(A free translation of the original in Portuguese)

Estácio Participações S.A.

Financial statements at
December 31, 2015
and independent auditor's report

(A free translation of the original in Portuguese)

Independent auditor's report

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

We have audited the accompanying parent company financial statements of Estácio Participações S.A. ("Parent company" or "Company"), which comprise the balance sheet as at December 31, 2015 and the statements of income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Estácio Participações S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2015 and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Estácio Participações S.A. and of Estácio Participações S.A. and its subsidiaries as at December 31, 2015, and the parent company financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year then ended, in accordance with accounting practices adopted in Brazil and the IFRS issued by the IASB.

Other matters

Supplementary information -
Statements of value added

We have also audited the parent company and consolidated statements of value added for the year ended December 31, 2015, which are the responsibility of the Company's management. The presentation of this statement is required by the Brazilian corporate legislation for listed companies, but it is considered supplementary information for IFRS. The statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, March 10, 2016

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

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

Estácio Participações S.A.

Balance sheet
At December 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
Assets	**2015**	**2014**	**2015**	**2014**
Current assets				
Cash and cash equivalents (Note 3)	429	249	48,410	48,011
Marketable securities (Note 3)	424,050	440,995	645,350	667,070
SWAP differential receivable (Note 19)	24,820		24,820	
Trade receivables (Note 4)			1,169,461	536,495
Advances to employees/third parties		361	28,778	50,427
Related parties (Note 5)	2,189	1,555		
Prepaid expenses (Note 6)	119	351	62,176	66,158
Dividends receivable (Note 8)	136,731	101,091		
Interest on capital receivable	1,275	1,275		
Taxes and contributions recoverable (Note 7)	27,425	12,463	99,027	70,624
Others	362	1,400	40,014	36,965
	617,400	559,740	2,118,041	1,475,750
Non-current assets				
Long-term receivables				
Prepaid expenses (Note 6)			11,798	8,805
Judicial deposits (Note 16)	2,373	2,339	108,912	120,941
Deferred taxes (Note 28)			46,693	31,168
Taxes and contributions recoverable (Note 7)	2,844	3,660	32,627	25,337
Others			17,186	10,818
	5,217	5,999	217,216	197,069
Investments				
In subsidiaries (Note 8)	2,368,791	1,679,111		
Others			228	228
	2,368,791	1,679,111	228	228
Intangible assets (Note 9)	829,454	853,505	1,488,678	1,375,428
Property and equipment (Note 10)	90	262	535,920	465,711
	3,198,335	2,532,878	2,024,826	1,841,367
	3,203,552	2,538,877	2,242,042	2,038,436
Total assets	3,820,952	3,098,617	4,360,083	3,514,186

	Parent company		Consolidated	
Liabilities and equity	**2015**	**2014**	**2015**	**2014**
Current liabilities				
Trade payables	1,353	112	59,237	49,806
Borrowings (Note 11)	271,831	19,833	291,346	28,464
Salaries and social charges (Note 12)	250	199	122,652	121,614
Taxes payable (Note 13)	295	2,111	80,095	40,506
Monthly tuitions received in advance (Note 29 (b))			23,547	20,067
Advances under agreements (Note 17)	1,800	1,800	2,887	2,887
Taxes payable in installments (Note 14)			2,254	3,590
Related parties (Note 5)	4,295	4,209	512	538
Dividends payable (Note 18)	115,111	101,169	115,111	101,169
Price of acquisition payable (Note 15)			41,980	20,486
Others	3	4	6,562	9,638
	394,938	129,437	746,183	398,765
Non-current liabilities				
Long-term payables				
Borrowings (Note 11)	726,587	544,827	758,302	560,709
Contingencies (Note 16)			25,274	26,883
Advances under agreements (Note 17)	2,100	3,900	3,368	6,254
Taxes payable in installments (Note 14)			17,372	15,763
Deferred taxes (Note 28)	16,734	27,593	36,078	46,348
Provision for asset decommissioning (Note 29(c))			16,559	15,031
Price of acquisition payable (Note 15)			61,101	39,213
Others	1		15,254	12,360
	745,422	576,320	933,308	722,561
Equity (Note 18)				
Share capital	1,064,934	1,053,098	1,064,934	1,053,098
Share issue costs	(26,852)	(26,852)	(26,852)	(26,852)
Capital reserves	661,820	642,736	661,820	642,736
Revenue reserves	1,118,293	748,729	1,118,293	748,729
Treasury shares	(137,603)	(24,851)	(137,603)	(24,851)
	2,680,592	2,392,860	2,680,592	2,392,860
Total liabilities and equity	3,820,952	3,098,617	4,360,083	3,514,186

The accompanying notes are an integral part of these financial statements.

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Continuing operations				
Net operating revenue (Note 23)			2,939,422	2,404,464
Cost of services rendered (Note 24)			(1,660,508)	(1,375,839)
Gross profit			1,278,914	1,028,625
Operating income (expenses)				
Finance costs (Note 25)			(335,334)	(238,323)
General and administrative expenses (Note 25)	(34,744)	(21,796)	(448,184)	(383,873)
Equity in the results of subsidiaries (Note 8)	564,472	432,422		
Other operating income (Note 26)	1,635	1,674	20,499	18,214
Operating profit	531,363	412,300	515,895	424,643
Finance result				
Finance income (Note 27)	139,169	51,561	216,127	109,228
Finance costs (Note 27)	(192,914)	(41,247)	(247,787)	(100,965)
Finance result, net	(53,745)	10,314	(31,660)	8,263
Profit before income tax and social contribution	477,618	422,614	484,235	432,906
Current and deferred income tax (Note 28)	5,182	3,123	1,995	(4,120)
Current and deferred social contribution (Note 28)	1,874	(92)	(1,556)	(3,141)
Profit for the year attributable to stockholders	484,674	425,645	484,674	425,645
Earnings per share - basic (Note 22)	0.00153	0.00139	0.00153	0.00139
Earnings per share - diluted (Note 22)	0.00153	0.00139	0.00153	0.00138

There was no comprehensive income for the years ended December 31, 2015 and 2014.

The accompanying notes are an integral part of these financial statements.

Estácio Participações S.A.

Statement of changes in equity

All amounts in thousands of reais (A free translation of the original in Portuguese)

			Capital reserves			Revenue reserves				
	Share capital	Expenditure on issuance of shares	Long-term incentives	Share subscription premium	Options granted	Legal	Profit retention	Treasury shares	Retained earnings	Total
At January 1, 2014	1,010,687	(26,852)		96,565	24,416	31,498	392,676	(11,348)		1,517,642
Exercise of stock options (Note 20)	19,106									19,106
Issue of common shares related to business combinations (Note 18(d))	23,305									23,305
Options granted					20,378					20,378
Long-term incentive			2,478							2,478
Premium on subscription of shares (Note 18 (d))				498,899						498,899
Profit for the year									425,645	425,645
Allocation of profit										
Transfer to reserves						21,282	303,273		(324,555)	
Proposed dividends									(101,090)	(101,090)
Treasury shares acquired								(13,503)		(13,503)
At December 31, 2014	1,053,098	(26,852)	2,478	595,464	44,794	52,780	695,949	(24,851)		2,392,860
Exercise of stock options (Note 20)	11,836									11,836
Options granted					19,150					19,150
Long-term incentive - ILP			3,718							3,718
ILP payment with treasury shares			(3,784)					3,784		
Treasury shares acquired								(116,536)		(116,536)
Profit for the year									484,674	484,674
Allocation of profit										
Transfer to reserves						24,234	290,000		(314,234)	
Capital increase proposed							55,330		(55,330)	
Proposed dividends									(115,110)	(115,110)
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

The accompanying notes are an integral part of these financial statements

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Cash flows from operating activities				
Profit before income tax and social contribution	477,618	422,614	484,235	432,906
Adjustments to reconcile profit with cash generated				
Depreciation and amortization	20,154	11,158	163,602	107,300
Amortization of funding costs	909	641	909	641
Net book value of property and equipment and intangible assets written-off		1,013	(3,226)	3,819
Provision for impairment of trade receivables			124,796	99,411
Foreign exchange rate variation on financing in foreign currency	37,731		37,731	
Gain with derivative instrument	(24,820)		(24,820)	
Options granted			19,150	20,378
Gains on unrealized financial investments	(30,765)	(15,260)	(59,698)	(28,519)
Provision for contingencies			11,235	17,087
Update of trade receivables - FIES			(18,734)	
Present value - trade receivables - FIES			28,114	
Indexation of tax credits			(9,460)	(22,347)
Interest on borrowings	90,893	39,660	92,034	39,660
Equity in the results of investees	(564,472)	(432,422)		
Others	(1,800)	(1,800)	9,975	4,630
	5,448	25,604	855,843	674,966
Changes in assets and liabilities				
Decrease (increase) in marketable securities	47,710	228,770	81,418	93,500
(Increase) in trade receivables			(757,719)	(195,655)
Reduction (increase) in other assets	1,037	(60)	(8,655)	(47,532)
(Increase) decrease in advances to employees / third parties	361	(342)	22,851	(16,340)
(Increase) decrease in prepaid expenses	232	(229)	3,982	(4,155)
(Increase) in taxes and contributions	(14,146)	(8,989)	(26,125)	(29,541)
Increase (decrease) in trade payables	1,241	(371)	4,640	6,558
Increase (decrease) in taxes payable	(1,492)	2,986	8,044	(6,314)
Increase (decrease) in salaries and social charges	51	64	(3,216)	32,467
(Increase) in monthly tuitions received in advance			3,480	7,343
Contingencies			(12,884)	(23,139)
(Decrease) in price of acquisition payable			(12,183)	(47,776)
Provision for decommissioning of assets				(13)
Increase (decrease) in other liabilities		27,594	150	47,396
(Decrease) in taxes paid in installments			(4,217)	(8,575)
(Increase) decrease in non-current assets		586	(9,360)	2,069
(Increase) decrease in judicial deposits	(34)	(170)	12,029	(16,617)
	40,408	275,443	158,078	468,542
Dividends received	101,091	58,118		
Interest paid on borrowings	(76,643)	(31,581)	(76,524)	(31,581)
IRPJ and CSLL paid			(3,287)	2,587
Net cash provided by (used in) operating activities	64,856	301,980	78,267	439,648
Cash flows from investing activities:				
Property and equipment		(33)	(145,341)	(117,802)
Intangible assets	(57)	(71)	(73,911)	(71,087)
Goodwill on investment acquisition		(863,077)	(123,422)	(978,602)
Acquisition of subsidiaries, net of cash obtained on acquisition			72,047	10,157
Advance for future capital increase	(239,070)	(197,328)		
Net cash used in investing activities	(239,127)	(1,060,509)	(270,627)	(1,157,334)
Cash flows from financing activities				
Capital increase arising from exercise of share options	11,836	42,411	11,836	42,411
Purchases of treasury shares	(112,752)	(13,503)	(112,752)	(13,503)
Dividends paid	(101,168)	(58,040)	(101,168)	(58,040)
Borrowing with subsidiaries	(548)	(490)	512	259
Goodwill on the subscription of shares		498,898		498,898
Payment of ILP with treasury shares	(3,784)		(3,784)	
Amount received for the issue of debentures	187,000	300,683	187,000	300,683
Fund raising	205,992	(11,341)	223,240	(12,143)
Repayment of borrowings	(12,125)		(12,125)	
Net cash provided by financing activities	174,451	758,618	192,759	758,565
Increase (decrease) in cash and cash equivalents	180	89	399	40,879
Cash and cash equivalents at the beginning of the year	249	160	48,011	7,132
Cash and cash equivalents at the end of the year	429	249	48,410	48,011
(Decrease) increase in cash and cash equivalents	180	89	399	40,879

The accompanying notes are an integral part of these financial statements.

Estácio Participações S.A.

Statement of value added
Years ended December 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			3,041,736	2,487,820
Other income			19,102	17,314
Provision for impairment of trade receivables			(124,796)	(99,411)
Other commercial expenses			(2,894)	(3,861)
			2,933,148	2,401,862
Inputs acquired from third parties				
Materials, energy and outsourced services	(10,465)	(7,589)	(565,461)	(443,445)
Impairment/recovery of assets				38
Contingencies			(11,143)	(15,403)
	(10,465)	(7,589)	(576,604)	(439,494)
Gross value added	(10,465)	(7,589)	2,356,544	1,962,368
Depreciation and amortization	(21,063)	(11,799)	(164,511)	(107,941)
Net value added generated by the entity	(31,528)	(19,388)	2,192,033	1,854,427
Value added received through transfer				
Equity in the results of subsidiaries	564,472	432,422		
Finance income	140,549	51,561	219,895	109,222
Others	1,803	1,799	22,638	18,333
	706,824	485,782	242,533	127,555
Total value added to distribute	675,296	466,394	2,434,566	1,981,982
Distribution of value added				
Work remuneration				
Direct remuneration	2,669	1,926	1,021,826	904,090
Benefits	6	1	36,338	31,286
Government Severance Indemnity Fund for Employees (FGTS)			72,657	62,127
	2,675	1,927	1,130,821	997,503
Taxes and contributions				
Federal	(4,967)	(2,425)	238,929	185,510
State			7	2
Municipal			127,234	108,532
	(4,967)	(2,425)	366,170	294,044
Third-party capital remuneration				
Interest	192,914	41,247	247,787	100,960
Rentals			205,114	163,830
	192,914	41,247	452,901	264,790
Own capital remuneration				
Profits reinvested	484,674	425,645	484,674	425,645
	484,674	425,645	484,674	425,645
Value added distributed	675,296	466,394	2,434,566	1,981,982

The accompanying notes are an integral part of these financial statements.

1 General information

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 companies, including Estácio Participações, eighteen of which are sponsors of college institutions, incorporated as limited-liability companies, and has one University, nine University Centers and thirty-seven 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 March 8, 2016, authorized the disclosure of these financial statements.

2 Summary of significant accounting policies

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

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) measured at fair value, when applicable.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, they include: goodwill loss (*impairment*), transactions with share-based payment, present value of trade receivables, provision for tax, civil and labor risks, as well as the useful lives of assets (Note 2.24).

Consolidated financial statements

The consolidated financial statements were prepared in accordance with CPC 26 (R1)/IAS 1, "Presentation of Financial Statements". The Company also applies accounting policies set out in the Brazilian corporation law and specific rules issued by the Brazilian Securities Commission (CVM), which do not conflict with CPC 26 (R1)/IAS 01.

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, while it is not required by IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

Parent company financial statements

The parent company financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil, based on the technical accounting pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC). Because the accounting practices adopted in Brazil applicable to individual financial statements, as from 2014, do not differ from the International Financial Reporting Standards (IFRS) applicable to separate financial statements, which now allow entities to use the equity method to account for investments in subsidiaries, associates and joint ventures in the separate financial statements, they are also in compliance with the IFRS issued by the IASB. The parent company financial statements are disclosed together with the consolidated financial statements.

Changes in accounting policies and disclosures

Amendments and interpretations adopted by the group

The following standards and amendments to standards have been adopted by the Group for the first time in the financial year beginning on January 1, 2015 and have impacts on the Group:

(a) **CPC 33 / IAS 19 – Benefits to employees:** the amendments allow that the contributions of employees and third-parties, when required in defined benefits plan, are recognized as a reduction of the services cost for the year subject to certain conditions. This amendment's objective is to simplify the accounting of contributions that are independent from the employee's number of service years, such as, for example, the contributions of the workers that are calculated based on a fixed percentage of the salary.

(b) **Review of Technical Pronouncements No. 6/ Projects of Annual Improvements to IFRS 2010-2012 and 2011-2013:**

(i) **CPC 15/IFRS 3 – Business Combination:** it eliminates the conflict between the standards of financial derivatives and business combination; it clarifies that the contigent payment is a financial liability or an equity instrument and that its remeasurement shoud be at fair value, when it is not an equity instrument. Besides, it eliminates the reference for other pronouncements, such as IAS 37, for remeasurement of contingent payment and it clarifies exceptions within the standard's scope.

(ii) **CPC 46/IFRS 13 –** Fair value measurement: it clarifies that the measurement of short-term financial assets with no explicit interest at present value, when its effects are not material, is allowed but not required. Furthermore, it elucidates that the exception for net measurement at fair value of a portfolio, exception brought by IFRS 13, is applied to all the contracts within the scope of IAS 39 and IFRS9.

(iii) **CPC 05/IAS 24 –** Related parties: it enlightens that the entity that provides key administrative services is also a related party and the entity that discloses should disclose the expenses paid to this related party.

(iv) **CPC 22/IFRS 8 -** Operating segments: it improves the disclosure criteria of the operating segments and guides for the reconciliation between the total assets reported in the segments and the entity's total assets.

Other amendments and interpretations which are effective for the year beginning on January 1, 2016 are not material to the Group.

2.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group. The consideration transferred includes the fair value of assets or liabilities resulting from a contingent consideration arrangement, when applicable. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred plus the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated.

Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements include the operations of the Company and the following subsidiaries, together with its ownership interest in each:

	Direct - %	
	2015	**2014**
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	100	100
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	100	100
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	100	100
Estácio Editora ("EDITORA")	100	100
União dos Cursos Superiores SEB Ltda. ("UNISEB")	100	100

	Indirect - %	
	2015	**2014**
Sociedade Educacional Atual da Amazônia ("ATUAL")	100	100
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	100	100
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100	100
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	100	100
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	100	100
Unisãoluis Educacional S.A ("UNISÃOLUIS")	100	100
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUOL")	100	100
Sociedade Educacional da Amazônia ("SEAMA")	100	100
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	100	100
Associação de Ensino de Santa Catarina ("ASSESC")	100	100
Instituto de Estudos Superiores da Amazônia ("IESAM")	100	100
Centro de Assistência ao Desenvolvimento de formação Profissional Unicel Ltda. ("LITERATUS")	100	100
Centro de Ensino Unificado de Teresina ("CEUT")	100	100
Faculdade Nossa Cidade (“FNC”)	100	
Faculdades Integradas de Castanhal Ltda. (“FCAT”)	100	

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

The consolidation process of the equity and result accounts corresponds to the sum of the balances of the assets, liabilities, revenues and expenses accounts, according to their nature, complemented by the eliminations of the operations carried out between the consolidated companies, as well as the economically unrealized balances and results between the mentioned companies.

2.3 Business combinations

The purchases and purchase commitments made in 2014 and 2015 are summarized as follows:

(i) Group UNISEB (UNISEB Holding and União dos Cursos Superiores SEB Ltda.

On July 1, 2014, Estácio Participações S.A. purchased all the shares of UNISEB Holding, headquartered in the city of Ribeirão Preto, State of São Paulo, and the holding company of UNISEB - União dos Cursos Superiores SEB Ltda. ("UNISEB Operating Company"). This transaction amounted to R$ 850,672, paid as follows: R$ 308 million, regarding half of the initial amount of the transaction, was paid in cash, adjusted by 0.052 according to the variation of the price index, IGP-M, amounting to R$ 324,850 million; R$ 308 million was paid in shares of Estácio which had a variation, increasing from R$ 17 to R$ 29, which changed the amount of the installment to R$ 522,204 million, and the remaining R$ 3.6 million of investment, debt and other lines provided by the purchase and sale agreement.

UNISEB Operacional, founded in 1999, has around 38 thousand students distributed in a portfolio of 23 face-to-face courses, 19 distance learning courses, 33 post-graduate programs, 15 post-graduate/MBA courses in partnership with with FGV and 107 extension programs, being the latter on-line. Its Law School received the OAB seal in 2010. The Company has more than 78 traditional graduate courses and technological graduation in the areas of Exact Sciences, Biological Sciences and Human Sciences. It also has *lato sensu* post-graduation courses, master and doctorate courses.

The consideration paid, based on the values of acquired assets and contracted liabilities recognized at the dates of the acquisitions and the allocation of the purchase price preliminarly determined based on the fair value of assets acquired and liabilities assumed is summarized below:

	UNISEB Holding company
Acquisition value	
Cash	328,468
Equity instruments (17,853,127 thousand common shares)	522,204
Total consideration	850,672
Identifiable net assets acquired	(27,913)
Goodwill	822,759
Allocation of goodwill	
Trademark	19,611
License to operate	621
Students Portfolio	58,654
Deferred income tax and social contribution	(26,821)
Goodwill	770,694
	822,759

	UNISEB Holding company
Investment in UNISEB - "Operational"	19,172
Goodwill	9,371
Trade payables	(630)
Net assets acquired at book value	27,913

The fair value of the 17,853,127 thousand common shares issued as part of the consideration paid for UNISEB Holding (R$ 522,204) was based on the published share price on June 30, 2014.
On July 1, 2014, the equity of Uniseb Holding SA, parent company of União dos Cursos Superiores SEB Ltda. ("UNISEB"), was incorporated by the Group, for the net book value on the date of incorporation. Due to the merger, the Company incorporated was extinguished and succeeded by Estácio Participações SA. in all its rights, assets and obligations.

(ii) Instituto de Estudos Superiores da Amazônia Ltda. ("IESAM")

On July 1, 2014, Estácio acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"), all the quotas of Instituto de Estudos Superiores da Amazônia Ltda. ("IESAM") for R$ 80,000, which reduced the net debt of the Company on the closing date declared by the sellers in the amount of R$ 27,379, leaving an amount of R$ 52,621. Part of this value amounting to R$ 36,429, was paid in cash and the remaining balance will be paid in six installments due by July 1, 2019, restated by the IPC-A.

Established in 2000, IESAM had at the date of acquisition approximately 4,500 students, for a total capacity of 15,440 students, and 130 teachers allocated in 1 campus. Its portfolio includes 23 graduate courses and 18 postgraduate courses, in addition to extension and free courses. In 2012, it was evaluated by MEC, which issued the Courses General Index (“Índice Geral de Cursos – IGC”) 3, in an 1-to-5 range.

The consideration paid based on the values of acquired assets and contracted liabilities recognized at the dates of the acquisitions and the allocation of the purchase price preliminarly determined based on the fair value of assets acquired and liabilities assumed is summarized below:

	IESAM
Acquisition value	
Cash	36,429
Commitments payable	16,192
Total consideration	52,621
Identifiable net assets acquired	(11,696)
Goodwill	40,925
Allocation of goodwill	
Appreciation[1]	13,216
Trademark	4,346
License to operate	621
Students portfolio	3,223
Deferred income tax and social contribution	(7,278)
Goodwill	26,797
	40.925

	IESAM
Cash and cash equivalents	125
Trade receivables	147
Prepaid expenses	46
Judicial deposits	139
Property and equipment	38,439
Borrowings	(15,218)
Trade payables	(177)
Labor obligations	(1,519)
Taxes payable	(525)
Payments in installments	(8,831)
Provisions	(930)
Net assets acquired at book value	11,696

[1] Amount related to the appreciation of the real estate property acquired, as established by the difference between the fair value and its carrying amount.

(iii) Centro de Assistência ao Desenvolvimento de Formação Profissional Unicel Ltda. ("LITERATUS")

On August 7, 2014, the Company acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"), all quotas of Centro de Assistência ao Desenvolvimento de Formação Profissional UNICEL Ltda. ("LITERATUS") for R$ 48,000, which less the Company's net debt at the closing date declared by the sellers, of R$ 26,177, plus a conditional instalment of R$ 1,000 amounts to R$ 22,822. Part of this amount, R$ 15,651, was paid in cash and the remaining balance will be paid in five installments due by August 7, 2019, restated by the IPC-A.

Founded in 2007, LITERATUS had at the date of acquisition approximately 4,800 students, allocated in two campuses, for an authorized total number of 14,170 students, and 22 graduation courses and 25 postgraduation courses. This acquisition introduces the Company to the capital of the State of Amazonas, therefore promoting the expansion of its operations in the North region of Brazil, through one of its major markets.

The consideration paid based on the values of acquired assets and contracted liabilities recognized at the dates of the acquisitions and the allocation of the purchase price preliminarly determined based on the fair value of assets acquired and liabilities assumed is summarized below:

	LITERATUS
Acquisition value	
Cash	15,651
Commitments payable	7,171
Total consideration	22,822
Net liabilities assumed at book value	7,368
Goodwill	30,190
Allocation of goodwill	
Trademark	3,179
License to operate	600
Students portfolio	2.246
Deferred income tax and social contribution	(2,049)
Goodwill	26,214
	30.190

	LITERATUS
Cash and cash equivalents	106
Trade receivables	300
Property and equipment	27,413
Borrowings	(16,970)
Trade payables	(3,441)
Labor obligations	(2,011)
Taxes payable	(1,161)
Payments in installments	(10,066)
Provisions	(1,191)
Other liabilities	(347)
Net liabilities assumed	(7,368)

(iv) Centro de Ensino Unificado de Teresina ("CEUT")

On November 18, 2014, Estácio acquired, through its indirect subsidiary Sociedade Educacional Atual da Amazônia Ltda. ("ATUAL"), all quotas of Centro de Ensino Unificado de Teresina ("CEUT") for R$ 33,000, less CEUT's net indebtedness of R$ 10,617 at the closing date as declared by the selling party, accounts for the amount of R$ 22,383, paid as follows: R$ 14,549 in cash and R$ 7,834 in eleven installments due by November 18, 2019, restated by the IPC-A.

CEUT was established in 1994, and currently had at the date of acquisition approximately 3,700 students in a campus and a total of 7,080 authorized vacancies (2,250 vacancies only for Law). It offers 12 graduation courses (two of which recently authorized and under development) and 29 postgraduation courses. In 2012, it received from the Ministry of Education (MEC) a grade of 3 (from 1 to 5) in the General Index of Courses (IGC).

The consideration paid based on the values of acquired assets and contracted liabilities recognized at the dates of the acquisitions and the allocation of the purchase price preliminarly determined based on the fair value of assets acquired and liabilities assumed is summarized below:

	CEUT
Acquisition value	
Cash	14,549
Commitments payable	7,834
Total consideration	22,383
Net liabilities assumed at book value	10,385
Goodwill	32,768
Allocation of goodwill	
Trademark	2,942
License to operate	401
Students portfolio	4,536
Deferred income tax and social contribution	(2,679)
Goodwill	27,568
	32.768

	CEUT
Cash and cash equivalents	
Trade receivables	1,157
Other receivables	410
Prepaid expenses	8
Tax and contributions recoverable	1,057
Property and equipment	724
Borrowings	(6,366)
Trade payables	(269)
Labor obligations	(3,119)
Taxes payable	(392)
Payments in installments	(595)
Contingencies	(3,000)
Net liabilities assumed at book value	(10,385)

The acquisition and purchase commitments made in 2015 are summarized below:

(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 the sellers, amounting to R$ 13,790, totaling R$ 76,210, to be paid as follows: R$ 38,807 of the paid at the 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 autohorized 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 based on the accounting balances of the acquired assets and assumed liabilities at the acquisition date and the allocation of the purchase price preliminarily determined based on the fair value of the acquired assets and assumed liabities is as follows:

	FNC
Acquisition amount	
Cash	38,807
Commitments to be paid	37,403
Total Consideration	76,210
Net assumed liabilities at book value	8,762
Goodwill	84,972
Allocation of goodwill	8,226
Trademark	896
License to operate	10,463
Students portfolio	(6,659)
Deferred income tax and social contribution	72,046
	84,972

	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)
Net assumed liabilities at book value	(8.762)

(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 1 (one) installment of R$ 3,900 to be paid on May 17, 2016 and another 4 (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.

FCAT, founded in 2007, has around 2,700 students, 9,225 total authorized vacancies, with 12 graduate courses in its portfolio and 24 post-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 previously 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)

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The parent company and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional currency, and also the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts and other highly liquid short-term investments with original maturities of three months or less and with immaterial risk of change in value, which are held to meet the Company's short-term commitments.

2.6 Marketable securities

At initial recognition, the Company classifies its marketable securities in the following categories, depending on the purpose for which the securities were acquired:

- held for trading - they are bought for the purpose of sale in the short term and are measured at fair value. Interest, monetary variation and fair value changes are recognized in profit or loss;

- held to maturity - they are purchased with the intention and ability to hold them to maturity, and are recognized and measured at amortized cost using the effective interest rate method, with earnings allocated to profit or loss; and

- available for sale - they are non-derivative instruments that are either designated in this category or not classified in any of the previous categories. They are measured at fair value, and interest and monetary variations are charged to profit or loss, while the fair value changes are recorded in equity under carrying value adjustments and transferred to profit or loss for the year upon the settlement of the security.

At December 31, 2015 and 2014, all of the Company's marketable securities are classified as "held for trading".

2.7 Trade receivables and monthly tuition fees received in advance

These receivables arise mainly from the rendering of educational activity services and do not include services provided after the balance sheet date. Services billed but not yet provided at the balance sheet date are recorded as monthly tuition fees received in advance and are recognized in the respective statement of income for the year, on the accrual basis.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment of trade receivables.

2.8 Provision for impairment of trade receivables

This provision, recorded as a reduction of accounts receivable, is set up at an amount considered sufficient by management to cover any losses on the realization of amounts receivable from monthly tuition fees and checks receivable, considering the risks involved.

2.9 Investments in subsidiaries

The investments in subsidiaries are accounted for using the equity method. In the parent company's financial statements, the goodwill based on the expected future profitability is presented in the investment account.

2.10 Property and equipment

Property and equipment are measured at acquisition or construction cost, less accumulated depreciation.

Depreciation is calculated using the straight-line method over the useful life of the assets at the rates mentioned in Note 10.

Costs subsequent to initial recognition are included in the net book value of property and equipment or recognized as a specific item, as applicable, only if the economic benefits related to these items are probable and the amounts can be reliably measured. The net book value of the replaced item is written off. Other repairs and maintenance are recognized directly in the statement of income as incurred.

Property and equipment items are derecognized when sold or when no future economic benefit is expected to flow from their use or disposal. Any gain or losses arising from the asset derecognition (calculated as the difference between the net disposal proceeds and its net book value) are recognized in the statement of income when the asset is derecognized.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.11 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition after the purchase price allocation of all tangible and intangible assets and liabilities of the acquired entity. If negative goodwill is determined, the amount is recorded as a gain in the statement of income for the year on the date of acquisition. Goodwill is tested annually for *impairment* and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of *goodwill* relating to the entity sold.

Goodwill is allocated to Cash-generating units (CGUs) for the purpose of *impairment* testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(b) Goodwill

(b.1) Portfolio of students

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

(b.2) Trademark

A trademark is an intangible asset with a defined useful life, since it is an identifiable non-monetary, measurable asset with no physical substance. Its value is calculated using the average rate for teaching companies as obtained with Royalty Source. Amortization is calculated based on the Company's strategy regarding the maintenance period of the company's trademark acquired up to its total change into the trademark "Estácio".

(b.3) License to operate

The fair value of the existing License to operate is established using the cost approach. This value results from expenses incurred to purchase the license, including: MEC fees, preparation of the Institutional Development Plan (PDI) and Course Pedagogic Project (PPC) , rental before the beginning of operations and sundry costs with teachers for visits, travel, meals, transportation, etc. Amortization is calculated based on the teaching institution is registration period, that is, every three years.

(b.4) Appreciation of assets

Established by the difference between the sum of the fair value of the identifiable net assets (determined based on CPC 15, "Business Combinations") and the carrying amount of the asset acquired.

(c) Software

Computer software licenses purchased are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the software.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.

- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.

- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of applicable overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recorded as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful life, which does not exceed five years.

2.12 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination, which are identified at the operating segment level.

Non-financial assets other than goodwill that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date. The impairment of goodwill recognized in the statement of income is not reversed.

In estimating an asset's value in use, estimated future cash flows are discounted to present value, using a pre-tax discount rate reflecting the weighted average cost of capital for the industry in which the cash generating unit operates. The net sales price is determined, whenever possible, based on firm sale contracts in a transaction on an arm's length basis, between well informed and willing parties, adjusted by expenses attributable to the asset sale, or, when there is no firm sale contract, based on the price in an active market, or the most recent transaction price with similar assets.

2.13 Leases

Finance lease

Lease agreements transfer to the Company substantially all the risks and rewards inherent to the ownership of the leased item. They are classified as finance lease agreements, and the corresponding assets are recognized at fair value or present value of minimum lease payments provided for in the agreements. Items recognized as assets are depreciated according to the period of the lease agreement. Financial charges related to finance lease agreements are appropriated to the statement of income over the lease term, based on the amortized cost and effective interest rate method.

Operating leases

Operating lease expenses are recognized in the statement of income on a straight-line method, according to the accrual basis.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.15 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's stockholders is recognized as a liability in the Company's financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders at the General Meeting.

The tax benefit of interest on capital is recognized in the statement of income.

2.16 Provision for asset decommissioning

This represents the estimated future cost of the renovation of rented buildings where the Group's teaching units are located. They are recognized in property and equipment at present value, discounted at an adjusted credit rate, as part of the value of the assets that gave rise to it, since there is a legal obligation and its value can be reliably estimated, with a corresponding entry to the provision recorded in the Company's liabilities. Interest incurred on this provision is classified as finance costs. The annually reviewed decommissioning estimates suffer depreciation/amortization on the same bases as the main assets.

2.17 Provisions

Provisions for legal claims (labor, civil and tax) are recognized when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required on settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapses is recognized as a finance cost.

2.18 Taxation

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

- Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Income (CSLL), introduced by Law 7,689, of December 15, 1988.
- Social Contribution on Revenues (COFINS), introduced by Supplementary Law 70, of December 30, 1991.
- Social Integration Program (PIS), introduced by Supplementary Law 7, of September 7, 1970.

The above exemptions are originally calculated on the amount of revenues earned from higher education activities, derived from undergraduate and occupationally specific sequential courses. Also as a result of the change in the form of organization to limited companies, the Company became subject to the following events as from October 2005 and February 2007:

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

(ii) Loss of 100% exemption regarding the employer's contribution to the National Institute for Social Security (INSS), which is required to be paid on a graduating scale as defined under PROUNI legislation (20% in the first year, 40% in the second year and up to 100% in the fifth year). In 2012, the Company began to pay 100% of the employer's contribution to INSS.

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

Current income tax and social contribution

Current income tax and social contribution were determined considering the criteria established by Normative Instruction issued by the Brazilian Federal Revenue Secretariat (RFB), with specific regard to PROUNI, whereby such taxes may not be paid on profits from regular undergraduate and technological educational activities and may be subsequently transferred to a reserve account.

Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)

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

Deferred income tax and social contribution

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

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

- Over deductible tax temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is likely that temporary differences will be reversed in the near future and the taxable income will be available against which the temporary differences may be used.

The carrying amount of the deferred tax assets is reviewed at each balance sheet date and written down to the extent that it is no longer probable that taxable income will be available to permit the use of all or part of the deferred tax assets. Deferred tax assets written off are reviewed at each balance sheet date and reinstated to the extent that it becomes likely that future taxable income will allow the deferred tax assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates expected to be applicable in the year when the asset will be realized or the liability will be settled, based on the tax rate (and tax law) in effect on the balance sheet date.

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

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

2.19 Share-based payments

The Company grants to its main executives and officers an equity-settled, share-based compensation plan, under which the Company receives services from these executives and officers as consideration for equity instruments (options) of the Group. The fair value of the services received in exchange for the grant of the options is recognized as an expense. The total amount to be recognized is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining of an entity's employee over a specified period of time). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Beyond the Stock Option Plan, the Company granted a Special Program for Long-term Incentive for Statutory Officers ("ILP"), as included in the global annual compensation of the Company's officers.

2.20 Profit sharing

The Group recognizes a liability and an expense for profit-sharing based on a methodology that takes into consideration the profit attributed to the Company's stockholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Earnings per share

The Company calculates earnings per thousand shares using the weighted average number of outstanding common shares, in the period to which the profit refers, according to Technical Pronouncement CPC 41 (IAS 33). (Note 22)

Diluted earnings per share is calculated by adjusting the weighted average number of outstanding common shares to assume conversion of all potential common shares with dilutive effects. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would be outstanding assuming the exercise of the share options.

2.22 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's stockholders until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax and social contribution effects, is included in equity attributable to the Company's stockholders.

2.23 Recognition of revenue, costs and expenses

Revenues, costs and expenses are recognized on an accrual basis.

(a) Revenue from services

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. The revenue is shown net of taxes, returns, rebates and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will result from the transaction and when specific criteria have been met.

(b) Finance income and costs

The finance income and costs include mainly income from interest on financial investments, expenses for interest on financing, gains and losses stated at fair value, according to the classification of the note, besides net exchange and monetary variations.

Interest income is recognized on the accrual basis, using the effective interest rate method. When a loan and receivable instrument is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Subsequently, as time elapses, interest is incorporated into loans and receivables against interest income. This interest income is calculated at the same effective interest rate used to determine the recoverable amount, that is, the original rate of the instrument.

2.24 Critical accounting judgments, estimates and assumptions

Judgments

The preparation of the parent company and consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, the uncertainty related to these assumptions and estimates could lead to results that would require a significant adjustment to the carrying amount of the respective asset or liability in future periods.

Estimates and assumptions

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

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

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of the following estimates:

	In percentages	
	2015	**2014**
Average gross margin (i)	41.5	41.5
Growth rate (ii)	5	5
Discount rate (iii)	15.0	13.5

(i) Average budgeted gross margin.

(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget period.

(iii) Pre-tax discount rate applied to the cash flow projections.

If the estimated pre-tax discount rate on the discounted cash flows had been 1% higher than management's estimates (for example, 16% instead of 15%), the Group would not have recognized a further impairment against goodwill.

(ii) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they are granted. The fair value estimate of the share-based payments requires the determination of the most adequate model of evaluation for the grant of equity instruments, which depends on the terms and conditions of the concession. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21(b).

The Special Program for Long-term Incentive for Statutory Officers (ILP) has the statutory directors of the Company as the exclusive beneficiaries, and was structured in a variable compensation form, whose value depends on the value of its shares. The compensation within the Program will be paid in four annual installments, calculated by multiplying the number of shares determined at market value thereof on the last trading day of the BM&F BOVESPA SA - Securities, Commodities and Futures immediately preceding the year in which each payment will occur. The characteristics and models used to estimate the fair value of the program payments are disclosed in Note 21 (c).

(iii) Provisions for tax, civil and labor risks

The Company recognizes provisions for civil, tax and labor cases. The assessment of the likelihood of loss includes the evaluation of the available evidence, the hierarchy of laws, available case law, recent court decisions and their significance in the legal system, as well as the opinion of outside legal advisors. The provisions are reviewed and adjusted to account for changes in circumstances, such as the applicable statute of limitations, completion of tax inspections, or additional exposures identified on the basis of new matters or court decisions.

(iv) Useful life of assets

The Company annually reviews the economic useful life of its assets, based on the opinion of external appraisers. The depreciation is recognized in the income statement based on the remaining useful life of the asset.

2.25 Statements of cash flows

The statements of cash flows were prepared using the indirect method and are presented in accordance with Technical Pronouncement CPC 03 R2 (IAS 7) - Statement of cash flows, issued by CPC (IASB).

2.26 Statement of value added ("DVA")

The purpose of the statement of value added is to disclose the wealth generated by the Company and its subsidiaries and the wealth distribution over a given period, and it is presented as required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies.

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

2.27 Financial instruments

(a) Initial recognition and measurement

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

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio; and
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the statement of income within "Other gains (losses), net" in the period in which they arise.

(b) Subsequent measurement

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

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss include financial assets and liabilities held for trading and financial assets and liabilities designated upon initial recognition at fair value through profit or loss. Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling in the short term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by CPC 38 (IAS 39). Gains and losses with liabilities for trading are recognized in the statement of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

(c) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(d) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recorded loss is recognized in the statement of income.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board, which also makes the Group's strategic decisions.

Because the Company concentrates its businesses on college educational activities, it is organized into one single business unit. The courses offered by the Company, even though being targeted to a diverse public, are not controlled and managed by the Company's management as independent segments and, accordingly, the Company's results are accompanied, monitored and assessed on an integral basis.

2.29 New standards and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards were issued by IASB but are not effective for December 31, 2015. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

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

IFRS 15, "Revenue from Contracts with Customers", replaces IAS 11, "Construction Contracts", IAS 18, "Revenue" and related interpretations and introduces the principles to be applied by an entity to determine the measurement and recognition of revenue. Effective date is January 1, 2018. Management is yet to assess IFRS 15's full impact.

IFRS 16 – "Leases" – this new standard requires lessees to recognize the liabilities of the future payments and the right to use the leased asset for almost all the lease agreements, including the operating ones, except certain short-term or low value agreements that may not be considered within the scope of this new standard. The recognition and measurement criteria of the leases in the financial statements of the lessors are substantially maintained. IFRS 16 is effective for years began on or after January 1, 2019 and replaces IAS 17 – "Leases" and corresponding interpretations. Management is evaluating the total impact of its adoption.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 Cash and cash equivalents and marketable securities

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Cash and banks	429	249	48,410	48,011
Cash and cash equivalents	429	249	48,410	48,011
Bank Deposit Certificates (CDBs)	55,938	21,786	83,325	52,997
Investment funds	57,355	210,776	176,182	232,930
Repurchase agreements	310,757	208,433	385,843	381,143
Marketable securities	424,050	440,995	645,350	667,070

The Bank Deposit Certificates (CDBs) are remunerated at the Interbank Deposit Certificate (CDI) rates of 100.9% at December 31, 2015 (100.9% at December 31, 2014).

Repurchase agreements backed by first-tier debentures are recorded at their fair value, bearing interest at the average rate of 100.7% of the CDI at December 31, 2015 (102.1% of the CDI at December 31, 2014).

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

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 December 31, 2014, the operations earn interest based on the variation of the Interbank Deposit Certificate (CDI) rate.

At December 31, 2015 and 2014, all of the Company's marketable securities are classified as "held for trading".

4 Trade receivables

	Consolidated	
	2015	**2014**
Monthly tuition	440,996	326,965
Student Financing Fund (FIES) (a)	771,951	234,811
Agreements and exchanges	13,748	26,985
Receivables on credit cards (b)	34,941	30,824
Renegotiated receivables	66,473	38,715
	1,328,109	658,300
Amounts to be identified	(2,187)	(6,807)
Provision for doubtful credits (c)	(128,342)	(114,998)
(-) Adjustment to present value	(28,114)	
	1,169,466	536,495

The composition of receivables by age is as follows:

	Consolidated			
	2015	**%**	**2014**	**%**
FIES	771,951	58	234,811	36
Not yet due	60,436	5	79,697	12
Overdue for up to 30 days	84,524	6	51,587	8
Overdue from 31 to 60 days	81,803	6	55,780	8
Overdue from 61 to 90 days	80,261	6	45,704	7
Overdue from 91 to 179 days	120,791	9	75,723	12
Overdue for more than 180 days	128,343	10	114,998	17
	1,328,109	100	658,300	100

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

	Consolidated			
	2015	**%**	**2014**	**%**
Not yet due	36,719	55	15,030	39
Overdue for up to 30 days	5,224	8	4,231	11
Overdue from 31 to 60 days	3,839	6	2,759	7
Overdue from 61 to 90 days	2,908	4	2,280	6
Overdue from 91 to 179 days	7,238	11	5,877	15
Overdue for more than 180 days	10,545	16	8,538	22
	66,473	100	38,715	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 329% at December 31, 2015 compared to December 31, 2014, 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.

As described in Note 30, the balance receivable from FIES will be received in 3 annual instalments updated by the variation of the IPCA. Accordingly, on December 31, 2015, the Company recorded R$ 28,114, as a contraentry to net revenue of the presente value adjustment activities, considering the discount average rate of 13.38% p.a.

At December 31, 2015, the provision for credit risk of "Student Financing Fund" (FIES) amounted to R$ 15,254 (R$ 12,360 at December 31, 2014) 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% of the credit risk on 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% 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% credit risk on an estimate of 15% of default, i.e. 0.450%.

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

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

Description	2014	Gross increase in provision for doubtful credits	Recovered amounts	Net effect of provision	Write-offs (i)	2015
Monthly tuition and fees	114,998	263,017	(126,681)	136,336	(122,991)	128,343
	114,998	263,017	(126,681)	136,336	(122,991)	128,343

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

For the years ended December 31, 2015 and 2014, expenses with the provision for doubtful credits (Note 25), recognized in the statement of income as selling expenses, consist of the following (consolidated):

	2015	2014
Supplementary provision (i)	136,336	112,493
Sale of client portfolio	(6,624)	
Provision for doubtful amounts - acquired on acquisition (ii)	(4,916)	(13,583)
Others		501
	124,796	99,411

(i) In order to facilitate the understanding and to allow a direct reconciliation of the provision for doubtful credits between the balance sheet and statement of income, 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 on terms equivalent to those prevailing on the transactions with independent parties, according to item 23 of Technical Pronouncement CPC 05 and are as follows:

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Current assets				
Current account				
SESES	1.998	1,367		
Nova Academia do Concurso	1	1		
FAL	2	2		
FATERN	3	3		
IREP	163	160		
Atual	4	4		
SEAMA	4	4		
Editora	6	6		
FARGS	2	2		
São Luís	3	3		
FACITEC	3	3		
Subsidiaries	2.189	1,555		

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Current liabilities				
Current account				
SESES	4,217	4,131		
IREP	65	65		
Atual	3	3		
Nova Academia	3	3		
FAL	1	1		
Fatern	2	2		
Seama	4	4		
	4,295	4,209		
Related parties (i)			512	538
			512	538

(i) At December 31, 2015, the amount payable of R$ 512 (R$ 538 at December 31, 2014) refers to service providers related to board members:

For the year ended December 31, 2015, the group did not achieve results in intercompany loans (R$ 1 for the year ended December 31, 2014).

6 Prepaid expenses

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Insurance	119	98	982	1,305
Municipal Real Estate Tax (IPTU)				39
Teaching materials (i)			19,548	17,605
Anticipation of vacation pay and charges			44,400	41,424
Registration fee - Ministry of Education (MEC)			3,464	3,896
Professional services		253		253
Sponsorship (2016 Olympic Games)			1,579	4,286
Technical-pedagogical cooperation - Santa Casa			2,334	4,000
Other prepaid expenses			1,667	2,155
Total	119	351	73,974	74,963
Current assets	119	351	62,176	66,158
Non-current assets			11,798	8,805
	119	351	73,974	74,963

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

7 Taxes and contributions recoverable

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Withholding Income Tax (IRRF)	9,135	11,011	19,841	16,466
Corporate Income Tax (IRPJ)/ Social Contribution on Net Income (CSLL) (i)	20,920	4,898	72,327	18,081
Social Integration Program (PIS)	6	6	395	29,143
Social Contribution on Revenues (COFINS)	25	25	1,698	1,425
Services Tax (ISS)	77	77	30,553	22,471
National Institute of Social Security (INSS)			6,317	7,658
Government Severance Indemnity Fund for Employees (FGTS)			408	454
Tax on Financial Transactions (IOF)	106	106	115	115
Others				148
	30,269	16,123	131,654	95,961
Current assets	27,425	12,463	99,027	70,624
Non-current assets	2,844	3,660	32,627	25,337
	30,269	16,123	131,654	95,961

(i) The variation can be explained basically by the increase of the income tax negative basis and by the increase in the prepayments of income tax and social contribution due to the change of criterion in the calculation of the tax incentive (POEB).

8 Investments in subsidiaries

	Parent company	
	2015	**2014**
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	1,289,597	878,511
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,010,120	748,571
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	18,312	17,317
Estácio Editora ("EDITORA")	(30)	(30)
União dos Cursos Superiores SEB Ltda. ("UNISEB")	50,792	34,742
	2,368,791	1,679,111

The subsidiaries' information is as follows:

									2015
	In	Number of quotas	Total assets	Total liabilities	Equity	Advance for future capital increase	Goodwill	Deferred income tax on goodwill from downstream merger	Profit (loss) of the year
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 Ltda.	100%	250	31	66	(35)		5		
Uniseb Operacional	100%	22,337	77,949	26,427	51,522	1,500		(2,230)	24,763
Total - December 31, 2014			2,861,170	730,285	2,130,886	163,670	76,465	(2,230)	564,472

									2014
	Interest	Number of quotas	Total assets	Total liabilities	Equity	Advance for future capital increase	Goodwill	Deferred income tax on goodwill from downstream merger	Profit (loss) of the year
Seses	100%	391,077	1,068,197	189,686	878,511				178,720
Irep	100%	319,559	1,051,308	411,144	640,164	45,965	62,442		238,652
Nova Academia de Concurso	100%	8,155	5,862	4,113	1,749	1,550	14,018		(513)
Estácio Editora e Distribuidora	100%	250	42	77	(35)		5		(7)
Uniseb Operacional	100%	22,337	52,014	15,042	36,972			(2,230)	15,570
Total - December 31, 2013			2,177,423	620,062	1,557,361	47,515	76,465	(2,230)	432,422

The global changes in the investments in subsidiaries in the year ended December 31, 2015 and 2014, respectively, are as follows:

Investments in subsidiaries	
December 31, 2013	1,127,596
Equity in the results of investees	432,422
Capital increase	130,640
Advance for future capital increase	47,516
Dividends proposed (ii)	(101,091)
Options granted and long-term incentives	22,856
Acquisition of subsidiary	19,172
Investments in subsidiaries	
December 31, 2014	1,679,111
Equity in the results of investees	564,472
Advance for future capital increase	239,070
Dividends proposed (ii)	(136,730)
Options granted and long-term incentives	22,868
Investments in subsidiaries	
December 31, 2015	2,368,791

(i) For the year ended December 31, 2014, the subsidiary IREP proposed the distribution of compulsory minimum dividends of R$ 101,091.

(ii) For the year ended December 31, 2015, the subsidiaries IREP and UNISEB proposed distribution of compulsory minimum dividends of R$ 136,730.

The accounting information of the subsidiaries used for application of the equity method of accounting was prepared at December 31, 2015.

The direct subsidiaries' investments are as follows:

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

	2015	2014
Sociedade Educacional Atual da Amazônia ("ATUAL")	486,437	304,135
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	15,107	16,470
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	36,402	31,407
	537,946	**352,012**

The subsidiaries' information is as follows:

Interest in equity in the investees on December 31, 2015:

	Interest	Number of quotas	Total Assets	Total liabilities	Equity	Advance for future capital increase	Goodwill	Profit (loss) of the year
Sociedade Educacional Atual da Amazônia ("ATUAL")	100%	22,977	673,965	265,513	408,452	62,482	15,503	109,190
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	100%	11,408	9,174	4,033	5,141	1,890	8,076	(2,713)
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100%	9,160	24,722	3,299	21,423		14,979	4,995
Total			**707,861**	**272,845**	**435,016**	**64,372**	**38,558**	**111,472**

Interest in equity in the investees on December 31, 2014:

	Interest	Number of quotas	Total Assets	Total Liabilities	Equity	Advance for future capital increase	Goodwill	Profit (loss) of the year
Sociedade Educacional Atual da Amazônia ("ATUAL")	100%	18,817	418,851	161,184	257,667	30,965	15,503	56,745
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	100%	11,408	9,732	1,878	7,854	540	8,076	(299)
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100%	8,638	18,239	2,333	15,906	522	14,979	5,541
Total			**446,822**	**165,395**	**281,427**	**32,027**	**38,558**	**61,987**

The global changes of the investments of the direct subsidiary Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP") in subsidiaries in the years ended December 31, 2015 and 2014 are as follows:

Investments in subsidiaries at December 31, 2013	**162,456**
Equity	61,987
Advance for future capital increase	30,965
Capital increase	96,604
Goodwill	
Options granted	
Investments in subsidiaries at December 31, 2014	**352,012**
Equity	111,472
Advance for future capital increase	74,462
Capital increase	
Investments in subsidiaries at December 31, 2015	**537,946**

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

	2015	2014
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUOL")	2,891	2,080
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	1,711	1,533
Sociedade Educacional da Amazônia ("SEAMA")	28,914	18,660
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	8,158	4,859
Unisãoluis Educacional S.A ("UNISÃOLUIS")	83,874	25,308
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	16,174	7,011
Associação de Ensino de Santa Catarina ("ASSESC")	2,267	1,786
Instituto de Estudos Superiores da Amazônia ("IESAM")	51,306	28,218
Centro de Assistência ao Desenvolvimento de formação Profissional Unicel Ltda. ("LITERATUS")	18,518	13,008
Centro de Ensino Unificado de Teresina ("CEUT")	12,062	392
Faculdade Nossa Cidade ("FNC")	3,409	
Faculdades Integradas de Castanhal Ltda. ("FCAT")	(1,402)	
	227,882	**102,855**

The subsidiaries' information is as follows:

Interest in equity in the investees on December 31, 2015:

	Interest	Number of quotas	Total Assets	Total Liabilities	Equity	Advance for future capital increase	Profit (loss) of the year
UNIUOL	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	9,820	2,262	7,558	600	2,698
SÃO LUIS	100%	220	92,203	11,904	80,299	3,575	58,565
Facitec	100%	6,051	19,561	3,387	16,174		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	24,490	14,543	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
			302,734	**128,402**	**174,332**	**53,550**	**110,269**

Interest in equity in the investees on December 31, 2014:

	Interest	Number of quotas	Total Assets	Total Liabilities	Equity	Advance for future capital increase	Profit (loss) of the year
UNIUOL	100%	3,066	2,469	2,189	280	1,800	(1,096)
IDEZ	100%	3,744	2,564	1,431	1,133	400	(305)
SEAMA	100%	3,232	21,564	2,904	18,660		8,022
FARGS	100%	4,280	6,007	1,148	4,859		2,229
SÃO LUIS	100%	220	47,028	25,295	21,733	3,575	36,477
Facitec	100%	6,051	9,492	2,481	7,011		4,133
Assesc	100%	2,500	2,630	844	1,786		705
IESAM	100%	2,400	45,605	29,107	16,498	11,720	4,802
LITERATUS	100%	7,815	31,830	37,029	-5,199	18,207	2,169
CEUT	100%	80,266	4,606	14,854	-10,248	10,640	138
Total			**173,795**	**117,282**	**56,513**	**46,342**	**57,274**

The global changes of the investments of the direct subsidiary Sociedade Educacional Atual da Amazônia ("ATUAL") in subsidiaries in the years ended December 31, 2015 and 2014 are as follows:

Investments in subsidiaries at December 31, 2013	**30,174**
Equity	57,274
Advance for future capital increase	43,966
Dividends	(22,500)
Acquisition of Subsidiary	(5,948)
Goodwill in the acquisition	(111)
Investments in subsidiaries at December 31, 2014	**102,855**
Equity	110,269
Advance for future capital increase	29,144
Acquisition of Subsidiary	(14,386)
Investments in subsidiaries at December 31, 2015	**227,882**

9 Intangible assets

Intangible assets - Parent company

		2013			2014
		Cost	Additions	(i) PPA adjustment	Cost
Cost					
Goodwill on investment acquisitions (i)			772,054		772,054
Software licenses		28	71		99
Students portfolio (i)		818	91,023		91,841
		846	863,148		863,994
	Amortization rates	Amortization	Additions	(i) PPA adjustment	Amortization
Amortization					
Goodwill on investment acquisitions					
Software licenses	20% p.a.	(8)	(12)		(20)
Students portfolio	20% to 50% p.a.	(437)	(10,032)		(10,469)
		(445)	(10,044)		(10,489)
Net book value		401	853,104		853,505

		2014			2015
		Cost	Additions	(i) PPA adjustment	Cost
Cost					
Goodwill on investment acquisitions		772,654		8,011	780,065
Software licenses		99	25		124
Project Integração			32		32
Students portfolio		91,841		(12,137)	79,704
		863,994	57	(4,126)	859,925
	Amortization rates	Amortization	Additions	(i) PPA adjustment	Amortization
Amortization					
Software licenses	20% p.a.	(20)	(20)		(40)
Students portfolio	20% to 50% p.a.	(10,469)	(19,962)		(30,431)
		(10,489)	(19,982)		(30,471)
Net book value		853,505	(10,925)	(4,126)	829,454

(i) Changes regarding adjustments in the Purchase Price Allocation (PPA) in the acquisition of UNISEB within the measurement period of a year. The difference adjusted the balance of deferred liabilities corresponding to the surplus value of identified assets.

	December 31, 2013 Cost	Additions per companies acquisition	Additions	(i) PPA adjustment	Disposals	Transfers	December 31, 2014 Cost
Cost							
Goodwill on investment acquisitions	236,959	2,198	851,939		(524)		1,088,374
Software licenses	90,353		45,843		(18)		138,435
Integration and distance learning project	15,303		1,466			59	16,769
CSC	1,940						1,940
Learning Center	54,154		6,949				61,103
Relationship Center	2,348						2,348
Hemispheres	1,346						1,346
IT architeture	12,197		3,654				15,851
On line class material	5,770		614				6,384
Knowledge Factory - EAD	10,813		6,118				16,931
Students portfolio	26,429		126,663				153,092
Others	5,378	3	6,443				11,824
	462,990	**2,201**	**1,049,689**		**(542)**	**59**	**1,514,397**

	Amortization rate	December 31, 2013 Amortization	Additions per companies acquisition	Additions	(i) PPA adjustment	Disposals	Transfers	December 31, 2014 Amortization
Amortization								
Goodwill on investment acquisitions	Indefinite	(6,924)						(6,924)
Software licenses	20% p.a.	(50,162)		(20,392)			(59)	(71,744)
Integration and distance learning project	20% p.a.	(11,851)	(1,131)	(1,233)				(13,084)
CSC	20% p.a.	(1,791)		(149)				(1,940)
Learning Center	5% p.a.	(8,420)		(2,398)				(10,818)
Relationship Center	20% p.a.	(1,409)		(469)				(1,878)
Hemispheres	20% p.a.	(803)		(269)				(1,072)
On line class material	5% p.a.	(1,010)		(1,158)				(2,168)
Knowledge Factory - EAD	5% p.a.	(317)		(625)				(942)
Students portfolio	20 to 50% p.a.	(10,797)		(17,194)				(27,991)
Others	20% p.a.	(205)		(203)				(408)
		(93,689)	**(1,131)**	**(44,090)**			**(59)**	**(138,969)**
Net book value		**369,301**	**1,070**	**1,005,599**		**(542)**	**-**	**1,375,428**

	December 31, 2014						December 31, 2015
	Cost	Additions per companies acquisition	Additions	(i) PPA adjustment	Disposals	Transfers	Cost
Cost							
Goodwill on investment acquisitions	1,088,374		94,598	7,704			1,190,676
Software licenses	138,435	39	48,728			2,134	189,336
Integration and distance learning project	16,769		1,090				17,859
CSC	1,940						1,940
Learning Center	61,103		5,404				66,507
Relationship Center	2,348						2,348
Hemispheres	1,346						1,346
IT architeture	15,851		3,719			1,523	21,093
On line class material	6,384		824				7,208
Knowledge Factory - EAD	16,931		5,442				22,373
Students portfolio	153,092		28,824	(11,672)			170,244
Others	11,824		8,704		(3)	(1,523)	19,002
	1,514,397	**39**	**197,333**	**(3,968)**	**(3)**	**2.134**	1,709,932

		December 31, 2014						December 31, 2015
	Amortization rate	Amortization	Additions per companies acquisition	Additions	(i) PPA adjustment	Disposals	Transfers	Amortization
Amortization								
Goodwill on investment acquisitions	Indefinite	(6,924)						(6,924)
Software licenses	20% p.a.	(71,744)	(21)	(35,206)			(1,381)	(108,352)
Integration and distance learning project	20% p.a.	(13,084)		(1,150)				(14,234)
CSC	20% p.a.	(1,940)						(1,940)
Learning Center	5% p.a.	(10,818)		(2,745)				(13,563)
Relationship Center	20% p.a.	(1,878)		(469)				(2,347)
Hemispheres	20% p.a.	(1,072)		(269)				(1,341)
IT architeture	17 to 20% p.a.			(2,896)				(2,896)
On line class material	5% p.a.	(2,168)		(1,282)				(3,450)
Knowledge Factory - EAD	5% p.a.	(942)		(913)				(1,855)
Students portfolio	20 to 50%% p.a.	(27,991)		(33,434)				(61,425)
Others	20% p.a.	(408)		(2,519)				(2,927)
		(138,969)	**(21)**	**(80,883)**			**(1,381)**	**(221,254)**
Net book value		**1,375,428**	**18**	**116,450**	**(3,968)**	**(3)**	**753**	**1,488,678**

(i) The variation is due to the correction in the PPA (Purchase Price Allocation) in the acquisition of UNISEB and LITERATUS within the measurement period of a year. The difference adjusted the balance of deferred liabilities corresponding to the surplus value of identified assets.

At December 31, 2015 and 2014, goodwill on acquisition of investments was comprised as follows:

	Parent company		Consolidated	
	2015	2014	2015	2014
Goodwill on acquisition of investments net of accumulated amortization				
IREP			89,090	89,090
ATUAL			15,503	15,503
Seama			18,035	18,035
Idez			2,047	2,047
Uniuol			956	956
Fargs			8,055	8,055
São Luis			27,369	27,369
Facitec			26,654	26,654
Assesc			4,723	4,723
Iesam			26,797	26,797
Literatus			26,214	25,521
Ceut			27,568	27,568
FNC *(Note 2.3)*			72,046	
FCAT *(Note 2.3)*			21,552	
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	762,683	770,694	762,683
	780,065	772,054	1,183,752	1,081,450

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, at the nominal perpetuity growth rate of 5.0% p.a. (equivalent to the long-term inflation rate, not considering any real growth) and a single nominal discount rate of 15.0% to discount estimated future cash flows. Asset impairment testing did not result in the need to recognize losses.

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

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

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

Specifically as to the goodwill paid on the acquisition of Uniseb, the main assumptions underlying the projections of results, are:

. Average increase of 8% in the base of students;
. Monthly value adjusted for inflation for the period;
. Growth rate of cash flows in perpetuity of 5.0%;
. Nominal discount rate of 13.5%;
. Projection of future results for the period of 10 years.

10 Property and equipment

Property and equipment – Parent Company

	2013			2014
	Cost	Additions	Disposals	Cost
Cost				
Computers and peripherals	10,090		(1,015)	9,075
Installations		33		33
	10,090	33	(1,015)	9,108

	Depreciation rate	Depreciation	Additions	Disposals	Depreciation
Depreciation					
Computers and peripherals	25% p.a.	(7,734)	(1,114)	2	(8,846)
		(7,734)	(1,114)	2	(8,846)
Net book value		2,356	(1,081)	(1,013)	262

	2014			2015
	Cost	Additions	Disposals	Cost
Cost				
Computers and peripherals	9,075			9,075
Installations	33			33
	9,108			9,108

	Depreciation rate	Depreciation	Additions	Disposals	Depreciation
Depreciation					
Computers and peripherals	25% p.a.	(8,846)	(169)		(9,015)
Installations	8.3% p.a.		(3)		(3)
		(8,846)	(172)		(9,018)
Net book value		262	(172)		90

Property and equipment - Consolidated

	December 31, 2013					December 31, 2014
	Cost	Additions for companies acquiried	Additions	Disposals	Transfers	Cost
Cost						
Land	19,480			(107)		19,373
Buildings	89,993	36,224	1,045	(450)	(14,563)	112,249
Leashold improvements	131,673	23,575	17,955		37,692	210,895
Furniture and fittings	62,766	9,048	7,372	(316)		78,870
Computers and peropherals	93,131	19,203	10,139	(2,060)		120,413
Machinery and equipment	73,535	10,884	12,503	(565)		96,357
Physucal activities / hospital equipment	32,147	1,615	7,748	(85)		41,425
Library	96,448	15,357	15,096	(18)		126,883
Facilities	17,516	1,786	7,857	(24)		27,135
Tablets	32,126	62	13,273	(2)		45,459
Construction in progress	11,131		22,935	(2,678)	(23,617)	7,771
Decommisioning	11,650			(12)		11,638
Others	10,020	525	1,879	(53)		12,371
	681,616	**118,279**	**117,802**	**(6,370)**	**(488)**	**910,839**

		December 31, 2013					December 31, 2014
	Depreciation rates %	Depreciation	Additions for companies acquiried	Additions	Disposals	Transfers	Depreciation
Depreciation							
Land							-
Buildings	1,67	(39,204)	(6,647)	(1,986)	67	49	(47,277)
Leashold improvements	11,11	(79,860)	(2,120)	(15,495)		(5)	(97,480)
Furniture and fittings	8.33	(33,498)	(3,919)	(4,555)	170		(41,802)
Computers and peropherals	25.00	(69,383)	(12,649)	(14,419)	1,585		(94,866)
Machinery and equipment	8.33	(46,694)	(4,150)	(10,844)	1,094		(60,594)
Physucal activities / hospital equipment	6.67	(12,772)	(1,569)	(1,833)	41		(16,133)
Library	5,00	(39,679)	(6,375)	(4,708)			(50,762)
Facilities	8.33	(6,098)	(1,632)	(1,710)			(9,440)
Tablets	20,00	(3,918)	(38)	(6,403)	2		(10,357)
Construction in progress							
Decommisioning		(9,990)		(415)	114		(10,291)
Others	1.44	(4,906)	(398)	(842)	20		(6,126)
		(346,002)	**(39,497)**	**(63,210)**	**3,093**	**488**	**(445,128)**
Net book value		**335,614**	**78,782**	**54,592**	**(3,277)**		**465,711**

	December 31, 2014						December 31, 2015
	Cost	Additions for companies acquiried	Additions	Disposals	Transfers	Reclassifications	Cost
Cost							
Land	19,373						19,373
Buildings	112,249		821		21,940		135,010
Leashold improvements	210,895		9,356		(3,142)		217,109
Furniture and fittings	78,870	2,073	16,463	(363)	1	(2)	97,042
Computers and peropherals	120,413	2,002	35,057	(720)		26	156,778
Machinery and equipment	96,357	1,199	8,586	(4,838)	(1)		101,303
Physucal activities / hospital equipment	41,425		6,972	(196)			48,201
Library	126,883	3,472	8,042				138,397
Facilities	27,135	183	14,709	(2)			42,025
Tablets	45,459		1,631	(71)			47,019
Construction in progress	7,771		42,602		(18,798)		31,575
Decommisioning	11,638			(11)			11,627
Others	12,371	127	1,102	(57)		(1,427)	12,116
	910,839	**9,056**	**145,341**	**(6,258)**		**(1,403)**	**1,057,575**

		December 31, 2014						December 31, 2015
	Depreciation rates %	Depreciation	Additions for companies acquiried	Additions	Disposals	Transfers	Reclassifications	Depreciation
Depreciation								
Land								
Buildings	1,67	(47,277)		(2,300)		(217)		(49,794)
Leashold improvements	11,11	(97,480)		(21,623)		217		(118,886)
Furniture and fittings	8,33.	(41,802)	(545)	(9,178)	(21)			(51,546)
Computers and peropherals	25,00	(94,866)	(1,546)	(13,996)	1,034		(2)	(109,376)
Machinery and equipment	8,33	(60,594)	(242)	(13,320)	8,027			(66,129)
Physucal activities / hospital equipment	6,67	(16,133)		(2,453)	70			(18,516)
Library	5,00	(50,762)	(1,468)	(7,125)	4			(59,351)
Facilities	8,33	(9,440)	(39)	(2,856)	4			(12,331)
Tablets	20,00	(10,357)		(8,721)	347			(18,731)
Construction in progress		-		-				
Decommisioning		(10,291)		(256)	(3)			(10,550)
Others	14,44	(6,126)	(105)	(891)	25		652	(6,445)
		(445,128)	**(3,945)**	**(82,719)**	**9,487**		**650**	**(521,655)**
Net book value		**465,711**	**5,111**	**62,622**	**3,229**		**(753)**	**535,920**

As mentioned in Note 11, certain assets acquired through financing were used as a financing guarantee. The Company 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:

	2014			2015
	Cost	Additions	Disposals	Cost
Cost				
Capitalized finance leases	58,626	38,809	(5,965)	91,470
	58,626	38,809	(5,965)	91,470

	Depreciation rate	Depreciation	Additions	Disposals	Depreciation
Depreciation					
Capitalized finance leases	25% p.a.	(44,288)	(13,586)	5,965	(51,909)
		(44,288)	(13,586)	5,965	(51,909)
Net book value		14,338	25,223		39,561

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.

Impairment of assets

Under Technical Pronouncement CPC 01 (IAS 36), "Impairment of Assets", property and equipment items that present evidence that their recorded costs exceed their recoverable value (market value) will be reviewed to determine the need for setting up a provision for impairment. Management performed an annual analysis of operating and financial performance of its assets and did not identify changes in circumstances or indication of technological obsolescence. At December 31, 2015 and 2014, there was no need to record any provision for impairment of property and equipment.

11 Borrowings

		Parent company		Consolidated	
Category	**Financial charges**	**2015**	**2014**	**2015**	**2014**
In local currency					
Lease agreements - Colortel	INPC + 0.32% p.a.			6,902	8,751
Lease agreements - Assist	INPC p.a			468	191
Lease agreements - CIT	8% p.a			202	647
Lease agreements - Total Service	IGPI-DI/FGV p.a			64	11
Lease agreements - Springer	IGPM + 1% p.a			42	72
Lease agreements - Santander	15.2% p.a				11
Lease agreements - Santander	12.23% p.a				8
Lease agreements - Bayde	IGPI-DI/FGV p.a			3,101	
Lease agreements - Bradesco	1.14% p.m.			105	
Lease agreements - Brasif	IGPM/FG p.a			51	
Leasing IBM	CDI Over a.d + 2% p.m			25,355	
Laeasing Carimã	IGPI-DI/FGV p.a			109	
Borrowing - IFC	CDI +1.53% p.a.	50,064	59,179	50,064	59,179
IFIC expenditures		(1,859)	(2,189)	(1,859)	(2,189)
First issue of debentures	CDI +1.50% p.a.	202,941	202,460	202,941	202,460
Second issue of debentures	CDI + 1.18% p.a.	309,223	307,675	309,223	307,675
Third issue of debentures	CDI + 112% p.a.	194,168		194,168	
Expenditures with issue of debentures		(1,933)	(2,499)	(1,933)	(2,499)
Banco Itaú			34		34
Borrowing - FEE BNB	3% p.a.				2,241
Borrowing - Banco da Amazônia	9.5% p.a.				12,634
Borrowing - Banco CEF	14.39%				(77)
Borrowing - Banco Itaú	29.44%				24
Borrowing - Banco Itaú linha 4131	USD+1.46 p.a.	242,761		242,761	
Borrowing - FINEP	6% p.a.	3,053		3,053	
Borrowing - Itaú S/A - Installment Working Capital	0.82% p.m.			1,200	
Borrowing - Itaú S/A - Installment Working Capital	0.81% p.m.			833	
Borrowing - Itaú S/A - Installment Working Capital	1.19% p.m.			716	
		998,418	564,660	1,049,648	589,173
Current liabilities		271,831	19,833	291,346	28,464
Non-current liabilities		726,587	544,827	758,302	560,709
		998,418	564,660	1,049,648	589,173

The costs of funding to be settled amounted to R$ 3,792 at December 31, 2015, being R$ 1,859 related to the borrowings from IFC (R$ 397 of the 1st borrowing and R$ 1,462 of the 2nd borrowing) and R$ 1,933 for the debentures.

The maturity of amounts recorded in non-current liabilities at December 31, 2015 and 2014 is as follows:

	Parent Company		Consolidated	
	2015	**2014**	**2015**	**2014**
2016		8,385		12,956
2017	255,413	68,385	259,742	71,751
2018	228,852	228,385	232,274	229,974
2019	228,843	228,385	248,925	229,974
2020	9,300	8,866	11,023	10,455
2021	2,854	2,421	4,577	4,010
2022	430		866	1,589
2023	430		430	
2024	430		430	
2025	35		35	
Non-current liabilities	726,587	544,827	758,302	560,709

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, just one of them is in U.S. dollars.

In 2015, the Company borrowed US$ 61.2 million from Itaú Unibanco S.A. Nassau Branch, an amount that was equivalente to R$ 200.0 million at the time.

During the third quarter of 2015, the Company concluded the third issue of simple debentures, non-convertible in unsecured shares in the amount of R$ 187,000 at a cost of 112% of the CDI.

(a) Lease contracts

Promissory notes endorsed by shareholders and leased assets, in the amount of R$ 91,470, were given to guarantee the lease agreements.

(b) IFC borrowing

Receivables of the IREP and SESES units in an escrow account were given to guarantee the borrowings from IFC, and there was no pledge of assets, securities or investments; a minimum monthly flow in the escrow accounts was set at R$ 33,000. On June 2, 2014, the Company negotiated with the IFC the centralization of the receivables relating to both contracts in the SESES units only, without any changes to the minimum monthly flow of R$ 33,000, and, therefore, made the receivables of IREP available for future transactions.

These borrowings contain restrictive covenants that require the borrower to maintain certain financial ratios within fixed limits. In the financial statements at December 31, 2015, the Company and its subsidiaries are compliant with all contractually required ratios. The guarantees expire on November 12, 2020 and Setember 10, 2021.

(c) Debentures - First issue

Just as the borrowing agreements with IFC, the debentures also contain restrictive covenants that require maintenance of certain financial ratios within fixed limits. In the financial statements at December 31, 2015, the Company and its subsidiaries are compliant with all contractually required ratios.

Debentures were issued as registered, book-entry and without certificates. They are subordinated, simple debentures, non-convertible into shares. On May 20, 2014, the 2nd General Meeting of Debenture Holders (AGD) approved the renegotiation of this issue.

The debentures pay interest of 100% of the Interbank Deposit Certificate (CDI) rate plus a spread of 1.50% p.a. Their maturity date (principal) is November 25, 2019, except for any early redemption offers and accelerated maturity events as provided in the indenture. Interest is paid every six months (May and November).

The fair value of the current long-term borrowings equals the carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a rate based on the borrowing rate (CDI) of 14.14% p.a. (2014 - 12.91% p.a.).

In 2015, the annual effective interest rate of the debentures is 14.9%.

The debentures undiscounted future payment flow is as follows:

	2015
2018	100,000
2019	100,000
	200,000

(d) Debentures - Second issue

Just as the first issue, the debentures also contain restrictive covenants that require maintenance of certain financial ratios within fixed limits. In the financial statements at December 31, 2015, the Company and its subsidiaries are compliant with all contractually required ratios.

Debentures were issued as registered, book-entry and without certificates. They are subordinated, simple debentures, non-convertible into shares. The 2nd issue of debentures was approved at the Board of Directors' meeting held on September 15, 2014.

The debentures pay interest of 100% of the Interbank Deposit Certificate (CDI) rate plus a spread of 1.18% p.a. Their maturity date (principal) is October 15, 2019, except for any early redemption offers and accelerated maturity events as provided in the indenture. Interest is paid every six months (April and October).

The fair value of the current long-term borrowings equals the carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a rate based on the borrowing rate (CDI) of 14.14% p.a. (2014 - 12.91% p.a.).

In 2015, the annual effective interest rate of the debentures is 14.5%.

The debentures undiscounted future payment flow is as follows:

	2015
2015	19,332
2017	60,000
2018	120,000
2019	120,000
	319,332

(e) Debentures - Third issue

Just as in the first and second issues, the third issue of debentures also contains restrictive covenants that require maintenance of certain financial ratios within fixed limits. In the financial statements at December 31, 2015, the Company and its subsidiaries are compliant with all contractually required ratios.

Debentures were issued as registered, book-entry and without certificates. They are subordinated, simple debentures, non-convertible into shares. The 3rd issue of debentures was approved at the Board of Directors' meeting held on August 20, 2015.

The debentures pay interest of 112% of the Interbank Deposit Certificate (CDI) rate. Their maturity date (principal) is September 25, 2017, except for any early redemption offers and accelerated maturity events as provided in the indenture. Interest is paid every six months (March and September).

The fair value of the current long-term borrowings equals the carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a rate based on the borrowing rate (CDI) of 14.14% p.a. (2014 - 12.91% p.a.).

In 2015, the annual effective interest rate of the debentures is 16.0%.

The debentures undiscounted future payment flow is as follows:

	2015
2017	187,000
	187,000

12 Salaries and social charges

	Parent Company		Consolidated	
	2015	2014	2015	2014
Salaries and social charges payable	250	199	87,154	94,736
Provision for vacation pay			35,498	26,878
	250	199	122,652	121,614

13 Taxes payable

	Parent Company		Consolidated	
	2015	2014	2015	2014
ISS payable	5	4	14,996	15,908
IRRF payable	49	56	16,051	13,466
PIS and COFINS payable	240	40	4,319	1,598
Tax on Financial Transactions (IOF)			384	384
National Institute of Social Security (INSS)				290
	294	100	35,750	31,646
IRPJ payable		1,465	32,440	6,401
CSLL	1	546	11,905	2,459
	1	2,011	44,345	8,860
	295	2,111	80,095	40,506

14 Taxes payable in installments

	Consolidated	
	2015	**2014**
IRPJ	3,824	6,461
CSLL	253	1,543
Government Severance Indemnity Fund for Employees (FGTS)	1,497	1,307
ISS	373	1,341
PIS	1,869	493
COFINS	487	1553
INSS	8,402	6,596
IPTU	114	59
Others	2,807	
	19,626	19,353
Current liabilities	2,254	3,590
Non-current liabilities	17,372	15,763
	19,626	19,353

Monthly, the amount of installments is adjusted based on the Special System for Settlement and Custody (SELIC) rate.

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

	Consolidated	
	2015	**2014**
2015		1,217
2016	1,275	1,331
2017	3,000	1,331
2018 to 2027	13,097	11,884
	17,372	15,763

15 Purchase price payable

	Consolidated	
	2015	**2014**
FAL	309	557
FATERN	599	1,082
UNIUOL	182	327
FACITEC	7,770	10,912
SÃO LUIS	16,150	14,252
ASSESC		644
IESAM	16,459	17,190
LITERATUS	6,395	6,424
CEUT	7,277	8,311
FNC	38,663	
FCAT	9,286	
	103,081	59,699
Current liabilities	41,980	20,486
Non-current liabilities	61,101	39,213
	103,081	59,699

These basically refer to the amounts payable to the former owners for the acquisition of the 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).

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 one year	**Between 2 and 5 years**
At December 31, 2015		
FAL	309	
FATERN	590	
UNIUOL	182	
FACITEC	2,510	5,260
SAO LUIS	8,693	7,457
IESAM	2,270	14,189
LITERATUS	1,368	5,027
CEUT	2,760	4,517
FNC	17,990	20,673
FCAT	5,308	3,978
	41,980	61,101

16 Contingencies

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

At December 31, 2015 and 2014, the provision for contingencies was comprised as follows:

	Consolidated			
	2015		2014	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
Civil	1,075	13,615	1,762	24,311
Labor	24,147	83,692	25,121	79,572
Tax	52	11,605		17,058
	25,274	108,912	26,883	120,941

The changes in the provision for contingencies were as follows:

	Tax	Labor	Civil	Total
At December 31, 2014		25,121	1,762	26,883
Additions	66	22,525	1,261	23,852
Reversals	(14)	(11,218)	(1,436)	(12,668)
Write-offs		(12,281)	(512)	(12,793)
At December 31, 2015	52	24,147	1,075	25,274

For the years ended December 31, 2015 and 2014, the expense for the provision for contingencies, recognized in the statement of income as "general and administrative expenses", was as follows:

	2015	2014
Composition of results		
Additions	23,852	22,173
Reversals	(12,668)	(4,354)
Balance of acquired companies	(41)	(2,416)
General and administrative expenses (Note 24)	11,143	15,403

(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	757
Incorrect collection	182
Prevention of enrollment/reenrollment	23
Discipline-related problems	15
Return of fees	14
Delay in issuance of diploma	12
Others*	72
	1,075

(*) 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 an employment relationship, salary parity and salary differences arising from the decrease in the working hours of certain professors.

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

Matters	R$ thousand
Salary differences + reduction of working time + CCT fine + FGTS + notice	5,213
Fines (article 467 CLT, article 477 CLT and CCT/ACT)	3,841
Overtime + suppression Inter + Intra	3,385
Moral/property damage/moral harassment	2,655
Correction CTPS + indirect repeal + recognition of employment relationship	1,463
Vacations	1,371
Allowances (health hazards/night shift pay/ improvement/length of service/risk premium)	912
Deviation of function and parity	824
Others*	4,483
	24,147

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

(c) Taxes

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.

Matters	R$ thousand
Fine due to discompliance with assessory obligation	52
	52

(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	
	2015	**2014**
Tax	506,178	384,539
Civil	136,623	101,765
Labor	23,629	33,597
	609,067	519,901

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

(i) In 2011, the Brazilian Federal Revenue Secretariat (SRF) issued four 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$ 204,153. According to the opinion of the external legal advisors, the risk of loss in these cases remains possible.

(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 gradation 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 Shareholders' 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 the Federal Tax Authorities. The outside legal advisors assessed this case as a possible loss and the estimated amount involved is R$ 14,533.

(iii) Given the divergence of understanding of Article 13 of Law 11,096/05 ("PROUNI Law"), 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 case amount is R$ 97,267. According to the opinion of the outside legal advisors, the likelihood of loss in this case 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, i.e. 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 while the agreement remains effective, Itaú paid the Company an additional amount of R$ 18,000. At December 31, 2015, the balance related to amounts advanced in connection with the agreement amounted to R$ 6,255 (R$ 9,141 at December 31, 2014), 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 December 31, 2014, share capital is represented by 316,684,999 common shares.

The Company's shareholding structure at December 31, 2015 and 2014 is as follows:

	Common shares			
Stockholders	**December 31, 2015**	**%**	**December 31, 2014**	**%**
Officers and directors	39,887,769	12.6	24,755,424	7.9
Treasury	8,896,878	2.8	2,351,800	0.7
Others (*)	267,900,352	84.6	288,322,660	91.4
	316,684,999	100.0	315,429,884	100.0

(*) Free float.

At 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$ 11,414, within the limit of the authorized capital, in order to meet the exercise of options granted to the beneficiaries of the stock option plan.

At the Board of Directors' meeting held on 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.

The Annual General Meeting of Stockholders held on April 22, 2014 approved the private issue of 2,182,342 registered common shares, with no par value, which resulted in the consequent increase of the Company's capital in the amount of R$ 17,365, within the limit of the authorized capital in order to meet the exercise of the options granted to the beneficiaries of the stock option plan.

At the board meeting held on August 7, 2014 it was approved the private placement of 182,269 common shares without no par value, with consequent increase in the Company's capital of R$ 1,726, within the authorized capital limit, in order to meet the exercise of options granted to the beneficiaries of the stock option plan.

(b) Changes in shares

At December 31, 2014	315,429,884
Issue of common shares due to exercise of granted options	
- Board of Directors minutes of meeting held on April 30, 2015	1,216,788
Issue of common shares due to exercise of granted options	
- Board of Directors minutes of meeting held on August 05, 2015	38,327
At December 31, 2015	316,684,999

(c) Treasury shares

At the Board of Directors' meeting held on December 8, 2014, the creation of the 3rd Stock Repurchase Program on stock exchanges was approved, comprising up to 6,308,598 common shares, which is equivalent to 200% of the Company's capital. On February 3, 2015, the program was closed, and the Company repurchased all shares approved in the program.

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	8,896,878	15.47	137,603

(d) Capital reserves

(d.1) Share subscription 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 financial statements at December 31, 2015 and 2014 is as follows:

	Parent Company	
	2015	2014
Tax reserve	3	3
Undistributed profits (i)	96,477	96,477
Special reserve for goodwill on merger	85	85
Share subscription 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:

	2015
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$ 19,150 during the year ended December 31, 2015 (R$ 20,378 during the year ended December 31, 2014), as mentioned in Note 19 (b). As required by the applicable technical accounting pronouncement, the fair value of options was determined on the grant date and has been recognized over the vesting period up to the date of these parent company and consolidated financial statements.

(d.3) Long-term incentive

The Company recorded a capital reserve for long-term incentives (Note 21 (c)) in the amount of R$ 3,718 for the year ended December 31, 2015 (R$ 2,478 during the year ended December 31, 2014).

(e) Revenue reserves

(e.1) Legal reserve

The Brazilian legislation requires that 5% of the profit for the year must be allocated to the legal reserve until this reserve equals 20% of the paid-in capital, or 30% of capital plus capital reserves. After this limit is reached, further transfer to such reserve is not necessary. The capital reserve may only be used to increase capital or offset accumulated losses.

(e.2) Profit retention reserve

This reserve is intended to be used for scheduled investments established in the capital budget, in conformity with Article 196 of Brazilian Corporate Law.

On December 31, 2014, from the results accumulated by the Company, R$ 292,088 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 to be approved at the Annual General Meeting of Stockholders that will be held on April 27, 2016.

(e.3) Profit reserve surplus

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

(f) Dividends

The Company's bylaws provide for a mandatory minimum dividend, equivalent to 25% of net income, after transfer to the legal reserve, as established by the corporate legislation.

The dividends calculated and the related changes at December 31, 2015 and 2014 are as follows:

	Parent Company	
	2015	**2014**
Parent company's profit for the year	484,674	425,645
Transfer to legal reserve (Article 193 of Law 6,404)	(24,234)	(21,282)
Profit after transfer to legal reserve	460,440	404,363
Mandatory minimum dividend - 25%	115,110	101,090
Number of shares at December 31	316,684,999	315,429,884
Number of shares in treasury at December 31	(8,896,878)	(2,351.800)
Dividend per share in circulation - in Brazilian reais	0. 37399	0.32289

19 Financial instruments and sensitivity analysis of financial assets and liabilities

The fair value of financial assets and liabilities was determined based on available market information and appropriate valuation methodologies for each situation. However, considerable judgment was required in the interpretation of the market data to estimate the most appropriate realizable values. Consequently, the estimates presented do not necessarily indicate the amounts that could be realized in the current exchange market. The use of different market information and/or estimation methodologies may have a material effect on the market value amounts.

The Company's financial assets and liabilities at December 31, 2015 and 2014, are recorded in the balance sheet at amounts that are consistent with those prevailing in the market. The main financial instruments are described below, as well as the criteria and assumptions used in the calculation of market values:

(a) Cash and cash equivalents and marketable securities

The carrying amounts approximate fair values due to the maximum liquidity period of 90 days.

(b) Borrowings

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

(c) Trade receivables

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

(d) Derivative financial instruments

Although the purpose of the operation with derivatives is to protect the Company from the oscillation arising from its exposure to the foreign exchange rate risk, it was decided not to adopt the hedge accounting methodology. Accordingly, the swap operation that, on December 31, 2015, presented a gross balance to receive of R$ 24,820, had the variation of its fair value accounted for the result.

							Market value (R$ M)		
Swap contracts	Principal contracted (USD)	Principal Contracted	Estácio Receives	Estácio pays	Start date	Maturity date	Assets	Liabilities	Gross result
Banco Itaú S.A.	61,218	200,000	USD + 1,95% p.a.	CDI + 0.12% p.a.	03/19/15	03/14/16	246,201	221,381	24,820

(e) Other financial instruments

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

Financial risk factors

All operations of the Group are carried out with first-tier 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; therefore the risk of incurring losses on billed amounts is duly measured and recorded. The main market risk factors that affect the Group's business are as follows:

(a) Credit risk

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

The Group is also subject to credit risk from their short-term 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 or 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, as mentioned in Note 19 (e). Additionally, any increase in interest rates could drive up the cost of student loans, including loans under the FIES and PREVALER program, and reduce the demand for the courses.

(c) Foreign exchange rate risk

The Group's income is subject to changes due to exchange rate volatility, because of its assets and liabilities linked to a currency diferente from its functional currency.

Its exposure to foreign exchange rate risk is mainly focused on the borrowing in U.S. dollar, which terminated the year ended December 31, 2015 with a negative variation of 1.7% when compared to the previous year.

(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. With the borrowing from Banco Itaú and the issue of debentures in 2015, there was significant change in the financial liabilities of the Group as of December 31, 2015 compared to December 31, 2014.

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.

	Consolidated			
	Less than one year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
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			
At December 31, 2014				
Trade payables	49,806			
Borrowings	79,010	78,371	664,846	13,442
Finance lease liabilities	6,054		3,547	
Price of acquisition payable	20,318	3,387	42,129	
Related parties	4,209			

(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 and the variation in the U.S. dollar foreign exchange 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 Reais, these refer to transactions for which the carrying amount approximates their fair 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 December 31, 2015, three different scenarios were defined. Based on the CDI rate officially published by CETIP on December 31, 2015 (14.14% p.a.), this rate was used as the probable scenario for the year. Rate changes of 25% and 50% were then calculated.

For each scenario, the “gross financial revenue and financial expenses" were calculated, disregarding the effect of taxes on the investment yields. The base date used for the portfolio was December 31, 2015, with projections for one year and verification of the sensitivity of the CDI for each scenario.

			CDI increase scenario	
	Risk	**Probable scenario (I)**	**Scenario (II)**	**Scenario (III)**
Operations				
Financial investments	CDI	14.14%	17.68%	21.21%
R$ 645,350		91,252	114,066	136,879
Debentures I	CDI+1.50	15.85%	19.44%	23.03%
R$ 202,941		(32,170)	(39,452)	(46,734)
Debentures II	CDI+1,18	15.49%	19.06%	22.64%
R$ 309,223		(47,889)	(58,949)	(70,009)
Debentures III	112% CDI	15.97%	20.00%	24.04%
R$ 194,168		(31,000)	(38,824)	(46,676)
IFC I	CDI+1.53	15.89%	19.48%	23.06%
R$ 33,026		(5,247)	(6,432)	(7,617)
IFC II	CDI+1.69	16.07%	19.66%	23.26%
R$ 17,038		(2,738)	(3,350)	(3,963)
Linha 4131	CDI+0.12	14.28%	17.82%	21.36%
R$ 242,761		(34,659)	(43,251)	(51,843)
Net position		(62,451)	(76,192)	(89,963)

		CDI decrease scenario		
	Risk	**Probable scenario (I)**	**Scenario (II)**	**Scenario (III)**
Operations				
Financial investments R$ 645,350	CDI	14.14% 91,252	10.61% 68,439	7.07% 45,626
Debentures I R$ 202,941	CDI+1.50	15.85% (32,170)	12.26% (24,889)	8.68% (17,607)
Debentures II R$ 309,223	CDI+1.18	15.49% (47,889)	11.91% (36,829)	8.33% (25,769)
Debentures III R$ 194,168	112% CDI	15.97% (31,000)	11.95% (23,204)	7.95% (15,439)
IFC I R$ 33,026	CDI+1.53	15.89% (5,247)	12.30% (4,061)	8.71% (2,876)
IFC II R$ 17,038	CDI+1.69	16.07% (2,738)	12.47% (2,125)	8.88% (1,513)
Linha 4131 R$ 242,761	CDI+0.12	14.28% (34,659)	10.74% (26,067)	7.20% (17,475)
Net position		(62,451)	(48,736)	(35,053)

The changes in the Company's assets and liabilities linked to the foreign exchange rate are presented below.

The sensitivity analysis related to the foreign exchange risk refers to the position at September 30, 2015 and tries to simulate the hypothetical effect to the Company arising from the stress on the foreign exchange rate.

Three scenarios are defined (I, II and III) which represent, respectively, the probable scenario and the possible deterioration scenarios of 25% and 50% in the risk variable. To carry out the analysis, the Company uses as a probable scenario the foreign exchange rate at the end of 2015 disclosed in the last Focus Report - BACEN, before the closing of the period. This base scenario is stressed under the 25% and 50% deterioration scenarios of the risk variable.

The table below presents the sensitivity analysis involving the net effect that results from these stress scenarios involving the foreign exchange rate. The Company opted to separate the asset and liability swap positions in order to more clearly present the effect of the derivative.

		U.S dollar appreciation scenario		
Transactions	**Risk**	**Probable scenario (I)**	**Scenario (II)**	**Scenario (III)**
Swap - Asset position 246,201	Foreign exchange rate	3.90% 246,201	4.88% 307,751	5.86% 369,301
Debt in USD 242,761	Foreign exchange rate	3.90% 242,761	4.88% 303,451	5.86% 364,142
Net position		**3,440**	**4,300**	**5,159**

(f) Capital management

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

	Consolidated	
	December 31, 2015	**December 31, 2014**
Total liabilities	1,679,491	1,121,326
(-) Cash and cash equivalents	(48,410)	(48,011)
Net debt	1,631,081	1,073,315
Equity	2,680,592	2,392,860
Net debt on equity	0.61	0.45

(g) Fair value of financial instruments

At December 31, 2015 and 2014, the carrying values of the Company's financial instruments approximate their fair value.

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

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments 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 inputs required to fair value an instrument are observable, the instrument is 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 years ended December 31, 2015 and 2014.

20 Insurance (not audited)

The Company and its subsidiaries have a risk management program in order to limit its risks, looking for insurance coverages that are compatible with their business size and operations in the market. The insurance amounts are considered sufficient by management to cover possible losses, taking into account the nature of the activities, the risks involved in the operations and the advice of insurance consultants.

The Company and its subsidiaries had the following main insurance policies with third-party insurers:

	Amounts insured	
	2015	**2014**
D&O insurance	80,000	80,000
Fire insurance for fixed assets	57,486	53,876
Civil liability	10,000	10,000
Fixed expense	5,000	5,000
Electronic equipment	5,000	200
Group life	454,397	419,570
Other lines	31,810	2,720

21 Management remuneration

(a) Remuneration

According to Brazilian Corporation Law and the Company's bylaws, shareholders are responsible for setting the aggregate amount of management's annual compensation at a General Meeting. The Board of Directors is responsible for the allocation of funds among officers. The Annual General Meeting held on April 3, 2012 fixed the monthly limit of total compensation of management (Board of Directors and Executive Officers) of the Company.

For the years ended December 31, 2015 and 2014, total compensation (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R$ 16,900 and R$ 15,025, respectively. These amounts are within the limits fixed at the corresponding General Meetings.

The Company and its subsidiaries do not grant post-employment benefits, employment termination benefits or other long-term benefits to its management and employees (except for the share option plan described in Note 21(b).

(b) Stock option plan

The Extraordinary General Meeting held on September 12, 2008 approved the Company's Stock Option Plan ("Plan"), for the Company's management, employees and service providers ("beneficiaries"). The Plan is managed by the Plan's Administration Committee, created by the Board of Directors specifically for that purpose in a meeting held on July 1, 2008. The Committee is responsible for periodically creating share option programs and granting to the Beneficiaries (often reviewed) the options and the specific applicable rules, always observing the Plan's ("Program") general rules.

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

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

For the second share option program, as approved by the Committee on April 20, 2010, the exercise price of the options will be R$ 19.00, equivalent to the average price of the shares over the last thirty trading days on the São Paulo Stock Exchange prior to the date the beneficiary joins the 2nd program, adjusted by reference to the IGPM index from the date the beneficiary is included in the 2nd program, less the amount of dividends and interest on capital per share that may be paid by the Company from the date of execution of the individual contracts with the beneficiaries. The Committee may, upon inclusion of the beneficiary in the 2nd program, determine the granting of a discount of up to 10% (ten percent) on the exercise price.

On December 20, 2010, upon termination of the 2nd program, the creation of the 3rd program was approved, with an issue price of shares to be acquired of R$ 23.60, to be increased based on the variation of the IGPM index from January 3, 2011 until the date of the actual option is exercised.

On April 2, 2012, upon termination of the 3rd program, the creation of the 4th program was approved, with an issue price of shares to be acquired of R$ 19.00, to be increased based on the variation of the IGPM index from April 2, 2012 until the date of the actual option is exercised.

As from 2013, the Company uses for the calculation of the fair value of the options of each granting 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.

On March 1, 2013, upon termination of the 4th program, the creation of the 5th program was approved, with an issue price of shares to be acquired of R$ 40.00, to be increased based on the variation of the IGPM index from March 1, 2013 until the date of the actual option is exercised.

A 3-for-1 share split was approved at the Extraordinary General Meeting on May 21, 2013. The Company's capital at December 31, 2014 was divided into 315,429,884 registered, common shares.

On October 2, 2013, upon termination of the 5th program, the creation of the 6th program was approved, with an issue price of shares to be acquired of R$ 15.67, to be increased based on the variation of the IGPM index from October 2, 2013 until the date of the actual option is exercised. On October 14, 2014, upon termination of the 6th program, the creation of the 7th program was approved, with an issue price of shares to be acquired of R$ 23.60, to be increased based on the variation of the IGPM index from October 14, 2014 until the date of the actual option is exercised.

On October 2, 2015, upon termination of the 7th program, the creation of the 8th program was approved, with an issue price of shares to be acquired of R$ 13.15, to be increased based on the variation of the IGPM index from October 2, 2015 until the date of the actual option is exercised.

At December 31, 2015, the number of options granted which were exercised totaled 9,305,555 (R$ 69,071), and the total shares granted amounted to 18,142,233 (R$ 179,115).

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

	Exercised options
December 31, 2013	5,709,056
March 31, 2014	5,709,056
June 30, 2014	7,680,511
September 30, 2014	7,660,975
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

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

Program	End of grace period	Expiration date	Fair Value	Price of the underlying asset	Expected Annual Volatility	Expected Dividendss	Risk-free interest risk	Estimated life (years)	Number of options granted	Number of lapsed options
Program 1P Jul/08	4/15/2009	4/15/2019	R$ 2.36	R$ 8.06	57.49%	0.97%	6.85%	10	703,668	509,100
Program 1P Jul/08	4/15/2010	4/15/2020	R$ 3.15	R$ 8.06	57.49%	0.97%	6.85%	10	703,626	538,176
Program 1P Jul/08	4/15/2011	4/15/2021	R$ 3.69	R$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
Program 1P Jul/08	4/14/2012	4/14/2022	R$ 4.37	R$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
Program 1P Jul/08	4/14/2013	4/14/2023	R$ 3.71	R$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
Program 1P Jul/08 Cons.	4/15/2009	7/11/2018	R$ 2.35	R$ 8.06	57.49%	0.97%	6.85%	9	60,000	30,000
Program 1P Jul/08 Cons.	4/15/2010	7/11/2018	R$ 3.14	R$ 8.06	57.49%	0.97%	6.85%	8	60,000	30,000
Program 1P Sep/08	4/15/2009	4/15/2019	R$ 0.47	R$ 7.93	56.00%	1.62%	8.42%	10	663,645	0
Program 1P Sep/08	4/15/2010	2/15/2020	R$ 1.12	R$ 7.93	56.00%	1.62%	8.42%	9	663,633	399,999
Program 1P Sep/08	4/15/2011	4/15/2021	R$ 1.55	R$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
Program 1P Sep/08	4/14/2012	4/14/2022	R$ 1.78	R$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
Program 1P Sep/08	4/14/2013	4/14/2023	R$ 2.08	R$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
Program 1P Jan/09	4/15/2010	4/15/2020	R$ 0.57	R$ 7.90	63.99%	1.72%	6.83%	10	90,915	18,180
Program 1P jan/09	4/15/2011	4/15/2021	R$ 1.21	R$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
Program 1P Jan/09	4/14/2012	4/15/2022	R$ 1.62	R$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
Program 1P Jan/09	4/14/2013	4/15/2023	R$ 1.92	R$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
Program 1P Jan/09	4/14/2014	4/15/2024	R$ 2.11	R$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
Program 1P Jan/09 Cons.	4/15/2010	1/13/2019	R$ 0.57	R$ 7.91	63.99%	1.72%	6.83%	8	1,363,635	0
Program 1P Jan/09 Cons.	4/15/2011	1/13/2019	R$ 1.21	R$ 7.91	63.99%	1.72%	6.83%	7	1,363,635	0
Program 1P Sep/09	4/15/2010	4/15/2020	R$ 1.78	R$ 8.02	56.75%	1.13%	5.64%	10	174,582	0
Program 1P Sep/09	4/15/2011	2/15/2021	R$ 2.51	R$ 8.02	56.75%	1.13%	5.64%	9	174,537	32,727
Program 1P Sep/09	4/14/2012	4/14/2022	R$ 3.00	R$ 8.02	56.75%	1.13%	5.64%	10	174,537	32,727
Program 1P Sep/09	4/14/2013	4/14/2023	R$ 3.40	R$ 8.02	56.75%	1.13%	5.64%	10	174,537	32,727
Program 1P Sep/09	4/14/2014	4/14/2024	R$ 3.62	R$ 8.02	56.75%	1.13%	5.64%	10	174,537	101,814
Program 1P Jan/10	4/15/2011	4/15/2021	R$ 2.96	R$ 8.01	63.15%	0.93%	6.23%	10	89,112	10,914
Program 1P Jan/10	4/14/2012	4/14/2022	R$ 3.78	R$ 8.01	63.15%	0.93%	6.23%	10	89,088	38,181
Program 1P Jan/10	4/14/2013	4/14/2023	R$ 4.34	R$ 8.01	63.15%	0.93%	6.23%	10	89,088	38,181
Program 1P Jan/10	4/14/2014	4/14/2024	R$ 4.76	R$ 8.01	63.15%	0.93%	6.23%	10	89,088	52,728
Program 1P Jan/10	4/14/2015	4/14/2025	R$ 5.03	R$ 8.01	63.15%	0.93%	6.23%	10	89,088	52,728
Program 1P Mar/10	4/15/2011	4/15/2021	R$ 2.43	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 1P Mar/10	4/14/2012	4/14/2022	R$ 3.23	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 1P Mar/10	4/14/2013	4/14/2023	R$ 3.77	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 1P Mar/10	4/14/2014	4/14/2024	R$ 4.18	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 1P Mar/10	4/14/2015	4/14/2025	R$ 4.43	R$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
Program 2P May/10	4/15/2011	4/15/2021	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	10	140,625	0
Program 2P May/10	4/15/2012	4/15/2015	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	3	140,625	140,625
Program 2P May/10	4/14/2013	4/14/2023	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
Program 2P May/10	4/14/2014	4/14/2024	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
Program 2P May/10	4/14/2015	4/14/2025	R$ 2.52	R$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
Program 2P Jul/10	4/15/2011	4/15/2021	R$ 1.37	R$ 8.83	58.84%	1.52%	6.25%	10	129,702	39,063
Program 2P Jul/10	4/14/2012	4/14/2022	R$ 2.19	R$ 8.83	58.84%	1.52%	6.25%	10	129,684	39,063
Program 2P Jul/10	4/14/2013	4/14/2023	R$ 2.72	R$ 8.83	58.84%	1.52%	6.25%	10	129,684	48,438
Program 2P Jul/10	4/14/2014	4/14/2024	R$ 3.12	R$ 8.83	58.84%	1.52%	6.25%	10	129,684	48,438
Program 2P Jul/10	4/14/2015	4/14/2025	R$ 3.36	R$ 8.83	58.84%	1.52%	6.25%	10	129,684	60,936
Program 2P Nov/10 Cons.	4/15/2011	11/3/2020	R$ 2.48	R$ 8.56	57.60%	1.52%	5.88%	9	30,000	0
Program 2P Nov/10 Cons.	4/14/2012	11/3/2020	R$ 3.34	R$ 8.56	57.60%	1.52%	5.88%	8	30,000	0
Program 3P Jan/11	4/15/2012	4/15/2022	R$ 1.99	R$ 10.31	56.55%	1.14%	5.79%	10	183,861	10,170
Program 3P Jan/11	4/14/2013	4/14/2023	R$ 3.02	R$ 10.31	56.55%	1.14%	5.79%	10	183,807	35,592
Program 3P Jan/11	4/14/2014	4/14/2024	R$ 3.72	R$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
Program 3P Jan/11	4/14/2015	4/14/2025	R$ 4.25	R$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
Program 3P Jan/11	4/14/2016	4/14/2026	R$ 4.60	R$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
Program 3P Jan/11 Cons.	4/15/2012	1/3/2021	R$ 2.00	R$ 10.31	56.55%	1.14%	5.79%	8	30,000	0
Program 3P Jan/11 Cons.	4/14/2013	1/3/2021	R$ 3.03	R$ 10.31	56.55%	1.14%	5.79%	7	30,000	0
Program 3P Apr/11	4/15/2012	4/15/2022	R$ 1.29	R$ 10.04	54.94%	1.32%	6.20%	10	165,324	12,717
Program 3P Apr/11	4/14/2013	4/14/2023	R$ 2.27	R$ 10.04	54.94%	1.32%	6.20%	10	165,240	38,133
Program 3P Apr/11	4/14/2014	4/14/2024	R$ 2.92	R$ 10.04	54.94%	1.32%	6.20%	10	165,240	61,011
Program 3P Apr/11	4/14/2015	4/14/2025	R$ 3.42	R$ 10.04	54.94%	1.32%	6.20%	10	165,240	61,011
Program 3P Apr/11	4/14/2016	4/14/2026	R$ 3.74	R$ 10.04	54.94%	1.32%	6.20%	10	165,240	80,079
Program 4P Apr/12	4/15/2013	4/15/2023	R$ 1.12	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	27,000
Program 4P Apr/12	4/14/2014	4/14/2024	R$ 1.81	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	42,000
Program 4P Apr/12	4/14/2015	4/14/2025	R$ 2.26	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	42,000
Program 4P Apr/12	4/14/2016	4/14/2026	R$ 2.60	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	60,000
Program 4P Apr/12	4/14/2017	4/14/2027	R$ 2.82	R$ 7.84	51.66%	1.65%	4.29%	10	234,000	60,000
Program 4P Apr/12 Cons.	4/15/2013	4/2/2022	R$ 1.09	R$ 7.84	51.66%	1.65%	4.29%	8	180,000	0
Program 4P Apr/12 Cons.	4/14/2014	4/2/2022	R$ 1.78	R$ 7.84	51.66%	1.65%	4.29%	7	180,000	0
Program 4P Jul/12	4/15/2013	4/15/2023	R$ 2.23	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	0
Program 4P Jul/12	4/14/2014	4/14/2024	R$ 2.96	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	0
Program 4P Jul/12	4/14/2015	4/14/2025	R$ 3.46	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	9,000
Program 4P Jul/12	4/14/2016	4/14/2026	R$ 3.86	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	9,000
Program 4P Jul/12	4/14/2017	4/14/2027	R$ 4.12	R$ 7.65	50.78%	1.23%	4.29%	10	48,000	9,000
Program 4P Aug/12	4/15/2013	4/15/2023	R$ 2.64	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	0
Program 4P Aug/12	4/14/2014	4/14/2024	R$ 3.37	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
Program 4P Aug/12	4/14/2015	4/14/2025	R$ 3.88	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
Program 4P Aug/12	4/14/2016	4/14/2026	R$ 4.29	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
Program 4P Aug/12	4/14/2017	4/14/2027	R$ 4.55	R$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
Program 4P Nov/12	4/15/2014	4/15/2024	R$ 6.31	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	0
Program 4P Nov/12	4/15/2015	4/15/2025	R$ 6.88	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	0
Program 4P Nov/12	4/15/2016	4/15/2026	R$ 7.36	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000
Program 4P Nov/12	4/15/2017	4/15/2027	R$ 7.79	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000
Program 4P Nov/12	4/15/2018	4/15/2028	R$ 8.08	R$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000

(*) Market price on the respective granting dates.

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 Dividendss	Risk-free interest risk	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

(*) Market price on the respective granting dates.

Pursuant to the requirements of Technical Pronouncement CPC 10, share-based payments that were outstanding at December 31, 2015 were measured and recognized by the Company.

The Company recognizes on a monthly basis the share options, granted in a capital reserve account with a corresponding entry in the statement of income, of R$ 19,150 for the year ended December 31, 2015 (R$ 20,378 for the year ended December 31, 2014).

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

Statutory Board

	2015		2014	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	8.28	501,961	7.00	570,141
Granted	14.37	870,171	7.24	514,881
Exercised	8.92	450,472	7.06	583,061
	13.73	921,660	8.28	501,961

Board of Directors

	2015		2014	
	Average exercise price per share	Options - thousands	Average exercise price per share	Options - thousands
January 1	6.76	30,630	22.07	30,000
Granted	17.91	212,500	5.71	725,454
Exercised	16.66	55,000	6.57	724,824
	8.01	188,130	6.76	30,630

(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. As described in Note 30, 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 (R$ 3,784), was carried out, settled with treasury shares.

The provision of the program at December 31, 2015 is R$ 2,412 (R$ 2,478 at December 31, 2014).

22 Earnings per share

The following tables reflect the income and share data used in the calculation of basic and diluted earnings per share.

(a) Basic earnings per share

	2015	2014
Numerator		
Profit for the year	484,674	425,645
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	316,262,173	305,748,765
Earnings per share - basic	0.00153	0.00139

(b) Diluted earnings per share

	2015	2014
Numerator		
Profit for the year	484,674	425,645
Denominator (in thousands of shares)		
Weighted average number of shares outstanding	316,262,173	305,748,765
Potential increase in the number of shares relating to the share option plan	983,000	889,000
Adjusted weighted average number of shares outstanding	317,245,173	306,637,765
Earnings per share - diluted	0.00153	0.00138

23 Net operating revenue

	Consolidated	
	2015	**2014**
Gross operating revenue	4,330,906	3,415,980
Gross revenue deductions	(1,391,484)	(1,011,516)
Grants - scholarships	(1,135,746)	(827,990)
Return of monthly tuition and charges	(13,631)	(24,728)
Discounts granted	(16,000)	(4,146)
Taxes	(121,416)	(100,670)
Present value - FIES	(28,114)	
FGEDUC	(71,215)	(53,982)
Others	(5,362)	
Net operating revenue	(2,939,422)	2,404,464

24 Cost of services rendered

	Consolidated	
	2015	**2014**
Personnel and social charges	(1,212,185)	(998,168)
Electricity, water, gas and telephone	(47,562)	(31,200)
Rents, condominium fees and IPTU	(217,902)	(176,549)
Mailing and courier expenses	(4,152)	(6,219)
Depreciation and amortization	(83,017)	(71,377)
Education material	(43,697)	(54,238)
Outsourced services - security and cleaning	(51,993)	(38,088)
Cost of services rendered	(1,660,508)	(1,375,839)

25 Expenses by nature

	Parent Company		Consolidated	
	2015	2014	2015	2014
Selling expenses				
Provision for doubtful credits			(124,796)	(99,411)
Publicity			(171,955)	(102,024)
Sales and marketing			(35,688)	(33,026)
Others			(2,895)	(3,862)
			(333,334)	(238,323)
General and administrative expenses				
Personnel and social charges	(3,194)	(2,313)	(141,832)	(168,681)
Outsourced services	(4,076)	(3,463)	(76,454)	(64,181)
Consumption material		(3)	(3,522)	(2,321)
Maintenance and repairs	(69)	(66)	(34,778)	(28,107)
Depreciation and amortization (i)	(21,063)	(11,799)	(81,494)	(36,564)
Educational covenants	(504)	(278)	(8,415)	(7,906)
Travels and accommodation	(206)	(196)	(9,376)	(10,690)
Institutional events (ii)	(5)	(107)	(36,329)	(11,217)
Provision for contingencies		(9)	(11,143)	(15,403)
Copies and bookbinding			(6,534)	(4,343)
Insurance	(3,809)	(2,559)	(5,315)	(4,798)
Cleaning supplies			(2,825)	(2,323)
Transportation	(10)	(2)	(4,167)	(2,774)
Car rental			(2,463)	(2,391)
Others	(1,808)	(1,001)	(23,537)	(22,174)
	(34,744)	(21,796)	(448,184)	(383,873)

(i) Includes the amortization of funding costs of R$ 641. The increase in this item is basically explained by the allocation of the intangible balance arising from the goodwill on the acquisitions that occurred in 2014, according to information disclosed in Note 2.3 to the financial statements for the year ended December 31, 2014.

(ii) This variation is explained basically by the expenditures with the sponsor ship for the 2016 Olympic Games in Rio.

26 Other operating income

	Parent company		Consolidated	
	2015	2014	2015	2014
Income from agreements	1,635	1,675	2,800	2,884
Rental income			10,544	12,978
Business agency			1,080	1,106
Web class income			1,419	1,556
Other operating income (expenses)		(1)	4,656	(310)
	1,635	1,674	20,499	18,214

27 Finance income and costs

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Finance income				
Late payment fine and interest			17,590	13,327
Update of accounts receivable - FIES			18,734	
Earnings from financial investments	49,206	50,699	81,005	68,899
Monetary variation gains	3,287	694	14,192	23,089
Exchange variation gains	28,657	168	28,664	178
Gain with derivative instrument - SWAP	59,367		59,367	
Others	(1,348)		(3,425)	3,735
	139,170	51,561	216,127	109,228
Finance costs				
Banking expenses	(769)	(1,425)	(11,622)	(10,042)
Interest and financial charges	(89,982)	(39,660)	(103,096)	(55,013)
Financial discounts (i)			(14,510)	(27,446)
Monetary variation losses			(12,834)	(6,519)
Loss with derivative instrument - SWAP	(34,547)		(34,547)	
Exchange variation losses	(67,588)	(122)	(67,592)	(134)
Others	(28)	(40)	(3,586)	(1,811)
	(192,914)	(41,247)	(247,787)	(100,965)

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

28 Income tax and social contribution

Reconciliation of income tax and social contribution determined at statutory rates and taxes recognized in the income statement for the years ended December 31, 2015 and 2014 is as follows:

	Parent company		Consolidated	
	2015	**2014**	**2015**	**2014**
Profit before income tax and social contribution	477,618	422,614	484,235	432,906
Combined statutory rate of income tax and social contribution - %	34	34	34	34
Income tax and social contribution at the statutory rates	(162,390)	(143,689)	(164,640)	(147,188)
Goodwill from mergers			1,812	1,359
Depreciation			1,353	
Leasing			(361)	(349)
Present value			(9,559)	
Equity in the results of subsidiaries	191,920	147,023		
Amortization of goodwill	(6,787)	(3,411)	(11,368)	(5,846)
Non-deductible expenses (a)	(380)	(421)	(2,065)	(3,657)
Options granted LP provision - employees			(7,775)	(11,873)
Tax losses not registered	(22,363)	149	(24,631)	149
Decommissioning expenses			(607)	(2,357)
Provision for contingencies			561	1,331
Provision for impairment of receivables			(2,280)	
Monthly tuitions to be canceled and billed			3,344	(2,128)
Provision for Fies risk			(984)	(1,313)
Other		25	481	2,059
		(324)	(216,719)	(169,813)
Tax benefits				
Tax incentives - PROUNI			174,467	145,812
Tax incentive - Rouanet Law			2,238	
Current income tax and on profit (loss) for the year		(324)	(40,014)	(24,001)

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

(b) Refers to non-deductible provision for impairment of receivables relating to students with payments overdue for more than 180 days, and the provision for cancellation of monthly tuition.

	Parent Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Current income tax and social contribution		(324)	(40,014)	(24,001)
Deferred income tax and social contribution	6,732	3,355	31,626	16,740
Income tax and social contribution from prior years	324		8,827	
	7,056	3,031	439	(7,261)

At December 31, 2015, the Company recorded deferred tax assets on temporary differences of R$ 10,615. The breakdown of the tax effects of temporary differences which originated the deferred tax assets is summarized below:

	Parent Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Present value			9,559	
Provision for contingencies			8,579	10,976
Provision for impairment of receivables			2,280	
Monthly fees to bill			(555)	
Monthly tuitions to be canceled			1,615	4,398
Provision for decommisioning			3,586	3,526
Goodwill	(16,734)	(27,593)	(36,314)	(39,191)
Provision for risk - Fies			5,187	1,259
Recognized options granted			24,177	8,704
Decommisioning adjustment			1,676	323
Incorporated goodwill			(10,069)	(7,621)
Tax losses			894	2,584
Other assets				(138)
	(16,734)	(27,593)	10,615	(15,180)
Assets			46,693	31,168
Liabilities	(16,734)	(27,593)	(36,078)	(46,348)
	(16,734)	(27,593)	10,615	(15,180)

The realization of the deferred tax effect on temporary differences recorded at December 31, 2015 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 of assets.

At December 31, 2015, the subsidiary IREP accounted for a deferred tax liability in the amount of R$ 9,060 due to the tax amortization of goodwill generated upon acquisition of the companies merged into it.

At December 31, 2015, the Company has tax credits arising from tax loss carryforwards in the amount of R$ 37,788 (R$ 13,188 on December 31, 2013) that are not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

29 Other information

(a) Accounts to offset - FIES system - in current assets, refer to available amounts from the Student Finance Program for future compensation with federal taxes or, in case of option, cash withdrawal.

(b) Monthly tuition paid in advance - in current liabilities, refers to amounts received in advance from students as part of a negotiation for discounts. They are recognized in the statement of income, according to the services provided to the student by the Company.

(c) Provision for decommissioning of assets - in non-current liabilities, refers to expenditures to be incurred on decommissioning of leased educational units for recovering or returning them to their original features, that is, before leasing. This amount is calculated by engineers and takes into consideration the leasing terms.

30 Events after the reporting period

On February, 2016, the Group, as associate of the Brazilian Association for the Development of the Higher Education ("Associação Brasileira para o Desenvolvimento Do Ensino Superior - ABRAES"), entered into an agreement with the Federal Union ("Union"); the Secretariat of Higher Education of the Ministry of Education ("SESU"), in the condition of representative of the Ministry of Education ("MEC"), and the National Fund for the Education Development ("FNDE") for a Judicial Agreement Term ("Agreement Term") in the Ordinary Suit No. 19275-27.2015.4.01.3400 ("Legal Suit"), pending in the 22nd Court of the Judiciary Section of the Federal District.

According to the Agreement Term, the IES associated to ABRAES will receive, in 2016, 2017 and 2018, the credits of FIES not settled by the FNDE during 2015, being 25% of the balance in 2016; 25% in 2017 and 50% in 2018. The settlement will occur up to June of each year and the installments will be adjusted by the IPCA variation since the date of its respective maturity in 2015 until the effective payment.

Besides the financial obligation to settle the balance with those associated to ABRAES, the Union and the FNDE were committed to, henceforth, comply with the legal obligation to issue monthly all the Certificates, as well as to pass along and repurchase, according to the Law, within each respective year, all the FIES Certificates, and also to comply with the legal obligation of adopting isonomic criteria of issue and repurchase of the Certificates with the Institutions, regardless the number of students enrolled in FIES (large or small Institutions), thus ensuring legal financial treatment among all the Institutions that take part in the FIES.

On March 10, 2015, Estácio informs a material fact to the market and the general public, that it acquired on this date, through its indirect subsidiary SOCIEDADE EDUCACIONAL ATUAL DA AMAZÔNIA LTDA. ("ATUAL"), all the quotas of SOCIEDADE EMPRESARIAL DE ESTUDOS SUPERIORES E TECNOLÓGICOS SANT´ANA LTDA., private limited company, headquartered in the Municipality of Feira de Santana, State of Bahia, sponsor of FACULDADES UNIDAS FEIRA DE SANTANA - UNISANTANA ("FUFS").

The amount of the investment in FUFS was R$9,500,000 (nine million and five hundred thousand reais), paid as follows: (i) R$600,000 (six hundred thousand reais) through the assumption of debts; (ii) R$5,200,000 (five million and two hundred thousand reais) in financial resources, paid in cash; (iii) R$700,000 (seven hundred thousand reais) paid within 90 days; (iv) R$1,000,000 (one million reais) within 48 months; and (v) R$2,000,000 (two million reais) within 60 months. The future instalments will be updated by IPCA and the transaction does not include the purchase of property.

Founded in 2012, FUFS has around 1,500 students, 2,760 total authorized vacancies, counting with 5 higher courses in maturing stage in its portfolio. In 2011, it was evaluated by MEC, which issued an Institutional Concept (CI) 3, on an 1 to 5 rate. Located in Feira de Santana, 2nd largest municipality of the state, it has around 36 municipalities within its influence area, which together counts with a population of approximately 1.3 million.

The acquisition's objetive is to enlarge Estácio's capilarity in higher education in the State of Bahia, aggregating a portfolio of courses in the Health area, specifically the Nursing, Biomedicine, Phisiotherapy, Nutrition and Radiology courses, which were identified as having high demand by the job market in the region. Finally, the operation in the city will enable the exploration of important gains of academic quality, efficiency and scale.

* * *

MANAGEMENT REPORT

Dear Shareholders,

In compliance with the legal provisions and Bylaws, the Management of Estácio Participações S.A. ("Estácio" or "Company") hereby presents its Management Report and Consolidated Financial Statements for the fiscal years ended December 31, 2015 and 2014, prepared in accordance with International Financial Reporting Standards (IFRS), and accompanied by the Independent Auditors' report.

Corporate profile

One of Brazil's largest private-sector post-secondary education groups in terms of numbers of students enrolled, Estácio Participações S.A. was incorporated as a publicly-held corporation on March 31, 2007 and is listed in the Bovespa's Novo Mercado trading segment.

On 31 December 2015, students of Estácio totaled more than 502 thousand students and Estácio was is present in the major urban centers of all Brazilian states, as well as the Federal District. Estácio's growth and market leadership reflect the quality of its courses and its faculty, the adoption of modern management practices, the technological and academic innovations provided to its students, the strategic location of its units, and its competitive prices which are affordable for its target public. With integrated national curricula, Estácio offers undergraduate and associate degree courses in Exact Sciences, Biological Sciences and the Humanities, in addition to sensu lato and sensu stricto graduate, masters and doctoral programs, as well as extension courses. Backed by a results-driven management model, it has developed a modern and differentiated teaching methodology. Thanks to its business and financial capacity, its innovation and the constant improvement of its academic programs, the Estácio brand is today widely recognized and highly valued in the market.

Economic scenario

Brazilian economy faced challenging domestic and international scenarios throughout 2015. In the international sphere, the drop in international commodity prices and the slowdown of the Chinese economy have contributed negatively to the economic activity of commodity-exporting countries, among them, Brazil. In addition, the monetary policy of the United States contributed to increasing global risk aversion, which chased away the capital flows of the emerging economies. In the domestic setting, the matching of high levels of inflation, low levels of confidence and the political instability intensified the recession.

Inflation advanced in wholesale and in retail, influenced, above all, by the depreciation of the exchange rate and realignment of the administrative prices. The IPCA (Ample Consumer Price Index), in turn, calculated by IBGE and used by the Central Bank of Brazil as a reference in the system of inflation targets, rose 10.7% in 2015, high than in 2014 (6.4%), above the center goal of inflation pursued by the Central Bank of Brazil, of 4.5%, and outside the range of tolerance (of 2.5% to 6.5%).

Facing the inflation scenario, the Monetary Policy Committee (COPOM), raised the basic interest rate from 11.75% at the end of 2014 to 14.25% at the end of 2015. Deducting the accumulated inflation rate of the year, the actual interest rate reduced to 3.2%, against 5.0% in the previous year.

Adverse effects of the international context, along with the worsening of the domestic basis and the high uncertainty environment due to the political instability resulted in the depreciation of the national currency vis-à-vis the American currency. In this context, the trade balance showed a surplus of US$ 19.7 billion in 2015. This result reflects the more intense deceleration in imports than in exports, which fell, 25.1% and 15.1%, respectively. This contributed to the reduction of the deficit in current transactions to 3.3% Gross Domestic Product (GDP) of the Brazilian economy in 2015, in reference to 4.4% at the end of 2014.

Economic activity reflected the tightening of monetary policy, the demand adjustment of some of our trading partners, the fall in the consumers and entrepreneur's confidence and the instability of political and fiscal scenarios. Investments had a sharp drop and the job market followed adjusting. Unemployment on the rise, inflation at high levels and less favorable credit conditions resulted in a drop in consumption. As a result of this composition, the Gross Domestic Product is expected to present a drop close to - 3.5% in 2015, less than the almost zero growth observed in the previous year, of 0.1%.

Message from Management

The popular saying "whatever doesn't kill us makes us stronger" would appear to be particularly apposite when describing 2015, which was an exceptionally challenging year in all aspects. If every Brazilian was surprised by the speed and intensity with which the economic crisis swept through the nation, at the beginning of 2015 the education sector was particularly badly hit by Ordinance 23, issued at the tail-end of 2014, which dramatically altered the flow of payments from the FIES program. Throughout the year, a series of new questions arose regarding the program, such as the ceiling for adjustments and the volume of the loans, together with process and system difficulties, further complicated by the change in the parameters implemented in the second semester of 2015, all of which made the scenario even more cloudy and uncertain.

Consequently, in the opening months of the year was directed towards Brasília to develop a better understanding of this new scenario in order to work out how we would react, both as part of ABRAES (the Brazilian Association for the Development of Post-Secondary Education, created more than three years ago, which proved to be extremely important in 2015) and within the scope of Estácio. to focus firmly on managing cash, whether through overhauling our internal plans and whenever necessary, or through the unceasing pursuit of new financing sources in a scenario where funding was increasingly scarce. We also had to maintain the energy and motivation of 16,000, in the certain knowledge that if the adverse scenario began to take firmer, the challenge, already enormous, could well become insurmountable.

Even when dealing with all this uncertainty, however, Estácio had certain convictions that proved legitimate throughout the year, but which at that moment gave us the security needed in relation to the company's ability to move ahead, including the following:

- The clear option for more controlled and sustainable growth during the boom years, with no undue dependence on FIES and at the same time taking advantage of the more favorable winds to construct concrete advantages, such as the quality system, the innovation front, a respected national brand, and a high level of process and product standardization, which have given Estacio a more solid base on which to confront the current difficulties;
- A motivated and fully prepared team, trained in management, with a strong and unique culture, and with a healthy mix of experienced managers and members of a new and vibrant generation, one of whose ingredients is a trainee program, which is now in its 6th consecutive edition;
- A long-term vision since 2008 and detailed in 2012, whose aim is to build a winning, enduring, patient and disciplined company, aware of its responsibilities to its stakeholders and, above all, capable of marching its 20 miles year after year in the certain knowledge that true value cannot be constructed overnight and that there are no short cuts to major achievements;
- A new business and distance learning diversification strategy which has been executed with considerable discipline since 2012 and which may help to overcome the difficulties in Estácio's core on-campus undergraduate business, which has been hard hit by the crisis and the problems with FIES.

It was precisely due to these advantages, as well as the dedication of thousands of Estácio's employees, that were able to generate excellent results throughout 2015, of which the following particularly deserve mention:

- A positive intake variation in both the first and second semesters, resulting in a student base 15.2% higher than in December 2014, despite the extremely low percentage of FIES students;
- Annual net revenue growth of 22.2%, accompanied by a 13.9% upturn in recurring net income;
- Two major acquisitions, one in Pará and the other in São Paulo, as well as approval of a greenfield project in Mato Grosso, 60 new distance learning centers and one new distance learning license;
- Graduate student base growth of 33.9%, with a consequent increase in the revenue and contribution margin of this segment, which has been the flagship of Estácio's New Business area.

At the same time, it is worth noting Estácio's courage in continuing to innovate, investing in social responsibility, hiring trainees, training its, developing new technologies, building a national education

brand, and entering new markets. Even more importantly, even in the midst of a great crisis, Estácio have not abandoned the pillars that believe will serve as the basis for sustaining a company that intends to provide excellent services and establish a winning reputation.

Among all these fundamentals, three pillars deserve special attention at this time. The first is organizational climate, which is hugely important in. Since 2008, with help of the Hay Group, Estácio have been conducting an annual climate survey. The historical series, crowned by a brilliant result in 2015, underlines the engagement of Estácio's employees, even during times of crisis like the present, which will certainly help in the implementation of new ideas, products and processes.

The second pillar is the satisfaction of students, which is crucial in an industry where "word-of-mouth" is so important. Employees with a high degree of satisfaction and engagement, together with initiatives to improve quality both inside and outside the classroom, have had a major impact on the results of student satisfaction surveys, conducted by a consulting firm. The satisfaction survey of students in the classroom segment, which in 2008 showed a 58% of satisfaction rate by the students, reached 75% in 2015. As well as the satisfaction survey of students in the distance learning segment showed a student's satisfaction rate of 58% in 2011 and reached 75% in 2015. Once more is noticeable that the indicators' positive trend, supported by a spectacular result in 2015, will certainly help Estácio gain market share and minimize the risk of into a price war, given that more and more of our clients are satisfied with brand.

Finally, it is worth highlighting the big improvement in the academic performance indicators used by the MEC, through the so-called SINAES Cycle. If it is true that these indicators have been improving substantially since 2011, the quantum leap achieved in the 2014 cycle, perhaps the first to measure unequivocally the performance of students already qualified within the Estácio Academic Model, was of massive proportions, presenting gains in virtually all the areas evaluated, lifting the company up to exceptionally strong grades.

Strategic Perspectives

In 2016, a series of opportunities capable of accelerating the company's path towards our 2020 Vision, the same strategy defined in 2012 and forged since 2008. Now is time to innovate more than ever, perhaps in the direction of hybrid products and the new technologies, and Estácio feels capable of leading the way. believe that can take advantage of its current structure, together with its organization and financial situation, to accelerate organic and inorganic growth. Several new business projects on the drawing board that can be added to existing segments. Estácio will remain fully alert to any opportunity that arises as a result of the current problematic scenario.

In conclusion, it is worth emphasizing that, unlike at the beginning of 2015, Estácio could prepare adequately for the year ahead. If, on the one hand Estácio will not be unable to count on any improvements in the overall scenario, on the other will not have to spend so much energy on trips to Brasília, on the FIES uncertainties, on urgent changes to plans, and on endless questions triggered by the unprecedented series of events that marked 2015. Estácio therefore expects to once again focus on what can control, always seeking to outperform our peers and satisfy clients, leaving whatever is

not in its power to change in the background. expects to march its 20 miles in yet another year, while adding value to all those who believe in its capacity for survival, with more strength and energy than ever.

Financial Performance

All financial data used to make this analysis, consider the consolidated outcomes.

- **Student base.** Estácio closed 2015 with a total base of approximately 502,800 students, 15.4% up on 2014, 358,200 of whom enrolled in on-campus programs (up by 12.4% on a same shop basis) and 133,200 in distance-learning programs (up by 14.0% on a same shop basis), as well as 11,400 from the acquisitions concluded in the last 12 months.

- **Net operating revenue**. Estácio posted net operating revenue of R$2,939.4 million in 2015, 22.2% more than in 2014, mainly due to the 15.2% growth of the student base. In the 4th quarter of 2015, an amount of approximately R$28.1 million was recorded in the deductions of gross revenue, due to the calculation of adjustment to present value (APV) of the credits of the FIES, not paid by FNDE during 2015 (a total of approximately R$681.2 million, up dated by IPCA), being the counterpart of this adjustment entered on accounts receivable FIES. The accounting of this AVP was necessary due to the Court Settlement Term concluded between the Brazilian Association for the Development of Higher Education (ABRAES) e the Federal Union. By the terms of the agreement signed on 03 February 2016, the Ministry of Higher Education of the Ministry of Education (SESU), representative of the Ministry of Education (MEC) and the (FNDE) National Fund for Education Development, became official that the credits of the FIES, not acquitted by the FNDE during 2015, will be received during the financial years of 2016, 2017 and 2018, being 25% of the balance in 2016; 25% in 2017 and 50% in 2018. Disregarding the effect of AVP, the net operating income would have been R$ 2,967.5 million in 2015, an increase of 23.4% in reference to 2014.

- **Cost of services.** The cost of services total R$1,660.5 million in 2015, compared to R$1,375.8 million in 2014, an increase of 20.9%. The costs of the services rendered (excluding depreciation) amounted to 53.7 % of net operating revenue, versus 54.3% in 2014. Excluding the accounting AVP, the ratio of cost of services (excluding depreciation) would have been 53.7%, with a margin gain of 1.1 percentage points compared to 2014, primarily due to the lines textbook materials line, which has been reflecting the impact of the increasing use of proprietary books, migration to the digital format and improved inventory management.

- **Gross income.** Gross income totaled R$1,278.9 million in 2015, with a margin of 40.7%, 0.9 p.p. higher than in 2014.

- **General and administrative expenses.** G&A expenses were of R$448.2 million. Excluding the AVP effect, those expenses corresponded to 12.4% of net operating revenue in 2015, a 2.1 p.p. improvement over 2014, chiefly due to the gain in personnel expenses, explained by

the period reduction in provisions for bonuses and the ongoing initiatives to optimize the headcount.

- **Selling expenses.** Selling expenses were a total of R$335.3 million in 2015, against R$238.3 million in 2014, an increase of 40.7%. In 2015, that line represented 11.3 of net operating revenue in 2015, a 1.4 p.p. margin loss over 2014, due to higher investments in advertising and the increase in allowance for doubtful accounts (DOUBTFUL ACCOUNTS). The relationship of the PCLD with the adjusted net operating revenue showed a loss of 1.4 p.p., mainly because of a timely benefit occurred in 2014, for a volume of credit recovery above average due to the internalization of collection of receivables.

- **Net income.** Estácio posted an annual net income of R$484.7 million, 13,9% higher than 2014, due to the mainly due to the margin gains in the management of teaching materials costs and with administrative staff, in addition to the increase in the financial result (due to the updating of the receivables of FIES and a lower volume of financial discounts in negotiations of tuition), which more than set off the increase in business expenses of the period.

- **Dividends.** Based on Estácio's solid financial situation and net income growth, we will be proposing the payment of dividends totaling R$115.1 million, equivalent to 25% of annual net income, at the next annual shareholders' meeting.

- **Investments.** In 2015, total investments, excluding acquisitions, came to R$219.2 million, up on 2014, chiefly due to expansion projects, as well as the renovation and improvement of units, which totaled R$52.6 million in 2015 and refer to investments in new units, expansions of existing ones and new rooms in order to accommodate the constant growth of our student base. Maintenance investments came to R$137.3 million, 9.2% more than in 2014, mostly allocated to the upgrading of systems, equipment, libraries and laboratories in the units.

- **Indebtedness.** The Company's gross debt totaled R$1.05 billion, corresponding basically to: (i) three issues of debentures of the company; (ii) lines of financing with the IFC; (iii) foreign currency loan contracted by the ITAU in March this year; and (iv) capitalization of the costs of leasing with equipment in compliance with the Law 11638. Gross debt, in addition to commitments to pay for the acquisitions (amounting to R$103.1 million) and the balance to pay taxes in installments (amounting to R$19.6 million), net of the cash position of the company (in the amount of R$693.8 million), had a net debt of R$478.1 million by the end of 2015.

- **Cash.** The Company closed 2015 with cash and cash equivalents of R$693.8 million. These funds are conservatively invested in fixed-income instruments pegged to the CDI interbank rate, government bonds and certificates of deposit with top-tier Brazilian banks.

Education

Academic Model

Estácio has created an integrated nationwide educational model that seeks to meet the needs of the various courses and the teaching and learning demands of its thousands of students and faculty members. This model guarantees academic quality, both in terms of content and educational resources, and ensures the nationalization of the curricula, while respecting regional and local characteristics.

In order to make the model effective, Estácio adopted a proprietary methodology to build knowledge collectively, with the participation of faculty from the different institutions of the Estácio Group throughout Brazil, which allowed a multidisciplinary and collective vision to define educational projects, plans and practices that enrich teaching and learning processes. At the same time, it adopted a series of learning management tools that help monitor students' performance.

Technological and educational innovation is also a crucial ingredient of Estácio's model, exemplified by the following resources: a) Virtual Learning Room (SAVA), b) Question Bank (BdQ), c) Estácio Reader (free distribution of educational material in digital format), d) Fábrica de Conhecimento (Knowledge Factory – creation of interactive content, textbook materials, apps and games, among others).

Nationwide curricula integration, technological resources and the transverse vectors geared towards citizenship, entrepreneurship, human rights and sustainability all contribute to the formation of skilled professionals with enhanced opportunities in the job market.

Finally, the academic model is a means of responding to the need for the scalability, mobility and sustainability of Estácio's educational services, with the constant improvement of academic quality and social responsibility.

Teaching Quality and Learning Management

The implementation of a national education model requires the management of learning and control over the academic process, permitting the monitoring and evaluation of educational products in order to ensure the ongoing improvement of results.

With this in mind, following substantial research, Estácio implemented a series of tools that allow professors and academic teams to monitor quality and satisfaction, as well as to identify the strengths and weaknesses of each student, based on their performance in tests, exercises and mock exams.

With the help of around 6,000 professors, Estácio created more than 130,000 new test items in 2015, feeding a database with close to 400,000 exam questions. This resource permits the application of nationally-integrated tests to 90% of the student base, in turn permitting a detailed analysis of the results, generating a wealth of intelligent analytical data that can be used for deviation adjustments and the calculation of rankings, averages and performance percentages at every level (by student, class, unit, course and region).

Regulatory environment

Evaluation: ENADE and in loco visits

Estácio's courses evaluated in the **2014 ENADE cycle** (whose results were published in 2015) received satisfactory grades in the Preliminary Course Concept (CPC) in approximately 97% of the total assessed, a 23 p.p. improvement over the courses evaluated in 2011 (the last equivalent cycle). In the case of the General Course Index (IGC), 95% of Estácio's institutions presented satisfactory grades in the last three-year cycle ending in 2014. These excellent results underline the quality of Estácio's Academic Model, whose first leavers, 100% educated under the model, were evaluated in the 2014 cycle.

In regard to in loco visits, which are equally important to the consolidation of the model in regulatory terms, of the evaluations carried out by the MEC throughout Brazil in 2015 (117 course visits and 59 visits to distance-learning centers and institutions), 100% were graded 3, 4 or 5 on a scale of 1 to 5.

Master's and Doctoral Evaluation

In view of the three-year period, the high grades of our *stricto sensu* masters' and doctoral programs were maintained, according to the CAPES post-secondary improvement scale. The excellence of these programs was underlined by the grade 5 granted to our masters' and doctoral programs in Law in Rio de Janeiro, and the grade 4 awarded to our masters' and doctoral programs in Education and Dentistry, and our professional masters' programs in Corporate Administration and Development and Family Health.

New Accreditation of Institution

In November 2015, the MEC accredited yet another Estácio institution – Faculdade Estácio de Cuiabá (given a grade 4 on a scale of 1 to 5 during the in loco visit), located in Cuiabá, Mato Grosso – authorizing it to offer degree courses in Business Administration, with 200 annual places, and Accounting, also with 200 annual places, as well as diploma courses in Human Resources Technology Management, with 100 annual places, Technology in Logistics, with 200 annual places, and Technology in Environmental Management, with 100 annual places.

New Distance-Learning Accreditation

In November 2015, the MEC authorized the accreditation of Santa Catarina Estácio University Center's distance-learning degree programs (awarded a grade 5 on a scale of 1 to 5 during the in loco visit), allowing the greater diversification of courses and locations and substantially increasing the student base for this type of course.

Increased Scope

In November 2015, the MEC also accredited 45 UNESA on-campus support centers to offer post-secondary distance-learning programs, as part of the ongoing process to increase the number of courses offered.

New University Centers

In July 2015, the MEC authorized the accreditation of two more university centers: the Estácio University Center in Amazônia (awarded a grade 5 on a scale of 1 to 5 during the in loco visit), located in Boa Vista, Roraima; and the Estácio University Center in Juiz de Fora (given a grade 4 on a scale of 1 to 5 during the in loco visit), located in Juiz de Fora, Minas Gerais, both of which with the autonomy to increase their number of places, develop new courses and create new locations.

Increased Number of Places in Post-Secondary Education Institutions

Despite the Ministry of Education's strict criteria for increasing the number of places, in January 2015 it accepted four requests for additional places in Estácio institutions without the right of autonomy, totaling 420 new places for the Group's institutions.

Assisted Transfer Process (PTA) - Medicine Courses

For 2015, as part of the assisted transfer policy, following a visit to grade the Medicine course offered by Estácio de Sá University – UNESA, the MEC authorized a definitive increase of 68 places in UNESA's undergraduate Medicine program, as established in the Bid Notice of the Assisted Transfer Process.

Protocols for the Accreditation of New Units (Greenfields)

In 2015, we filed nine accreditation requests for educational institutions with the MEC in the cities of Jaboatão dos Guararapes and Boa Viagem, in Pernambuco; Muriaé, Passos and Sete Lagoas, in Minas Gerais; Maringá, Cascavel and São José dos Pinhas, in Paraná, and Ananindeua, in Pará.

Including all the requests filed, we now have 22 processes for new institutions under way with the MEC.

In 2015, the preliminary results of the More Doctors program were published with five approvals: in Alagoinhas and Juazeiro, Bahia; in Angra, Rio de Janeiro; in Jaraguá do Sul, Santa Catarina and in Ijuí, Rio Grande do Sul.

Operations

Estácio relies on a highly experienced management team consisting of talented professionals from our 85 units nationwide, all of whom have a deep understanding of the education sector and our management model, and speak the same language, aligned by our culture and management system, thereby ensuring exemplary teaching quality and concrete results for both the students and the organization as a whole. In addition, our processes – from student enrollment, regulatory framework, supplies, accounting, HR and IT, among others – are increasingly efficient and integrated into our operations, resulting in gains in efficiency and advances in quality in our day-to-day activities.

On-campus Programs

Estácio is recording increasing efficiency gains thanks to improved academic planning and the positive effects of the continuous implantation of our new academic model, which provides for the sharing of

disciplines, with up to 20% of our on-campus content available online, thereby generating considerable savings in terms of resources. At the same time, we have experienced a substantial increase in our academic quality, as attested to by the results of the last ENADE exams. In 2015, our on-campus base, excluding acquisitions, totaled 358,200 students, 12.4% more than the year before.

Distance Learning

We believe the distance-learning segment will record strong growth, given its attractive prices and greater convenience in regard to mobility, allowing it to attract students with less purchasing power and/or with problems in traveling to a traditional campus.

We began our distance-learning courses in July 2009 and ended 2015 with 133,200 students, 13.8% more than in 2014. We put this success down to the quality of our programs and our technological support structure, as well as the ability of the professor tutors involved in course coordination and student support activities.

Continuous Education

Pronatec – Education Scholarship Program

In 2014, Estácio began exploring vocational courses, through the National Program for Access to Technical Education and Employment (Pronatec), assembling a first-class team to conduct the process, applying the same high standards as we do to our regular post-secondary program throughout Brazil. In 2015, 8,153 students graduated and were ready to join the job market. It is worth noting that all courses were duly registered with their respective professional associations, comprising a special registry of 80 campuses/vocational courses approved by the CREA-RJ. At the close of 2015, 5,366,000 students were enrolled in Pronatec courses.

Academia do Concurso

The Academia do Concurso Público, the oldest public examination preparatory institution in Rio de Janeiro, was acquired by Estácio in 2011, helping it to fulfill its mission of educating to transform, contributing to the employability of its students in the public service. The Academia is currently expanding its market in two modalities, the first of which, on-campus, makes use of our existing network of units, primarily in the metropolitan region of Rio de Janeiro, but with plans to expand to other states. The second expansion modality is through distance learning, enabling greater access to our products nationwide. In 2015, with the support of an innovative educational project. we created 23 distance-learning preparatory courses and laid the foundations for a great leap forward in 2016, not only via the new courses, but, above all, by initiating the sale of Academia programs by Estácio's on-campus and distance-learning units nationwide.

Graduate Segment

Estácio closed 2015 with more than 70,200 students enrolled in its on-campus and distance-learning graduate and MBA programs, a substantial 60% more than at the end of the previous year. The highly qualified faculty, composed of specialists, MBAs and PhDs, received intensive training in the methodology of case studies, ensuring the highest standards of quality in the more than 110 courses

in the legal, management, humanities, health and technology areas. These courses are offered on a nationwide basis through proprietary units and in partner distance-learning centers, providing an exclusive and modern methodology that uses the world's most applied technology solutions, both in the classroom and on-line.

Short Duration Courses

Sales via the Você Aprende Mais (You Learn More) short-duration course portal grew by 39% over 2014 and the portfolio increased from 200 to more than 300 on-line courses. The on-campus operation focuses on employability and professional qualifications that help improve the students' CVs. In 2016, we will be able to take advantage of a partnership with the Udemy platform, a Silicon Valley start-up that offers a new portfolio construction model through which professors from around the country can launch their own courses.

Corporate Solutions

Through the development of customized education solutions, Estácio's Corporate Solutions area provides direct support for companies to improve their business results and develop the essential skills identified in their strategic plans. With a client base of more than 40 companies and annual growth of more than 150% in 2015, Estácio's customized solutions have a methodology that effectively combines theory and practice, both of which are essential aspects of training and improving corporate professionals. The Corporate Solutions unit has also been contributing to the development of new content and programs that can be used by Estácio's academic team (coordinators and faculty members), adding direct value to the institution's undergraduate and graduate programs.

Opening of five new units

Estácio continued with its expansion plan in 2015, both organically and through acquisitions, opening five new units in São Paulo (SP), Salvador (BA), Fortaleza (CE), Recife (PE) and Niterói (RJ).

In addition, two other inaugurations were approved for the first semester of 2016: Brasília (DF) and Juiz de Fora (MG).

The new units will help leverage operations in these cities.

Companies acquired in 2015

In 2015, we acquired two post-secondary education institutions: FNC and FCAT. Located in Carapicuíba, São Paulo, FNC, at the time of acquisition – in September, 2015 – had around 8,700 students and 288 professors, with 24 undergraduate and 11 graduate courses, as well as extension and short-duration courses. FCAT, located in Castanhal, Pará, at the time of acquisition, had 2,700 students in 12 undergraduate and 24 graduate courses. The acquisitions increased the Company's presence in these cities, enabling the expansion of its operations in the country's Southeast and North regions, through one of its main markets.

Innovation

Estácio educates to innovate and transform students into innovative entrepreneurs. Everyone is part of this open, integrated and collaborative process, where new solutions are developed to create future university environments in the present and accelerate the development of new business models for the market. More than just a technological challenge, innovation implies a change of culture and attitude that is part of Estácio's values, strategy and 2020 Vision. Ten games were created in 2015 and more than 70,000 students participated in the Estácio Olympic Game Center, which simulates real day-to-day job market situations. All the games are available, free of charge, on the web and the IOS, Android and Windows platforms. Another important project to ensure more interactivity between students and faculty in the classroom is Telion, Estácio's first patent whose interface replaces the use of computers and projectors, and which is already present in 100 classrooms. Nave Startup, a free pre-acceleration program, was awarded the entrepreneurship "Oscar" by the Spark Awards as the Best Accelerator in Brazil, and Estácio was elected the best University for Entrepreneurs. Every semester we select the best startups in Brazil and we are now beginning the fourth class of entrepreneurs with startups that are already impacting the market. Estácio was also ranked first in the Service category by the *Época Negócios 360º* yearbook, listed among the 50 Most Innovative Companies by *Valor Econômico* and granted the Anpei Innovative Company seal.

Corporate Governance

Quality and excellence in management are Estácio's commitments to its shareholders and other stakeholders. In November 2008, we joined the Novo Mercado listing segment, which contains those companies with the highest standards of corporate governance in Brazil, in the pursuit of greater management transparency and efficiency. Consequently, Estácio began complying with the regulations set forth in the Novo Mercado Listing Rules, such as capital stock consisting of common shares only, the election of independent members to the Board of Directors, and the settlement of disputes by the Market Arbitration Chamber.

Due to the highly fragmented shareholder base in October 2010 (free float of 80%), in 2011 Estácio adopted additional governance practices, including: (i) remote voting via the Assembleias Online system, to facilitate and increase participation in shareholders' meetings, (ii) preparation of the Manual for Participation in Shareholders' Meetings, and (iii) the creation of an internal area focused on corporate governance and compliance practices. In 2014, it adopted the Public Power of Attorney Request system in order to facilitate shareholders' participation in Shareholders' Meetings when they are unable to attend in person or cannot be represented by a proxy indicated by them, by appointing proxies assigned by the Company to help them.

In 2012, the Company created its Corporate Governance Portal, which acts as a direct communications channel between management and members of the Fiscal Council and the Board of Directors' Advisory Committees. The portal also allows secure access to corporate information, including corporate acts, meeting agendas and important news, and also serves as a repository of documents for consultation. Users can discuss subjects using a chat facility, create closed groups for

debates and/or meetings, and propose and vote on subjects and texts. Also in 2012, we became affiliated to the Brazilian Corporate Governance Institute.

In 2014, we published our first Sustainability Report, which contained information related to 2013, using the Global Reporting Initiative (GRI) methodology and the associated G4 Guidelines, in accordance with international standards. One of the items in the Sustainability Report deals with Governance, detailing the Company's ownership structure, stakeholder network and Code of Ethics and Conduct.

In 2015, the Board of Executive Officers suggested, and the Board of Directors approved the creation of a Related-Party Contracting Policy, so that all Estácio employees can follow the same criteria during hiring of this type.

Structure of the Board of Directors and Board of Executive Officers

Estácio's Board of Directors, with a term of office until the 2016 Annual Shareholders' Meeting, was composed of nine members until the end of January 2016 and currently has eight members, five of whom independent. In January 2014, in order to enhance the operations of the non-statutory Advisory Committees by streamlining their response to requests by the Board, Estácio's Board of Directors approved changes in the attributions of the People and Management Committee and the Audit Committee, which now have the following denominations and responsibilities: (i) People and Governance Committee (formerly People and Management Committee), charged with assisting Board members in any matters related to human resources policies and standards, as well as corporate governance practices; and (ii) Finance and Audit Committee (formerly Audit Committee), charged with assisting Board members in any matters related to the Company's financial policies, as well as the internal and external audit processes. Underlining its commitment to its corporate purpose, Estácio also created the Academic Committee, whose purpose is to assist Board members in any matters related to the educational, research and extension activities developed by the institutions maintained by the Company and its subsidiaries. It is worth noting, however, that the existence of these Committees in no way implies the delegation of the Board's competences or responsibilities. As part of its principle of adopting best corporate governance practices, the Board of Directors adopted a set of Internal Regulations. As of 2014, it also created the post of Secretary to the Board of Directors and appointed a Secretary General whose main responsibility is to assist the Board directly with its work.

Seven executives (nota: pelo Estatuto Social podemos eleger de 03 a 08 membros – não precisa incluir o parágrafo) were elected by the Board of Directors to compose Estácio's Board of Executive Officers: a Chief Executive Officer, a Chief Financial Officer, also incorporating the position of Investor Relations Officer, an Education Officer and four other Officers. The Fiscal Council, composed of three sitting members and their alternates, with a term of office of one year, has the duties and powers provided for in Law 6404/76.

Capital Market

In 2015, daily traded volume of Estácio's shares trading averaged $46.9 million, 40.2% less than in 2014 but still among the most liquid shares traded on the BM&FBovespa. The decrease in the liquidity of the shares was mainly due to the depreciation of the Company's shares, which closed the year at R$13.95, 40.4% down on the end of the previous year, impacted mainly by the uncertainty environment in the country and negative news about student's funding from the Government.

OTCQX

In November 2015, Estácio's American Depositary Receipts (ADRs) began trading in the International Premier segment of the OTCQX electronic platform operated by OTC Markets Group Inc., in the United States. This initiative reinforces the Company's commitment to increasing the liquidity of its ADR program and offering its investors new alternatives for trading its securities in U.S. over-the-counter markets. It also underlines the Company's commitment to transparency, since real-time rates and financial information will be available on the website.

Debenture Issue

On September 30, Estácio completed the public offering of simple debentures, not convertible into shares, unsecured, of the Company's third issue, gathering a total of R$187 million. The debentures have a term of two years, winning, so in September 2017. The proceeds from this offer will be used to strengthen the Company's cash position in order to meet its expansion and investment policy.

Share Buyback

On August 6, 2015, Estácio announced the approval of its 4th share buyback program, involving the repurchase of up to 9,500,550 non-par registered common shares, equivalent, on the program approval date, to 3% of the total number of shares issued by the Company. The program will terminate on July 29, 2016.

Investor Relations

The Investor Relations area focuses on improving the market's perception of the Company, increasing the liquidity of its shares, and strengthening its relations with investors. Since 2010, we have relied on new communication channels that allow us to keep shareholders constantly informed, increase transparency, and provide updated IR information through the leading social media channels. We also make sure that our website is functional, easy to use and fully up to date. The IR area also has a specific app, available for download at the APP Store and Google Play.

Sustainability and Corporate Social Responsibility

Educating to Transform Program

The Educating to Transform Program underpins Estácio's corporate social responsibility initiatives, organizing them into the Company's four pillars through which it contributes to the country's social

development in a structured manner: Estácio in Sport, Estácio at School, Estácio Citizenship and Estácio in Culture.

At the end of 2014, management of the program was concentrated in a single area of the Company, Social Responsibility and Partnerships, making it more cohesive, integrated and comprehensive. With a team dedicated to the four pillars, the synergies between the projects became clearer, giving rise to new possibilities and proposals. As the program matured, the selection of projects – supported or not by the incentive laws – became more strategic.

In order to democratize access and ensure more positive experiences for our students and faculty nationwide, we sought to expand into new locations. We invested increasingly in relations with communities and public authorities, and strengthened relations with our partners, dialogue with all of whom matured in 2015. With a view to ensuring long-term relationships – changes do not occur overnight in the social area – we reinforced ties, improved our operational policy and included a new source of strength in this movement where we act above all as catalysts: our employees.

By launching the Estácio Volunteer portal, we encouraged the participation and engagement of our faculty and employees, consistently involving them in our mission to transform society through education.

Estácio in Sport

For Estácio, education is more than just passing on knowledge – it involves constructing values, motivating people to excel and increasing their autonomy, underpinned by ethical behavior, team work and social commitment. Sport includes all these components, making it an essential part of the learning process and a key ingredient in the formation of citizenship. For this reason, we invest in social initiatives and projects that integrate sport and education, promoting lasting individual and collective transformation.

Thinking of the thousands of Brazilian youngsters whose idols are an inspiration and who regard sport as giving them a real chance to grow, we sponsor major sporting events and athletes, helping to build champions both inside and outside of sport. It was thanks to this outlook, together with a long history of sports sponsorship, that we became the official university of the Rio 2016 Olympic Games.

Scholarships

In order for the race track, swimming pool and gymnastics champions to succeed in other areas, their sporting activities have to be complemented by a sound education. Estácio provides more than 300 sportspersons with on-campus and distance-learning scholarships. Youngsters from the institutions we support, promising juniors, high performance athletes and those with a real chance of winning medals in the 2016 Rio Olympics all study with us in various regions of the country. Sporting stars such as Olympic gymnast Daniele Hypólito, current world surfing champion Adriano “Mineirinho” de Souza, and 200-meter medalist Bárbara Leôncio, as well as other Estácio students, became the first members of their families to take an undergraduate course.

We also sponsor tennis players Bruno Soares, Teliana Pereira, Fabiano de Paula and Thiago Monteiro, as well as the Flamengo basketball team, three-time national champion, and several important events, including the Rio Open Tennis Championship, the Brazil Open Tennis Championship and the Davis Cup.

Partnerships

We maintain partnerships with several sports-related institutions, including the COB (Brazilian Olympic Committee), the IOB (Brazilian Olympic Institute) and the Brazilian Volleyball, Tennis, Table Tennis, Basketball and Water Sports Confederations. We also sponsor NGOs with consistent social projects involving sport and education, such as the Kinder, Fernanda Keller, Tennis Route, Guga Kuerten and Reação Institutes, the latter founded by former judoka Flavio Canto, who maintains a high-performance training center in one of our units in Rio de Janeiro.

Sports Caravan

The Sports Caravan is a major social initiative and mobilization movement involving education, culture, sports and leisure. Based on the educational sport principle, it is present in Brazilian municipalities with the lowest Human Development Index (HDI), uniting professors, athletes, institutions and sports organizations, in order to ensure that these communities have a sporting legacy. In addition to supporting the project, our students and faculty members are part of the Caravan team, assisting the communities during each season.

Cuidar

The Flamengo Club's High Performance Athlete Identification and Development Center (CUIDAR) uses the most modern scientific methods to evaluate, prepare and enhance athletes' technical performance. By implementing a sports science center, the club will have a better set of tools with which to develop high-performance sport through the multidisciplinary monitoring of the athletes' progress.

Estácio in Rio 2016 and the ESTÀCIO TEAM of university athletes

Estácio is the official university of the 2016 Rio Olympics and has already begun training and preparing 50,000 volunteers for the event. In addition to the volunteer training program, we also launched the ESTÁCIO TEAM of university athletes as part of the Estácio in Sport social responsibility platform. In an event held in Rio de Janeiro, in association with the Brazilian Olympic Committee, the Brazilian Paralympic Committee and NBA in Brazil, 300 athletes with scholarships or who are sponsored by their Estácio institutions were selected to represent our brand in the national and international sporting world, including Adriano Mineirinho, world surfing champion; tennis players Bruno Soares, Teliana Pereira, Thiago Monteiro and Marcelo Demoliner; the sprinter Barbara Leôncio; former gymnast Laís Souza; gymnast Daniele Hypólito; and Taekwondo practitioner Lohanne Tavares. Flamengo's champion basketball team is also part of the Estácio Team, as well as the Constelação/Estácio futsal teams in Roraima. Guga Kuerten, former world tennis champion and Estácio distance-learning student is the Ambassador of our brand.

Estácio at School

Education is a continuous process with a strong multiplying effect and the power to transform society. To ensure that the process reaches its end and is not interrupted, we invest in initiatives that motivate and improve Brazil's educational system, impacting high school and elementary school students and teachers, especially in the public network. We operate on several fronts, liaising with government officials in the education area, supporting schools, promoting the exchange of experience between our students and faculty and public school students, and encouraging transformative educational initiatives, such as the recently-created "Estácio – Educator Territory - School, Professor and the Community Award".

III Teaching Degree Fair

Held in association with the Rio de Janeiro State Education Department, the fair involves the exchange of experiences between our faculty members and high-school students, addressing the challenges and rewards of their chosen profession and motivating these students to gain a teaching degree and become educators.

EducAÇÃO Estácio

EducAÇÃO Estácio promotes activities for high-school students throughout Brazil. The project is usually held on our campuses by Estácio's faculty and students and involves topics such as Sustainability or Law, or examples of professions, such as that held by the Estácio Uniseb University Center, in Ribeirão Preto, which attracted 1,100 high-school students in a single day.

Estácio – Educator Territory Award

Created in 2015 in association with the Tomie Ohtake Institute, the "Estácio – Educator Territory - School, Professor and the Community Award" fosters education initiatives outside the school environment, integrating educators, students and the surrounding community in an innovative educational proposal. Open to public elementary school teachers in São Paulo city, the award will begin in 2016 and will offer theoretical and practical support for the implementation of participatory projects, thereby benefiting the teachers.

Solar Meninos de Luz

Estácio has been helping Solar Meninos de Luz, providing financial support and granting scholarships to its students and employees since 2014. Solar assists nearly 400 underprivileged children and teenagers from the Pavão-Pavãozinho and Cantagalo communities in Rio de Janeiro.

Estácio Citizenship

When putting our mission of educating to transform into practice, we rapidly realized that we were not alone. Our social responsibility team identified institutes and NGOs that had similar ideas, but which were focusing, for various reasons, on elementary school only. After identifying the opportunity, we began supporting them, providing hundreds of youngsters assisted by these institutions with an

essential step forward: entry into post-secondary education. Through scholarships, youngsters from the Criar, Reação, Fernanda Keller, Criança and Kinder do Brasil institutes, among others, now study at Estácio.

With the launch of our volunteer platform in 2015, relations with our partners became even closer and will without doubt bear even more fruit in the future.

Estácio Volunteer Portal

Launched in 2015, the Estácio Volunteer Portal enables and encourages the engagement of our faculty and administrative employees, consistently involving them in our mission to transform society through education. Thanks to the portal, we were able to unite two key parts of our relationship chain: our partners in the social responsibility area and our employees. In the next step, we will engage our students. Find out more at: www.estacio.br/voluntario

Solidarity Day - an example of volunteer initiatives

On December 5, 2015, Estácio, through the volunteer portal, took part in Solidarity Day, a GPA Group initiative that aims to raise society's awareness of hunger in Brazil, when all Pão de Açúcar, Extra and Assaí stores engaged in a major initiative to collect non-perishable food. Our 29 volunteers worked at the Extra Taquara and Pão de Açúcar Copacabana units, in Rio de Janeiro. The entities chosen by Estácio to receive the benefits were: the Anjo Gabriel day care center, and the NGOs Alfa and Solar Meninos de Luz. The GPA Institute donated another 1 kg for each 10 kg of food collected.

I Social Responsibility Forum

Another initiative that exemplifies the deepening of dialogue with our partners, the first Estácio Social Responsibility Forum officially presented the Educating to Transform Program, paid tribute to prominent figures in the cultural, citizenship, sporting and education areas and organized a Social Responsibility Panel to discuss topics of great interest to the service sector, such as social investment, social business management, incentive laws and the qualification of socially vulnerable youngsters.

Solidary Freshmen Initiation

The Solidary Freshmen Initiation program has a double purpose: integrating senior students and newcomers and bringing Estácio closer to its surrounding communities through social responsibility initiatives. All units have the autonomy to create their own actions, which involve volunteerism, education, health, the collection of food and clothing for donation, mass clean-ups, blood donation campaigns, the recycling of materials, and workshops, among others.

E Day

E Day, an initiative to disseminate the culture of volunteerism, has already become a special date in the Estácio calendar. Held on May 27, it mobilized 8,000 employees in a healthy exercise of citizenship, benefitting 50,000 people around Brazil.

Estácio in Culture

Culture plays a key role in developing citizenship, forming critical and aesthetic senses and expanding individuals' world view. Given our belief in its transforming role, we promote and sponsor a series of theater projects, musical shows, exhibitions, films and books with social and cultural relevance. We are also the maintaining institution of Monumento a Estácio de Sá, in Rio de Janeiro/RJ, a space that holds art exhibitions and cultural events open to the public.

In 2015, we improved our process of selecting projects supported by incentive laws, seeking to generate more positive experiences for our students and professors throughout Brazil. We reached out to new areas outside the major cities and reproduced successful projects in new locations and regions, democratizing access to cultural assets in order to leave a consistent legacy for the communities involved.

Art Rio

More than an art fair, ArtRio is recognized by the public as a unique event, an opportunity to view works by renowned and new artists in a single space. The event, held annually in the city of Rio de Janeiro, contributes actively throughout the year to the success of the art production chain and has a strong stimulating role, supporting exhibitions, distinguishing new galleries and educating young artists, thereby building an artistic legacy for the Brazilian public, eager consumers of art and culture.

Music on the Road

Music on the Road is one of the biggest cultural projects in the North of the country, covering the six states of the Brazilian Amazon region. In its fifth edition, the festival was expanded to include instrumental music and the performing arts. The project, which is free of charge, was held in October and November 2015 in several cities, including Manaus (AM), Rio Branco (AC), Porto Velho (RO), Boa Vista (RR) and, for the first time, Belém (PA) and Macapá (AP). Leila Pinheiro, Roberto Menescal, the Amazonas Dance Company and the Pará Chamber Music Ensemble were some of the attractions.

Books in the Park

The Books in the Park project, which seeks to encourage the habit of reading, uses a "library bus" to take a collection of two thousand books to areas where there are no libraries. There are books in Braille for adults and children and the space was also designed for people with disabilities. Held for three years in Rio de Janeiro, in 2015 the project was expanded to three Northeast state capitals: Salvador, Maceió and Aracaju.

Eastern Expedition - the Schurmann Family

The round-the-world trip on board the sailing ship Kat began on September 21, 2014 and will end in December 2016. Estácio participates in the adventure as one of the sponsors of the expedition, which crosses four oceans and visits 50 ports in 29 countries in five continents. It is worth noting that the Kat is equipped with efficient water and energy consumption features, among other sustainability requirements. Find out more at: www.expedicaooriente.com.br.

Rio Eu Amo Eu Cuido

Rio Eu Amo Eu Cuido (Rio, I love it and I take care of it) is a non-profit movement supported by Estácio, which believes in improving the city through small gestures. With creative ideas, it mobilizes volunteers for initiatives such as the "Rio Eu Amo Eu Cuido – da Praça" competition, in which Estácio Architecture and Urban Planning students were invited to design projects to occupy a square in the city.

Rio Tour

Conducted by history teachers, this project highlights the history, culture and curiosities of Rio neighborhoods far from the tourist areas through guided tours.

Sustainability

In 2015, Estácio continued to monitor the progress of the metrics of its five sustainability areas: Environmental, Economic, Social, Governance and Post-Secondary Education. For the second consecutive year, it prepared its Sustainability Report based on the Global Reporting Initiative (GRI) guidelines, version G4/Essential.

Sustainability and Social Responsibility Week

Between September 14 and 19, 2015, Estácio held its Third Sustainability and Social Responsibility Week, with more than 400 free activities for the population in 22 states and the Federal District. The event underlined the fact that sustainability is a desired attribute of our brand and a permanent ingredient in the execution of our mission. In 2015, the campaign encouraged conscious consumption and leadership, i.e. doing more with less.

More than 70 Estácio campuses participated in the event, promoting cultural attractions, lectures and round tables with specialists in sustainability and partner institutions, and several workshops, in addition to a series of social initiatives, undertaken by students and professors, and the provision of various services to the local population.

Sustainability Week took place in parallel with the social responsibility campaign of the Brazilian Association of Post-Secondary Education Controlling Institutions (ABMES). All the participating units received the Socially Responsible Institution seal.

Employees

The 2015 results also reflect our employees' engagement with the Company's business model and organizational culture. Following heavy investments in the training and development of its academic and management teams, Estácio closed the year with 15,475 employees, 9,903 of whom faculty members and 5,572 in administrative and educational support positions. In 2015 as a whole, the Institution paid R$1,262 billion in payroll and benefits.

The success of our internal policies and the consolidation of our leaderships were once again reflected in Estácio's Annual Climate Survey, concluded in December. We achieved our favorability goal, with a

75% approval rating from our employees throughout Brazil, two percentage points more than in the previous edition.

Focused on the permanent pursuit of improvement, whether in processes, people and products, Estácio believes in the constant training of its employees in order to further improve their skills and abilities. In 2015, we invested R$2,5 million to train faculty members and administrative staff.

Throughout the year, we maintained all of our already consolidated qualification and development projects, such as the Trainee Program, Graduate Studies in Post-Secondary Education Institution Management, the Portfolio group of courses, the Faculty Training Incentive Program, the Coordinator's Course, and First Steps in Management. Educare, the Estácio Corporate University, also launched several new programs, including:

• Estácio Leader DNA Program, aimed at enhancing and consolidating leaders' behavioral and managerial skills;

• On-Campus Immersion Program, designed to raise the awareness of recently-hired service employees on the behaviors and attitudes expected in their positions;

• Work Safety Program, raising awareness of the need to prevent workplace accidents and instilling firefighting skills;

• Continuous Improvement Program, designed to develop and enhance the skills and abilities of a group of potential employees;

• Continuous Improvement of CSC Coordinators Program, aimed at raising awareness of work processes, identifying personal and process-related variables that make it difficult to accomplish results and map work flow bottlenecks;

• White Belt Program, designed to train employees in the Six Sigma methodology.

In the two years of Educare, Estácio has offered more than 1.6 million training hours in more than 90 subjects, as well as 16 lectures.

Faculty Training Incentive Program

The Faculty Training Incentive Program - PIQ is one of the most important training investment pillars. In 2015, 21,730 of Estácio's professors took part in the Program, which is divided into four modalities: PIQ Continued Training, PIQ Merit, PIQ Compensation and PIQ Forum.

PIQ Continued Training

In 2015, 21,677 faculty members from all regions of Brazil took part in the PIQ Continued Training program, which is aimed at academic improvement and keeping faculty abreast of the latest teaching advances, and whose purpose is to generate an identity of excellence in Estácio's academic model, creating a platform for constant updates and improvements.

PIQ Merit

The purpose of PIQ Merit is to acknowledge faculty's output, and improve post-secondary education and research activities, as well as to enhance the production of scientifically and socially important knowledge. It encompasses the National Scientific Production Contest, Extension Projects and the Outstanding Faculty Program, which recognizes and motivates the performance of faculty members as a means of strengthening their ties with Estácio, deepening their commitment to our mission, vision and values.

In 2015, Estácio offered 53 master's and doctoral scholarships and 168 sponsored participations in scientific events. In addition, 50 professors received awards for scientific articles, extension projects and studies.

The program began in 2011 and currently offers a total of 95 active master's and doctoral study grants for courses in Estácio and elsewhere, through which 109 professors have already been qualified. Sponsorship of scientific events also allowed 473 professors to represent Estácio at congresses.

PIQ Compensation

PIQ Compensation is the meritocracy culture applied to Estácio's faculty, identifying and recognizing the most outstanding professors in their fields. The variable compensation benefits the top 25% of those professors with the best performance according to criteria established by the People Management and Operational areas.

PIQ Forum

PIQ Forum unites professors from every region of Brazil at a major event: the Annual Faculty Forum. In 2015, 1,200 professors from all over the country took part in the PIQ Forum entitled "Together on the Path of Excellence" aimed at disseminating Estácio's academic model, where virtual classrooms coexist with the use of education technologies, stimulating our professors to develop their education strategies in a creative manner and manage their students' performance more effectively.

Management System and Variable Compensation

Estácio has more than 580 managers with specific targets based on financial and non-financial indicators. With the exception of trainees, underage apprentices and third parties, all our administrative employees are eligible for bonus programs, in accordance with the performance of their area and of the Company as a whole. Estácio also has specific compensation programs for coordinators and professors. In addition, 102 of our executives participate in the stock option plan.

Held in April, 2015, Estácio's annual senior management meeting brought together 450 executives to discuss the topic "Educating to Transform". Focused on the 2020 Vision and Estácio's 45 years of operations, the meeting generated strong results in regard to the progress and maturation of our projects, as well as providing an opportunity for the dissemination of best practices and the transmission of priority targets and projects for 2015. The event's main lecturer was journalist Miriam Leitão.

Estácio also moved ahead with its Management Excellence Program – PEG, through which the units evaluate themselves in relation to the benchmark standards expected for financial-administrative, commercial, service-related, academic, and people management processes. In 2015, we concluded the third cycle of PEG evaluations, recognizing and rewarding the highest performing units. By using the Six Sigma methodology, implemented in 2012, Estácio is also qualifying a team of green belts and, subsequently, black belts, specialized in implementing the methodology for strategic projects.

As part of the continuous results monitoring process, its Management System adds to Operational Performance Management - GDO, a series of other systematized meetings such as Academic Development Management - GDA, focused on teaching, and Corporate Development Management - GDC, which enables direct interaction between the administrative-financial and unit quality areas and the People, Management & Services and Financial & Investor Relations areas.

The Company also has an internal online Standardization Management system – SGP, which compiles information on all of Estácio's regulatory documents. The transparency of our processes, policies and institutional guidelines, as well as their easy access, helps with the execution of tasks, encourages learning and helps ensure quality.

Corporate Relations

In 2015, Estácio celebrated its 45th anniversary by promoting several initiatives with important stakeholders, including students, employees, the community, journalists and authorities. The highlight was the Contemporary Corporate Law Forum, held in August in Rio de Janeiro, which was attended by several legal experts, including the Chairman of the Federal Council of the Brazilian Bar Association, Marcos Vinicius Furtado Coelho and Federal Accounting Court Minister, Augusto Nardes, as well as several internationally renowned authorities, such as José Manuel Durão Barroso, former President of the European Union. We also received the Chief Prosecutor of the Carwash operation, Deltan Dallagnol, in our units in Santa Catarina and Rio de Janeiro. Law was the first course offered by Estácio in 1970.

In 2015, the Company continued to maintain close ties with federal, state and municipal governments, always based on professionalism and the highest standards of ethics and transparency. Our team in Brasília continued helping all the Estácio Group's institutions in processes with the regulators, monitoring educational issues that interest the Company and the industry in the executive, legislative and judicial spheres.

Our regional leaderships, present in nearly 50 cities, continued with their institutional relationship agenda, receiving and visiting governors, mayors, professional associations, local leaders and opinion makers in general, always honoring Estácio.

The Brazilian Association for the Development of Post-Secondary Education (ABRAES), an entity that unites companies in the education sector with the highest corporate governance standards (Estácio, Kroton, Laurate, Devry, ANIMA and SER), which Estácio founded, gained increasing importance in its third year of operations, executing initiatives to defend the legitimate interests of the private education sector.

After several months of intense work and negotiations with the government, at the close of 2015 ABRAES obtained an important victory for the sector with the execution of a judicial agreement establishing equality among post-secondary education institutions, defining conditions and deadlines for the payment of FIES installments, with which the FNDE, the program's managing body, did not comply in 2015, and creating a monthly calendar for the full issue of Certificates and their buybacks.

With a strong performance on all these fronts, we substantially expanded our role as government authority interlocutors in the discussion and development of public policies aimed at the educational inclusion of an increasing number of Brazilians.

In 2015, Estácio successfully held the fifth edition of the Estácio Journalism Awards which once again recognized the best media coverage of post-secondary education. In addition to regional and national winners, the award grants the Grand Estácio Journalism Prize to the best article produced in the year, won this year by Fábio Takahashi from the newspaper Folha de S.Paulo, who emphasized the importance of the program for professional journalism. "The Estácio Journalism Prize values our work. It is a showcase for our daily activities."

We also held the second Innovation and Education Workshop, which was attended by dozens of journalists interested in finding out what innovations the education sector, and Estácio in particular, had to offer in the university environment, contributing to the construction of future education.

2015 was the third year of construction of the Estácio Sports Platform. The project is gaining strength all the time and we are currently partners of several sport-related confederations, federations and institutes. The Estácio team has 300 athletes, from basic to high performance level, studying and being supported with scholarships and sponsorships.

Guga Kuerten is now our Ambassador. We are the official University of the Rio 2016 Olympic Games, being responsible for creating and managing the entire program for selecting and training the volunteers who will help at the event. More than 100,000 volunteers were selected from Estácio campuses in 14 Brazilian cities. In 2016, five training centers will be created inside Estácio units to train these volunteers. This project involves the participation of 120 faculty members.

We continued promoting and supporting sporting events nationwide and carried on with our intensive project with Brazil's Paralympic Committee involving a career transition program. We continued supporting several IOB/COB projects and began building an innovative program for training basketball coaches in association with the CBB/ LNB / NBB, which can be replicated in other sports.

In order to complement the education offered to our students in the classroom, we continued to sponsor culture and art throughout the country. In 2015, more than 20 literary, theater, music and cinema projects were sponsored by Estácio.

We also maintained our partnership with Rock in Rio, training 600 volunteers to help out at this important and renowned musical event.

Estácio continues to be attentive to the needs of its surrounding communities and society as a whole and plays a collaborative role in resolving those needs on several fronts, underlining its commitment to its mission of "Educating to Transform".

Independent auditors

Pursuant to CVM Instruction 381/2003, which addresses the provision of other services by our independent auditors, Estácio's policy regarding relations with its independent auditors and their provision of services not related to the external audit is guided by principles that preserve their independence. We hired PricewaterhouseCoopers Auditores Independentes to audit Estácio's individual and consolidated financial statements for the fiscal year ended December 31, 2015, prepared in accordance with Brazilian accounting practices. The fee for the external audit was R$1,255,476.93. We also contracted PricewaterhouseCoopers for additional services not related to the examination of our financial statements and the fees referring to each service are shown below.

Service	Fee	Term	Nature
Audit	1.224.489,38	April 2015 to March 2016	Quarterly reviews and analysis of the 2015 financial statements
Tax	52,699.55	December 2014	Tax Review - Last 5 years
Risk	170,996.71	August 2015 to December 2015	Advisory services - Risk Management Project
Training	13,000.00	August 2015	Withholding income tax training
TOTAL	**191.461.186,04**		

Arbitration Clause

Estácio Participações is bound by decisions of the Market Arbitration Chamber, as per Article XII of the Company's Bylaws.

Acknowledgements

All our achievements in 2015 were only possible thanks to the support and trust of the shareholders, students, suppliers and financial institutions and, especially, the dedication and efforts of our faculty and employees. We trust we can rely on this same support and dedication in 2016.

Many thanks!

Management

Statement by the Executive Board

In compliance with Article 25, V and VII of CVM Instruction 480/2009, the members of the Board of Executive Officers of Estácio Participações S.A. hereby declare, unanimously and without dissent, that they have reviewed, discussed and agree with the content of the Company's financial statements and the unqualified opinion in the independent auditor's report issued by PricewaterhouseCoopers Auditores Independentes, both of which for the fiscal year ended December 31, 2015.

Rio de Janeiro, March 10, 2016.

Rogério Frota Melzi, Virgílio Deloy Capobianco Gibbon, Pedro Jorge Guterres Quintans Graça, Miguel Filisbino Pereira de Paula, Gilberto Teixeira de Castro, João Luis Tenreiro Barroso and Marcos de Oliveira Lemos.

For details on the analysis of our 2015 results, see our website:

www.estacioparticipacoes.com.br