FlaBasquete – came directly from Venezuela, where they were classified in first place for the Final Four of the Liga das Américas.

Estácio supports refugees with Olympic potential



Estácio has included two refugees from the Democratic Republic of the Congo in its team. In 2013, the judoka Yolande Mabika and her compatriot Popole Misenga arrived from the Democratic Republic of the Congo, previously known as Zaire and the second largest African nation in terms of territory. In recent decades, the country has been plagued by ethnic conflict, genocide and a civil war. In June 2016, the International Olympic Committee will publish the names of those who will take part in the first Olympic Games refugees team, and Yolande and Popole have a chance of making this team. One year ago, they began training at the Instituto

Reação, an NGO that promotes social inclusion through sport and is supported by Estácio through the granting of study scholarships to some of its athletes and the provision of a space for high-performance training.

Results Conference Call

Conference Call (in Portuguese)	Conference Call (in English)
Date: May 6, 2016 (Friday)	Date: May 6, 2016 (Friday)
Time: 10:00 a.m. (Brasília) / 9:00 a.m. (US ET)	Time: 11:30 a.m. (Brasília) /10:30 a.m. (US ET)
Connection Dial-in Brazil: +55 (11) 3127-4971 / 3728-5971	Connection Dial-in NY: +1 (412) 317-5449
Access Code: Estácio	Access Code: Estácio
Webcast: www.estacioparticipacoes.com.br/ri	Webcast: www.estacioparticipacoes.com.br/ir
Replay: available until May 12	Replay: available until May 12
Phone: +55 (11) 3127 4999	Phone: +1 (412) 317-0088
Access Code: 61115304	Access Code: 10083272

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

Income Statement in IFRS

R\$ MM	Consolidated		
	1Q15	1Q16	Change
Gross Operating Revenue	1,101.7	1,278.0	16.0%
Monthly Tuition Fees	1,065.7	1,253.4	17.6%
Pronatec	19.3	5.8	-69.9%
Others	16.7	18.8	12.6%
Gross Revenue Deductions	(379.3)	(485.1)	27.9%
Scholarships and Discounts	(334.0)	(428.0)	28.1%
Taxes	(29.0)	(33.0)	13.8%
FGEDUC	(16.3)	(19.4)	19.0%
Other deductions	-	(4.7)	N.A
Net Operating Revenue	722.3	792.9	9.8%
Cost of Services	(403.3)	(436.9)	8.3%
Personnel	(295.6)	(326.9)	10.6%
Rentals / Real Estate Taxes Expenses	(57.4)	(59.2)	3.1%
Textbooks Materials	(9.1)	(5.1)	-44.0%
Third-Party Services and Others	(20.3)	(24.0)	18.2%
Depreciation and Amortization	(20.9)	(21.8)	4.3%
Gross Profit	319.1	356.0	11.6%
Gross Margin	44.2%	44.9%	0.7 p.p.
Selling, General and Administrative Expenses	(163.9)	(211.1)	28.8%
Selling Expenses	(53.8)	(90.4)	68.0%
Provisions for Doubtful Accounts	(15.6)	(24.2)	55.1%
Marketing	(38.2)	(66.2)	73.3%
General and Administrative Expenses	(110.0)	(120.7)	9.7%
Personnel	(39.8)	(43.1)	8.3%
Others G&A	(52.1)	(51.0)	-2.1%
Depreciation	(18.2)	(26.7)	46.7%
Other operating reneuves	1.7	4.2	147.1%
EBIT	156.8	149.1	-4.9%
EBIT Margin	21.7%	18.8%	-2.9 p.p.
(+) Depreciation and amortization	39.1	48.5	24.0%
EBITDA	195.9	197.5	0.8%
EBITDA Margin	27.1%	24.9%	-2.2 p.p.
(+) Operating Financial Result	(0.2)	15.9	N.A
Adjusted EBITDA	195.6	213.4	9.1%
Adjusted EBITDA Margin	27.1%	26.9%	-0.2 p.p.
Financial Result	(12.6)	(11.9)	-5.6%
Depreciation and Amortization	(39.1)	(48.5)	24.0%
Social Contribution	(3.6)	(2.3)	-36.1%
Income Tax	(10.0)	(6.4)	-36.0%
(-) Operating Financial Result	0.2	(15.9)	N.A
Net Income	130.6	128.5	-1.6%
Net Income Margin	18.1%	16.2%	-1.9 p.p.

Balance Sheet in IFRS

R\$ MM	03/31/2015	12/31/2015	03/31/2016
Short-Term Assets	1,767.2	1,672.5	1,568.8
Cash & Cash Equivalents	21.4	48.4	63.7
Short-Term Investments	699.6	645.4	298.6
Accounts Receivable	811.1	720.8	990.5
Carry-Forwards Credits	-	-	-
Swap difference to be received	-	24.8	-
Advance to Employees / Third-Parties	58.8	28.8	26.2
Prepaid Expenses	63.2	62.2	65.6
Taxes and contributions	72.5	99.0	79.5
Others	40.7	43.1	44.7
Long-Term Assets	2,050.8	2,687.5	2,705.3
Non-Current Assets	187.8	662.7	686.3
Accounts Receivable	-	445.5	459.3
Prepaid Expenses	7.8	11.8	5.8
Related Parties	-	-	1.0
Judicial Deposits	122.8	108.9	122.7
Taxes and contributions	21.5	32.6	29.1
Deferred Taxes and others	35.8	63.9	68.4
Permanent Assets	1,863.0	2,024.8	2,019.0
Investments	0.2	0.2	0.2
Fixed Assets	487.0	535.9	529.8
Intangible	1,375.8	1,488.7	1,489.0
Total Assets	3,818.1	4,360.1	4,274.1
Short-Term Liabilities	675.9	746.2	535.1
Loans and Financing	243.4	291.3	57.7
Swap difference to be paid	6.0	-	-
Suppliers	55.4	59.2	51.7
Salaries and Payroll Charges	165.1	122.7	187.7
Taxes Payable	46.7	80.1	70.0
Prepaid Monthly Tuition Fees	20.8	23.5	4.9
Advances under Partnership Agreement	2.9	2.9	2.9
Taxes Paid in Installments	3.8	2.3	2.5
Related Parties	-	0.5	0.4
Dividends Payable	101.1	115.1	115.1
Acquisition price to be paid	19.9	42.0	33.1
Others	10.9	6.6	9.2
Long-Term Liabilities	717.2	933.3	930.7
Loans and Financing	562.2	758.3	755.6
Contingencies	27.3	25.3	25.4
Advances under Partnership Agreement	5.5	3.4	2.6
Taxes Paid in Installments	14.4	17.4	16.2
Provision for asset retirement obligations	15.7	16.6	16.8
Deferred Taxes	37.9	36.1	32.0
Acquisition price to be paid	41.0	61.1	66.2
Others	13.1	15.3	15.8
Shareholders' Equity	2,425.0	2,680.6	2,808.3
Capital	1,053.1	1,064.9	1,064.9
Share Issuance Costs	(26.9)	(26.9)	(26.9)
Capital Reserves	649.1	661.8	669.2
Earnings Reserves	748.7	1,118.3	1,118.3
Income for the period	130.6	-	128.5
Treasury Stocks	(129.7)	(137.6)	(145.7)
Total Liabilities and Shareholders' Equity	3,818.1	4,360.1	4,274.1

Cash Flow Statement

Cash Flow Statement (R\$ million)	1Q15	1Q16
Profit before income taxes and social contribution	144.2	137.2
Adjustments to reconcile profit to net cash generated:	86.7	102.8
Depreciation and amortization	38.9	48.2
Amortization of funding costs	0.2	0.2
Provision for impairment of trade receivables	14.8	23.6
Exchange rate variation on foreign currency financing	-3.6	-16.3
Loss with swap operation	6.0	24.8
Granted options - stock options	5.4	6.4
Provision for contingencies	3.9	3.4
Inflation adjustment to FIES receivables	0.0	-13.0
Adjustment to present value - FIES receivables	0.0	-5.4
Tax credits	1.2	-1.1
Interest on borrowings	18.0	29.6
	2.0	2.2
Result after reconciliation to net cash generated	231.0	240.0
Changes in assets and liabilities:	-263.2	-287.6
(Increase) in accounts receivable	-287.0	-286.0
Decrease (increase) in other assets	-6.0	-1.5
Increase) decrease in advances to employees / third parties	-8.3	2.5
(Increase) decrease in prepaid expenses	2.9	-3.5
(Increase) decrease in taxes and contributions	7.0	24.1
Increase (decrease) in suppliers	5.1	-7.6
Increase (decrease) in taxes payable	-10.7	-26.0
Increase (decrease) in payroll and related charges	43.4	64.8
(Decrease) in prepaid monthly tuition fees	0.8	-18.7
Civil/Labor claims	-3.4	-3.3
(Decrease) in acquisition price to be paid	-0.6	-7.0
Provision for decommissioning of assets	0.0	0.0
Increase (decrease) in other liabilities	-6.4	3.3
Decrease (increase) in taxes paid in installments	-1.1	-0.9
(Decrease) in non-current assets	1.1	6.4
Increase in judicial deposits	-1.9	-13.8
Interest paid on borrowings	-1.2	-18.4
IRPJ and CSLL paid	3.3	-2.2
Net cash provided by (used in) operating activities:	-32.3	-47.7
CAPEX (ex-acquisitions)	-60.8	-33.0
Operational Cash Flow:	-93.1	-80.7
Other investing activities:	1.0	-9.3
Acquisitions	0.0	-8.7
Other	1.0	-0.7
Net cash provided by (used in) investing activities	-92.1	-90.0
Cash flows from financing activities:	98.1	-241.5
Acquisition of stocks in treasury	-104.8	-8.1
Dividends paid	-0.1	
Loans to subsidiaries		-1.1
Loans and financing	203.0	-1.5
Net increase in borrowings		-230.8
Net cash provided by (used in) financing activities	6.0	-331.5
Cash and cash equivalents at the beginning of the period	715.1	693.8
Increase in cash and cash equivalents	6.0	-331.5
Cash and cash equivalents at the end of the period	721.1	362.3

Exhibit I – Provision for FIES

Below is a summary of the “Provision for FIES” line under selling expenses, which constitutes provisions for:

- (i) FIES students with a guarantor (at 2.25%, as we have already been doing this year, conservatively assuming future losses of 15% from the FIES portfolio, which is approximately three times higher than historical losses from the student portfolio; the provision was constituted considering 15% of credit risk over 15% of delinquency);
- (ii) FIES students with FGEDUC after April 2012 for uncovered FGEDUC risk under the current rule, i.e. provisions were constituted for the 10% not covered by FGEDUC. Over this amount, we constituted provisions for the 15% credit risk over estimated delinquency of 15% (0.225%);
- (iii) FIES students with FGEDUC until March 2012 for uncovered FGEDUC risk under the former rule, i.e. provisions were constituted for the 20% not covered by FGEDUC. Over this amount, we constituted provisions for the 15% credit risk over estimated delinquency of 15% (0.450%);
- (iv) FIES students with FGEDUC until March 2012, for losses on the balance of restricted deposits based on the 2% FGEDUC contribution under the former rule, recorded as Minimum Guarantee, on estimated delinquency of 15% (0.30%).

It is worth noting that items (i), (ii) and (iii) have counter entries under noncurrent liabilities in the “Provision for FIES risk” line, while item (iv) has a counter entry as a noncurrent asset reducing account – “Provision for loss of FIES restricted deposits” – as an adjustment for the expected realization of the restricted deposits account, recorded based on the 2% FGEDUC contribution under the former rule.

It is also worth noting that we have been consolidating the “Provisions for FIES” line under Provision for Doubtful Accounts in our income statements since 4Q13, due to its decreasing importance with the organic growth of the FGEDUC base throughout 2013, and, especially, to the changes in the rules governing the contribution to the FGEDUC announced by the FNDE at the beginning of 2014. As of February, the FIES default risk has been covered by the FGEDUC, even for contracts with a guarantor (in the already familiar proportions between government and institutions). In exchange, we will be making a 5.63% contribution to all new students, with or without a guarantor, which has led to an increase in revenue deductions related to the FGEDUC.

About Estácio

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

Estácio's strengths are:

Strong positioning to Explore the Market's Growth Potential

- ◆ Nationwide presence, with units in the country's largest urban centers
- ◆ Broad portfolio of academic programs
- ◆ Managerial and financial capacity to innovate and improve our courses
- ◆ Widely recognized "Estácio" brand

High Quality Learning Experience

- ◆ Nationally integrated syllabi
- ◆ Unique teaching methodology
- ◆ Full convergence between the On-Campus and Distance Learning models
- ◆ Highly qualified faculty

Professional and Integrated Operational Management

- ◆ Result-oriented management model
- ◆ Focus on educational quality

Scalable Business Model

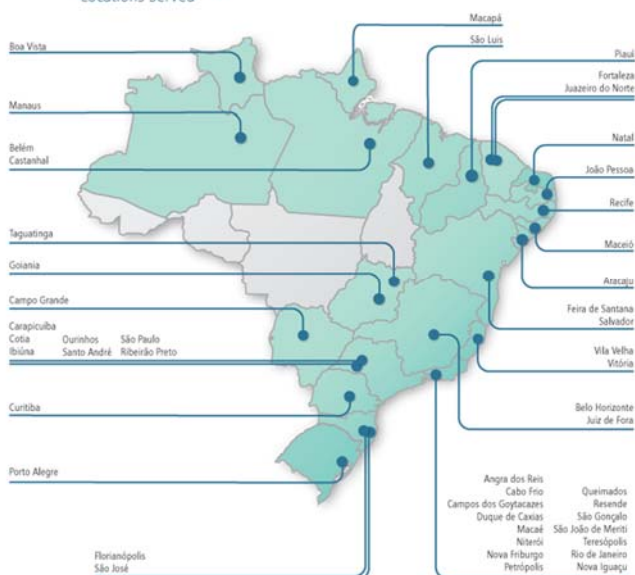
- ◆ Growth with profitability
- ◆ Organic expansion and through acquisitions

Financial Solidity

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

Estácio closed March 2016 with 587,800 undergraduate, graduate and distance-learning students enrolled in its nationwide education network, which, following the acquisitions in recent years, now operates in every state of Brazil, as shown in the maps below:

On-Campus Operation Locations Served



Distance Learning Operation

