# *GAEC Educação S.A. and subsidiaries*

*Interim Financial Information for the three-month period ended March 31, 2016 and Independent Auditor's Report*

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# INDEPENDENT AUDITOR'S REPORT ON THE INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Gaec Educação S.A.
São Paulo - SP

## Introduction

We have reviewed the interim financial information of GAEC Educação S.A., identified as Company and Consolidated, respectively, included in the Interim Financial Information (ITR) for the quarter ended March 31, 2016, comprising the statement of financial position as at March 31, 2016 and the respective statements of operations and comprehensive income for the three-month period then ended and statements of changes in equity and cash flows for the three-month period then ended, including the notes.

Management is responsible for preparing this company and consolidated interim financial information in accordance with the Technical Pronouncement CPC 21 (R1) – Interim Financial Information and IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and presenting it in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of review

We conducted our review in accordance with the Brazilian and international standards on review of interim financial information (NBC TR 2410 – "*Revisão de Informações Intermediárias Executada pelo Auditor da Entidade*" and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with standards on auditing and consequently does not enable us to be assured that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion on the interim financial information

Based on our review, nothing has come to our attention that would lead us to believe that the accompanying company and consolidated interim financial information included in the above-mentioned Interim Information Form was not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Interim Information Form (ITR) and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission.

## Other matters

### Statements of value added

We also reviewed the company and consolidated statements of value added (DVA) for the three-month period ended March 31, 2016, prepared under the responsibility of the Company's Management, whose disclosure in the interim financial information is required in accordance with the regulations issued by the Brazilian Securities and Exchange Commission (CVM) for the preparation of the Interim Financial Information (ITR), and considered as additional information under IFRSs, which do not require this disclosure. These statements were submitted to the same review procedures previously described and, based on our review, nothing has come to our attention that would lead us to believe that they have not been prepared, in all material respects, in accordance with the company and consolidated interim financial information taken as a whole.

Belo Horizonte, May 10, 2016

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GAEC EDUCAÇÃO S.A.

# STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

Amounts in thousands of Brazilian reais - R$

| | | Company | | Consolidated | |
|---|---|---|---|---|---|
| ASSETS | Note | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 7 | 1,509 | 1,411 | 24,477 | 25.480 |
| Short-term investments | 7 | 119,885 | 153,482 | 125,647 | 159.058 |
| Trade receivables | 8 and 30 | 6,762 | 8,280 | 258,352 | 165.855 |
| Sundry advances | 9 | 517 | 671 | 13,264 | 19.001 |
| Dividends receivable | | 56,858 | 56,858 | - | - |
| Recoverable taxes | 10 | 2,677 | 2,029 | 8,819 | 8.288 |
| Derivatives | 31 | 3,170 | 12,093 | 3,170 | 12.093 |
| Other current assets | | 52 | 56 | 10,195 | 4.349 |
| Total current assets | | 191.430 | 234,880 | 443,924 | 394.124 |
| NONCURRENT ASSETS | | | | | |
| Trade receivables | 8 and 30 | - | - | 128,418 | 123.397 |
| Sundry advances | 9 | - | - | 4,436 | 2.983 |
| Escrow deposits | 22 | 43 | 42 | 31,191 | 27.915 |
| Loans with related parties | 30 | - | - | 12 | 12 |
| Recoverable taxes | 10 | 2,090 | 3,590 | 6,391 | 7.525 |
| Derivatives | 31 | - | 10,725 | - | 10.725 |
| Other noncurrent assets | | - | - | 14,751 | 10.534 |
| Investments | 12 | 799,490 | 716,985 | - | - |
| Property and equipment | 13 | 4,597 | 3,901 | 211,126 | 145.958 |
| Intangible assets | 14 | 13,835 | 12,132 | 498,212 | 452.604 |
| Total noncurrent assets | | 820,055 | 747,375 | 894,537 | 781.653 |
| TOTAL ASSETS | | 1,011,485 | 982,255 | 1,338,461 | 1,175,777 |

| | | Company | | Consolidated | |
|---|---|---|---|---|---|
| LIABILITIES AND EQUITY | Note | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 15 | 1,956 | 3,315 | 19.085 | 19.606 |
| Borrowings and financing | 16 | 103,565 | 109,399 | 138.213 | 124.192 |
| Labor and related taxes | 17 | 6,719 | 7,097 | 49.859 | 46.358 |
| Taxes payable | 18 | 689 | 901 | 8.511 | 10.690 |
| Advances from clients | 19 | - | - | 22.568 | 21.042 |
| Taxes and contributions paid in installments | 20 | - | - | 163 | 180 |
| Notes payable | 21 | - | - | 3.323 | - |
| Dividends payable | | 15,266 | 15,266 | 15.266 | 15.266 |
| Derivatives | 31 | 1.393 | - | 1.624 | - |
| Other current liabilities | | 11 | 11 | 604 | 730 |
| Total current liabilities | | 129.599 | 135,989 | 259.216 | 238.064 |
| NONCURRENT LIABILITIES | | | | | |
| Borrowings and financing | 16 | 188,821 | 201,820 | 233.067 | 230.263 |
| Notes payable | 21 | - | - | 25.891 | - |
| Taxes and contributions paid in installments | 20 | - | - | 3.333 | 3.387 |
| Deferred income tax and social contribution | 11 | - | - | 25.315 | 15.320 |
| Provision for labor, tax and civil risks | 22 | 2,142 | 2,328 | 100.232 | 46.092 |
| Derivatives | 31 | 4,469 | - | 4.469 | - |
| Other noncurrent liabilities | | - | - | 484 | 533 |
| Total noncurrent liabilities | | 195.432 | 204,148 | 392.791 | 295.595 |
| TOTAL LIABILITIES | | 325.031 | 340,137 | 652.007 | 533.659 |
| EQUITY | | | | | |
| Capital | 23 | 496,411 | 496,411 | 496.411 | 496.411 |
| Capital reserve | | 1,231 | 1,231 | 1.231 | 1.231 |
| Profit reserve | | 217,191 | 217,191 | 217.191 | 217.191 |
| Treasury shares | | (11,568) | (3,149) | (11.568) | (3.149) |
| Equity valuation adjustment | | (69,566) | (69,566) | (69.566) | (69.566) |
| Retained earnings | | 52,755 | - | 52.755 | - |
| Total equity | | 686,454 | 642,118 | 686.454 | 642.118 |
| TOTAL EQUITY AND LIABILITIES | | 1,011,485 | 982,255 | 1,338,461 | 1,175,777 |

The notes are an integral part of the interim financial information.

GAEC EDUCAÇÃO S.A.

STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016
Amounts in thousands of Brazilian reais - R$

| | | Company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| NET REVENUE | 25 | 629 | 581 | 235,289 | 218,018 |
| COST OF PRODUCTS AND SERVICES | 26 | (3,590) | (5,443) | (121,867) | (100,583) |
| GROSS (LOSS) INCOME | | (2,961) | (4,862) | 113,422 | 117,435 |
| OPERATING (EXPENSES) INCOME | | | | | |
| Selling expenses | 26 | (398) | (188) | (13,244) | (13,878) |
| General and administrative expenses | 26 | (350) | (315) | (43,997) | (40,129) |
| Equity in the earnings (losses) of subsidiaries | 12 | 61,874 | 69,755 | - | - |
| Other operating (expenses) income | 26 | 700 | 351 | (2,217) | (2,000) |
| | | 61,826 | 69,603 | (59,458) | (56,007) |
| EARNINGS BEFORE FINANCIAL RESULT | | 58,865 | 64,741 | 53,964 | 61,428 |
| Finance income (expenses) | 28 | (6,110) | (905) | (1,159) | 2,401 |
| INCOME BEFORE INCOME TAXES | | 52,755 | 63,836 | 52,805 | 63,829 |
| Current and deferred income tax and social contribution | 11 | - | - | (50) | 7 |
| PROFIT FOR THE PERIOD | | 52,755 | 63,836 | 52,755 | 63,836 |
| PROFIT FOR THE PERIOD ATTRIBUTABLE TO | | | | | |
| Owners of the company | | 52,755 | 63,836 | 52,755 | 63,836 |
| EARNINGS PER SHARE | | 0.64 | 0.77 | 0.64 | 0.77 |

The notes are an integral part of the interim financial information.

GAEC EDUCAÇÃO S.A.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016
Amounts in thousands of Brazilian reais - R$

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| NET INCOME FOR THE PERIOD | 52,755 | 63,836 | 52,755 | 63,836 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 52,755 | 63,836 | 52,755 | 63,836 |
| COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO | | | | |
| Owners of the company | 52,755 | 63,836 | 52,755 | 63,836 |

The notes are an integral part of the interim financial information.

GAEC EDUCAÇÃO S.A.

STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016
Amounts in thousands of Brazilian reais - R$

| | | | | Profit reserve | | Equity valuation adjustments | | |
|---|---|---|---|---|---|---|---|---|
| | Capital | Capital reserve | Treasury shares | Legal reserve | Profit retention | Goodwill on capital transactions | Retained earnings | Total do equity |
| BALANCES AT DECEMBER 31, 2014 | 496,411 | 1,232 | (11) | 10,168 | 158,068 | (69,566) | - | 596,302 |
| Incentive plan | - | (1) | 1 | - | - | - | - | - |
| Profit for the period | - | - | - | - | - | - | 63,836 | 63,836 |
| BALANCES AT MARCH 31, 2015 | 496,411 | 1,231 | (10) | 10,168 | 158,068 | (69,566) | 63,836 | 660,138 |
| BALANCES AT DECEMBER 31, 2015 | 496,411 | 1,231 | (3,149) | 13,378 | 203,813 | (69,566) | - | 642,118 |
| Acquisition of treasury shares | - | - | (8,419) | - | - | - | - | (8,419) |
| Profit for the period | - | - | - | - | - | - | 52,755 | 52,755 |
| BALANCES AT MARCH 31, 2016 | 496,411 - | 1,231 - | (11,568) - | 13,378 | 203,813 | (69,566) | 52,755 | 686,454 |

The notes are an integral part of the interim financial information.

GAEC EDUCAÇÃO S.A.

STATEMENT OF CASH FLOW
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016
Amounts in thousands of Brazilian reais - R$

| | | Company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Profit for the period | | 52,755 | 63,836 | 52,755 | 63,836 |
| Adjustments for: | | | | | |
| Allowance for doubtful accounts | 26 | - | - | 6,970 | 7.824 |
| Restatement of escrow deposits | 22 | (1) | - | (812) | (580) |
| Depreciation and amortization | 26 | 1,055 | 635 | 8,515 | 7.110 |
| Write-off of the residual value of property and equipment and intangible assets | 13/14 | 30 | - | 1,418 | 4 |
| Equity income | 12 | (61,874) | (69,755) | - | - |
| Investment loss | | - | - | 36 | - |
| Expenses with interest from loans, borrowings and tax installments | | 10,439 | 1,824 | 12,932 | 4.234 |
| Recognition, restatement and reversal of the provision for labor, tax and civil risks | 26 | (186) | (76) | 3,067 | 2.792 |
| Present value adjustment expenses and notes monetary restatement | 28 | - | 166 | 1,071 | 183 |
| Gain with present value adjustment and FIES inflation adjustment | | - | - | (6,433) | - |
| Current and deferred income tax and social contribution | 11 | - | - | 50 | (7) |
| | | 2,218 | (3,370) | 79,569 | 85.396 |
| Variation in operating assets and liabilities: | | | | | |
| Decrease (increase) in trade receivables | | 1,518 | 3,012 | (83,642) | (66,665) |
| Decrease in sundry advances | | 154 | 8 | 6,502 | 10,174 |
| Increase in escrow deposits | 22 | - | - | (2,224) | (1,984) |
| Decrease (increase) in recoverable taxes and contributions | | 852 | (28) | 1,307 | (428) |
| Decrease (increase) in other assets | | 4 | 9 | (320) | (4,339) |
| (Decrease) increase in trade payables | | (1,359) | 157 | (2,494) | 5,547 |
| (Decrease) increase in payroll and related taxes | | (590) | 1,061 | (2,387) | (164) |
| (Decrease) increase in advances from clients | | - | - | 625 | (3,596) |
| Decrease in taxes and contributions paid in installments | | - | - | (104) | (92) |
| Decrease in the provision for labor, tax and civil risks | 22 | - | (40) | (1,053) | (1,879) |
| Decrease in other liabilities | | - | - | (175) | (739) |
| | | 579 | 4,179 | (4,396) | (64,165) |
| Interest paid | | (3,974) | (1,059) | (6,256) | (3,695) |
| Income tax and social contribution paid | | - | - | (268) | - |
| Net cash (used in) generated by operating activities | | (1,177) | (250) | (10,920) | 17,536 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Capital increase in subsidiary | 12 | (20,631) | (3,370) | - | - |
| Acquisition of subsidiaries net of cash acquired | | - | - | 5,251 | - |
| Redemption of financial investments | | 38,005 | 6,205 | 38,464 | 30,440 |
| Income from financial investments | | (4,408) | (950) | (4,956) | (3,565) |
| Acquisition of property and equipment | 13 | (925) | (437) | (9,214) | (17,545) |
| Acquisition of intangible assets | 14 | (2,559) | (1,914) | (4,759) | (2,842) |
| Dividends received | | - | 7,130 | - | - |
| Net cash generated by (used in) investing activities | | 9,482 | 6,664 | 24,786 | 6,488 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Borrowings and financing | | | | | |
| Funding | | 3,539 | - | 3,539 | - |
| Amortizations | | (3,327) | (8,559) | (9,989) | (14.231) |
| Treasury shares | | (8,419) | - | (8,419) | - |
| Net cash used in financing activities | | (8,207) | (8,559) | (14,869) | (14,231) |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | 98 | (2,145) | (1,003) | 9,793 |
| VARIATION OF CASH AND CASH EQUIVALENTS | | | | | |
| Cash and cash equivalents at the beginning of the period | | 1,411 | 3,304 | 25,480 | 15,867 |
| Cash and cash equivalents at the end of the period | | 1,509 | 1,159 | 24,477 | 25,660 |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | 98 | (2,145) | (1,003) | 9,793 |

The notes are an integral part of the interim financial information.

GAEC EDUCAÇÃO S.A.

## STATEMENT OF VALUE ADDED
## FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2016
Amounts in thousands of Brazilian reais - R$

| | | Company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| REVENUE | | | | | |
| Revenue from products and services | 25 | 704 | 634 | 240,128 | 222,763 |
| Other revenue | | 36 | - | 1,703 | 1,412 |
| Recognition of allowance for doubtful accounts | 26 | - | - | (6,970) | (7,824) |
| INPUTS ACQUIRED BY THIRD PARTIES | | | | | |
| Cost of products and services | | - | - | (1,375) | (606) |
| Materials, electricity, outsourced services and other | | (386) | (1,956) | (35,494) | (27,742) |
| GROSS VALUE ADDED | | 354 | (1,322) | 197,992 | 188,003 |
| Depreciation and amortization | 26 | (1,055) | (635) | (8,515) | (7,110) |
| NET VALUE ADDED | | (701) | (1,957) | 189,477 | 180,893 |
| VALUE ADDED RECEIVED IN TRANSFER | | | | | |
| Equity in the earnings (losses) of subsidiaries | 12 | 61,874 | 69,755 | - | - |
| Financial income | 28 | 10,244 | 1,097 | 22,848 | 8,733 |
| TOTAL VALUE ADDED TO DISTRIBUTE | | 71,417 | 68,895 | 212,325 | 189,626 |
| VALUE ADDED DISTRIBUTION | | 71,417 | 68,895 | 212,325 | 189,626 |
| Personnel | | | | | |
| Direct Compensation | | 1,193 | 2,283 | 82,222 | 74,154 |
| Benefits | | 233 | 142 | 5,118 | 4,210 |
| Severance pay fund (FGTS) | | 89 | 67 | 6,988 | 5,815 |
| Taxes and contributions | | | | | |
| Federal | | 719 | 438 | 20,731 | 18,454 |
| State | | - | - | 148 | 5 |
| Municipal | | 23 | 23 | 5,189 | 5,436 |
| Value distributed to providers of capital | | | | | |
| Interest | | 16,354 | 2,002 | 24,006 | 6,332 |
| Rent | | 51 | 104 | 15,168 | 11,384 |
| Value distributed to shareholders | | 52,755 | 63,836 | 52,755 | 63,836 |
| Profit for the period | | 52,755 | 63,836 | 52,755 | 63,836 |

The notes are an integral part of the interim financial information.

## 1. GENERAL INFORMATION

GAEC EDUCAÇÃO S.A. ("GAEC" or "Company"), with registered head office in the city of São Paulo, State of São Paulo, incorporated on December 3, 2007, is a publicly held corporation registered at the Brazilian Securities, Commodities and Futures Exchange ("BMF&BOVESPA S.A."), under the ticker ANIM3 engaged in providing advisory, consulting and business administration services and holding direct and indirect interests in companies engaged in:

(a) Management of education institutions and provision of assistance to education support activities.

(b) Provision of elementary, high school and higher education services, including free, undergraduate, graduation, masters, doctorate, university extension, specialization, and distance learning courses, and research, seminars, lectures, and cultural events.

(c) Organization of congresses and seminars, publishing and printing of books, newspapers and other publications, and the provision of online information services, such as portals, content providers, and other media, video and TV program distribution.

(d) Consultancy services in the area of technological innovation and technical testing and analysis, including calibration laboratory and testing of electrical equipment, measuring equipment, materials, founding and tooling.

The Company's direct and indirect subsidiaries are summarized in Note 2.3.

The subsidiaries MGE and Sociesc offer distance-learning courses at technical level and for undergraduate and graduate studies throughout the country. In the three-month period ended March 31, 2016, the subsidiaries had a total of 177 centers.

Acquisition of Sociedade Educacional de Santa Catarina "Sociesc"

On February 1, 2016, after approval by the CADE (Brazil's antitrust agency) the Company, through its subsidiary PGP Educação S.A., concluded the transaction agreed under a Private Deed for Investment, Restructuring of Sociesc and other covenants, signed on December 18, 2015, whereby it acquired all the rights of Sociedade Educacional de Santa Catarina ("Sociesc"), one of the renowned learning institutions in southern Brazil, with nearly 15,300 students in on-campus undergraduate, graduate, elementary school and high school courses, in addition to distance learning programs.

Corporate Restructuring

On March 30, 2016, the subsidiary Sociesc undertook a partial spinoff of its assets and liabilities, to a net value of R$36, with the aim of improving the allocation of certain research and innovation activities directly carried out by Sociesc, and which are now carried out by another Institute which performs the same activities to other schools in the group. Since Sociesc is a non-profit organization, the net assets were recognized in profit or loss for the year.

The spun off portion is as follows:

| | Amounts transferred |
|---|---|
| Assets | |
| Other current assets | 31 |
| Financial funds relating to research projects | 4,122 |
| | |
| Liabilities | |
| Research projects to be undertaken and others | 4,117 |
| | |
| Net assets spun off | 36 |

Comparability

The income statement for the three-month period ended March 31, 2015 does not include the results of the subsidiary Sociesc, which are being consolidating as of February 1, 2016.

Therefore, the readers of this financial information should take these aspects into consideration.

## 2. PRESENTATION OF THE INTERIM FINANCIAL INFORMATION

### 2.1. Statement of compliance (with IFRSs and CPC)

The parent company and consolidated interim financial information identified as company and consolidated comprise:

- The company and consolidated interim financial information prepared and presented in accordance with Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting and with International Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and in accordance with the regulations issued by the Brazilian Securities and Exchange Commission for the preparation of Interim Financial Information (ITR), identified as “Company” and “Consolidated”.

The accounting practices adopted in Brazil comprise the policies set out in Brazilian Corporate Law and the pronouncements, guidance, and interpretations issued by the Accounting Pronouncements Committee (“CPC”), and approved by the Federal Accounting Council (“CFC”) and the Brazilian Securities and Exchange Commission (“CVM”).

2.2. Basis of preparation

The interim financial information has been prepared based on the historical cost, except for certain financial instruments measured at their fair values. The historical cost is generally based on the fair value of the consideration paid in exchange for an asset on the acquisition date.

2.3. Basis of consolidation and investments in subsidiaries

The consolidated interim financial information includes the interim financial information of the Company and its subsidiaries. The subsidiaries are fully consolidated as of the date when control is transferred to the Group and it is interrupted when control ends.

For the three-month period ended March 31, 2016 and year ended December 31, 2015, the Company held the following direct and indirect subsidiaries:

| | Equity interest % | |
|---|---|---|
| Subsidiary | 03/31/2016 | 12/31/2015 |
| Direct subsidiaries | | |
| Minas Gerais Educação S.A. ("MGE") | 100 | 100 |
| Instituto Mineiro de Educação e Cultura Uni-BH S.A. ("IMEC") | 100 | 100 |
| Instituto de Educação e Cultura Unimonte S.A. ("Unimonte") | 100 | 100 |
| VC Network Educação S.A. ("VC Network") | 100 | 100 |
| BR Educação Executiva S.A. ("BR Educação") | 100 | 100 |
| Posse Gestão Patrimonial S.A. ("PGP Gestão") | 99.99 | 99.99 |
| Indirect subsidiaries | | |
| UNA Gestão Patrimonial S.A. ("UNA GP") | 100 | 100 |
| HSM do Brasil S.A. ("HSM Brasil") | 100 | 100 |
| PGP Educação S.A. ("PGP Educação") (*) | 100 | 100 |
| AMC Serviços Educacionais Ltda. ("USJT") | 100 | 100 |
| Sociedade Educacional de Santa Catarina ("Sociesc") | 100 | - |

(*) PGP Educação S.A. is the new name of HSM Educação S.A.

2.4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Board of Directors, which is also responsible for making Company’s strategic decisions.

## 3. SIGNIFICANT ACCOUNTING POLICIES

There have been no changes in accounting policies in the consolidated or company interim financial information for the three-month period ended March 31, 2016, or in the calculation methods used, in relation to those presented in the Financial Statements for the year ended December 31, 2015.

The interim financial information should be read in conjunction with the annual financial statements published.

## 4. ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)

The new IFRS standards and amendments and IFRIC interpretations which have not yet come into force have no material effect on the interim information of the Company or its subsidiaries.

## 5. BUSINESS COMBINATION

### 5.1. Acquisition of Sociedade Educacional de Santa Catarina "Sociesc"

On December 18, 2015, the Company, through its subsidiary PGP Educação S.A., signed a Private Deed for Investment, Restructuring of Sociesc and other covenants, whereby it will acquire all the rights of Sociedade Educacional de Santa Catarina ("Sociesc"), one of the renowned learning institutions in southern Brazil, with nearly 15,300 students in on-campus undergraduate, graduate, elementary school and high school courses, a in addition to distance learning programs. The transaction was concluded on February 1, 2016, after approval by the Brazilian Antitrust Agency (CADE).

### 5.2. Consideration transferred

The Company will disburse R$52,500 for the business, to be settled in 180 equal and successive monthly installments, adjusted by the INPC on an annual basis, as of the date when the business was concluded (February 1, 2016, date of CADE's approval), maturing on the 10th of each month. The present value of this transaction is R$28,727.

### 5.3. Assets acquired and liabilities recognized on the acquisition date

The Company and its consultants have not yet finalized the fair value calculation of all the assets and liabilities, especially intangible assets, and in consequence have not yet determined the final amount of goodwill or discount on the transaction.

Nevertheless, some adjustments to assets and liabilities have already been identified and recorded to reflect their fair values, represented by the contingencies on Sociesc's tax entries, and to capital gains of the property on which the Curitiba Campus stands, to support these tax discussions in court.

| | Carrying amount | Acquisition adjustment | Fair value |
|---|---|---|---|
| Assets | | | |
| Cash and cash equivalents | 5,542 | - | 5,542 |
| Other current assets | 17,183 | - | 17,183 |
| Other noncurrent assets | 12,450 | - | 12,450 |
| Property and equipment | 35,184 | 29,428 | 64,612 |
| Intangible assets | 1,890 | - | 1,890 |
| Liabilities | | | |
| Other current liabilities | 31,117 | - | 31,117 |
| Other noncurrent liabilities | 21,603 | 10,006 | 31,609 |
| Provision for labor, tax and civil risks | 106,897 | (54,807) | 52,090 |
| Net assets acquired | (87,368) | 74,229 | (13,139) |

5.4. Goodwill generated in the acquisition (preliminary estimate)

| | 02/01/2016 |
|---|---|
| | Acquired value |
| Consideration to be transferred at the acquisition (*) | 28,727 |
| (-) Fair value of net liabilities / (assets) identifiable until now | 13,139 |
| Preliminary estimate of goodwill generated in the acquisition | 41,866 |

As mentioned in the previous item, a preliminary amount of goodwill on the acquisition of Sociesc has been ascertained for the three-month period ended March 31, 2016. The Company is still calculating possible values for trademarks, licenses, the client portfolio and expected synergies, expected future revenue growth, future market and workforce development, as well as potential tax benefits deriving from the corporate restructuring.

(*) The transaction was agreed upon based on an estimated net debt of R$30,000, which in fact totaled R$37,493 on the closing date. The difference will be reimbursed by the vendors, as agreed in the contract governing the transaction between the parties.

5.5. Net cash outflow in the acquisition of subsidiary

| | 02/01/2016 |
|---|---|
| Consideration paid in cash | 291 |
| (-) Balances of cash and cash equivalents acquired | (5,542) |
| Net cash acquired | (5,251) |

## 6. RESTATEMENT OF THE VALUE ADDED STATEMENT

For a better reporting of our financial statements for the three-month period ended March 31, 2016, we reclassified the deductions and returns from materials, electricity, services and others to revenue from services rendered of the value added statement for the comparative period ended March 31, 2015.

| | Item | Previously stated 03/31/2015 | Adjustment | Restated 03/31/2015 |
|---|---|---|---|---|
| REVENUE | | | | |
| Revenue from products and services | 25 | 301,876 | (79,113) | 222,763 |
| Other revenue | | 1,412 | - | 1,412 |
| Recognition of allowance for doubtful accounts | | (7,824) | - | (7,824) |
| | | | | |
| INPUTS ACQUIRED BY THIRD PARTIES | | | | |
| Revenue from products and services | | (606) | - | (606) |
| Materials, electricity, outsourced services and other | | (106,855) | 79,113 | (27,742) |
| | | | | |
| GROSS VALUE ADDED | | 188,003 | - | 188,003 |

## 7. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Cash and banks | 20 | 34 | 5,353 | 1,772 |
| Short-term investments – Operations | 1,489 | 1,377 | 19,124 | 23,708 |
| Total cash and cash equivalents | 1,509 | 1,411 | 24,477 | 25,480 |
| | | | | |
| Short-term investments – Investment | 119,885 | 153,482 | 125,647 | 159,058 |
| Total short-term investments | 119,885 | 153,482 | 125,647 | 159,058 |

Short-term investments are classified as loans and receivables in the financial instruments category. These consist of Bank Deposit Certificates (CDBs), which yield between 82.53% and 100.0% of the CDI, and vary according to the amount of time these funds remain in the account and by exclusive investment funds for Anima Group’s companies, which yield between 99.86% to 100.44% of CDI, all highly liquid.

## 8. TRADE RECEIVABLES

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 12/31/2015 |
| FIES – student loan (a) | 301,115 | 219,293 |
| Tuitions receivable (b) | 128,547 | 121,480 |
| Notes for collection (c) | 30,026 | 20,550 |
| Events (d) | 2,087 | 3,026 |
| Pronatec scholarship (e) | 4,217 | 427 |
| Leases, services and other | 10,785 | 3,874 |
| Total | 476,777 | 368,650 |

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 12/31/2015 |
| Allowance for doubtful accounts - Other trade receivables (f) | (75,910) | (67,428) |
| Allowance for doubtful accounts - FIES (g) | (14,097) | (11,970) |
| Total | (90,007) | (79,398) |
| Overall total trade receivables | 386,770 | 289,252 |
| Current assets | 258,352 | 165,855 |
| Noncurrent assets | 128,418 | 123,397 |

The Company and its subsidiaries have the accounting policy of writing off notes past due for more than two years, even though they maintain their efforts to collect them.

(a) Refers to monthly tuitions financed under the government program FIES (Student Loan Fund) not yet received, net of present value adjustment. The National Education Development Fund (FNDE) transfers these amounts via credits that are offset against federal taxes and contributions. These credits can also be repurchased by the Fund. On December 29, 2015, the Company and its subsidiaries MGE, IMEC, UNIMONTE and USJT, through the Brazilian Association for the Development of Post-Secondary Education (ABRAES), entered into a judicial agreement where the Ministry of Education (MEC) and the FNDE committed to settle 100% of the remaining balance due to the Company's subsidiaries in three installments adjusted by the inflation index: 25% of the balance until June 30, 2016, 25% until June 30, 2017 and 50% until June 30, 2018. In the agreement, the MEC and the FNDE also ensured that they would adopt the same monthly transfer schedule to all Education Institutions, regardless of the number of students enrolled in the FIES. The present value adjustment was calculated over the accounts receivable balance that comprises the agreement entered into, the coming due amounts of which adjusted to present value at the rate of 3.2% p.a. (free of risk), and is being reversed in proportion to the agreed balances and payment dates.

(b) Refers to monthly tuition fees issued, but not yet received, which had initially been recorded as FIES in 2014 and prior years, but whose contracts were not amended by the students with the FNDE, and were reclassified to this account and charged directly from students, in addition to agreements entered into with students regarding past-due tuitions.

(c) Refers to renegotiated monthly tuitions, plus interest rates and adjustment by inflation at the contractual indices, recorded on an accrual basis. The renegotiated amounts are paid primarily with post-dated checks and credit cards, and in case of subsidiary USJT and Sociesc, through payment slips. This line item also includes returned checks, which are sent to an outsourced collection firm.

(d) Refer to the promotion and organization of congresses, seminars, festivals, and other cultural, domestic and international events.

(e) Refer to monthly tuition receivable from scholarships of the National Program for Access to Vocational Education and Employment – PRONATEC, created by the Federal Government, with the purpose of expanding the range of vocational courses offered and facilitating access to professional education for those who have completed high school.

(f) The Company and its subsidiaries recognized an allowance for doubtful accounts after analyzing the balance of trade receivables per portfolio and the aging list, and taking into account the history of default and the negotiations in progress and future estimates of receivables in a conservative scenario. Under such methodology, each default range per portfolio is assigned a percentage of likelihood of loss, which is recurrently accrued. In 2015, Management increased the percentages of the allowance for losses of undergraduate tuitions and of tuitions of students who did not receive an advance from the FIES program. The change in the percentages reflects the increase in receipt terms and the worsening of Brazil’s economic scenario.

(g) The Company recognizes an allowance for doubtful accounts for amounts under the FIES according to the likelihood of loss associated with the students included in the Program. The Company’s subsidiaries are responsible for a portion of any potential student default to the FNDE, depending on the type of agreement and the date when they were entered into. For agreements without a guarantor, which are secured by the Educational Credit Guarantee Fund (FGEDUC), the entities contribute with 7% of its revenue under agreements executed before April 3, 2012 and 6.25% under agreements executed after that date, to establish a guarantee fund to bear 90% of default and the Company will bear 15% of the remaining 10% of default. Concerning former agreements and not guaranteed by FGEDUC, the Company is liable for 15% of total potential student’s default and FNDE is responsible for the remaining. Thus, the allowance for doubtful accounts over FIES is recognized over amounts not covered by FGEDUC, both the total of former agreements not guaranteed by FGEDUC and the 10% not covered by agreements with FGEDUC. The allowance corresponds to 2% of FIES financed amount not guaranteed by FGEDUC, which is considered sufficient by the management of the Company and its subsidiaries to deal with the 15% portion of default for which the entities are liable. This provision account does not include balances related to FGEDUC, which are directly reduced from trade receivables as corresponding entry to the aforementioned expenses to record the Fund (R$4,601 on March 31, 2016 and R$3,202 on March 31, 2015).

The aging list of trade receivables is as follows, which also includes the average percentages of estimated losses by aging level adopted in our policy:

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | 03/31/2016 | | | | |
| | Receivables | Allowance for doubtful accounts | % loss per default rate | Net balance | % (*) |
| FIES | | | | | |
| Current | 263,694 | - | - | 263,694 | 68.18% |
| Past due | 37,421 | - | - | 37,421 | 9.68% |
| Loss of FIES credit (g) | - | (14,097) | - | (14,097) | (3.64%) |
| PRONATEC | 4,217 | - | - | 4,217 | 1.09% |
| Current | 44,945 | (4,195) | 9.33% | 40,750 | 10.54% |
| Past due: | | | | | |
| Up to 180 days | 53,735 | (11,600) | 21.59% | 42,135 | 10.89% |
| 181 to 360 days | 33,943 | (24,421) | 71.95% | 9,522 | 2.46% |
| 361 to 720 days | 38,822 | (35,694) | 91.94% | 3,128 | 0.81% |
| Total | 476,777 | (90,007) | 18.88% | 386,770 | 100% |

(*) Refers to the percentage share of total accounts receivable per maturity term.

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | 12/31/2015 | | | | |
| | Receivables | Allowance for doubtful accounts | % loss per default rate | Net balance | % (*) |
| FIES | | | | | |
| Current | 165,944 | - | - | 165,944 | 57.37% |
| Past due | 53,349 | - | - | 53,349 | 18.44% |
| Loss of FIES credit (g) | - | (11,970) | - | (11,970) | (4.14%) |
| PRONATEC | 427 | - | - | 427 | 0.15% |
| Current | 27,255 | (3,729) | 13.68% | 23,526 | 8.13% |
| Past due: | | | | | |
| Up to 180 days | 53,996 | (13,145) | 24.34% | 40,851 | 14.12% |
| 181 to 360 days | 40,798 | (26,423) | 64.77% | 14,375 | 4.97% |
| 361 to 720 days | 26,881 | (24,131) | 89.77% | 2,750 | 0.96% |
| Total | 368,650 | (79,398) | 21.54% | 289,252 | 100% |

(*) Refers to the percentage share of total accounts receivable per maturity term.

Changes in the allowance for doubtful accounts in the year were as follows:

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 03/31/2015 |
| Opening balance | 79,398 | 52,201 |
| Allowance for doubtful accounts for the period (i) | 6,970 | 7,824 |
| Business combination - Sociesc | 8,315 | - |
| Notes written off in the period (ii) | (4,676) | (3,690) |
| Notes recovered in the period (iii) | - | 1,966 |
| Closing balance | 90,007 | 58,301 |

(i) Refers to the recurring increase of the allowance for doubtful accounts in the period;

(ii) Refers to notes written off in the year, past due for more than two years;

(iii) Refers to notes written off in the period and that were recovered.

## 9. SUNDRY ADVANCES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Rent | - | - | 11,240 | 9,957 |
| Trade payables | 362 | 357 | 5,075 | 1,915 |
| Employees – vacations | 155 | 314 | 586 | 9,475 |
| Other | - | - | 799 | 637 |
| Total | 517 | 671 | 17,700 | 21,984 |
| Current assets | 517 | 671 | 13,264 | 19,001 |
| Noncurrent assets | - | - | 4,436 | 2,983 |

## 10. RECOVERABLE TAXES AND CONTRIBUTIONS

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Withholding income tax (IRRF) (a) | 4,589 | 5,446 | 8,621 | 9,196 |
| Prepaid income tax (b) | - | - | 2,361 | 2,646 |
| Prepaid social contribution (b) | - | - | 941 | 928 |
| Taxes on revenue (PIS/COFINS)/social contribution | 174 | 169 | 2,103 | 2,240 |
| Other | 4 | 4 | 1,184 | 803 |
| Total | 4,767 | 5,619 | 15,210 | 15,813 |
| | | | | |
| Current assets | 2,677 | 2,029 | 8,819 | 8,288 |
| Noncurrent assets | 2,090 | 3,590 | 6,391 | 7,525 |

(a) It mainly refers to withholding income tax on financial investments.

(b) Refer mainly to early payment of income tax and social contribution calculated based on the taxable profit of the Company's subsidiaries. Subsidiary UNA has amounts for offset related to prepaid 2000 and 2001 income tax and social contribution, which were included in the REFIS IV (Tax Installment Program, created under Law 11941/09) which was settled and for which a tax return request was filed at the Brazilian Internal Revenue Service (IRS). These amounts are being adjusted using the SELIC (Central Bank's overnight lending rate).

## 11. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

### 11.1. Deferred income tax and social contribution

Assets - The Company and its subsidiaries hold income tax and social contribution credits on tax loss carryforwards, amounting to R$112,873 (R$101,810 at December 31, 2015) in parent company and R$213,859 (R$199,569 at December 31, 2015) in consolidated, respectively, which can be carried forward indefinitely, on which no deferred tax assets were recognized. Recognition of deferred tax assets only occurs when it is reasonably certain that these credits will be realized.

Liabilities - deferred income tax and social contribution refer to:

(i) Taxes levied on the difference between the carrying amount of revalued assets in 2007 and the allocation of the asset surplus value in 2009, and its corresponding tax base at the original amount, which is a temporary difference and generates a deferred tax liability to be settled proportionally to the realization of the underlying assets.

(ii) Taxes and contributions related to the difference between the carrying amount and the fair value of the assets allocated to the business combination in the acquisition of HSM do Brasil, PGP Educação and Sociesc, which generated a deferred tax liability to be settled when the business is sold or when the assets allocated are realized.

The change of liabilities for the three-month period ended March 31, 2016 was as follows:

| | Consolidated | | | |
|---|---|---|---|---|
| | Opening balance | Change | | Closing balance |
| | 12/31/2015 | Business combination | Effect in profit (loss) | 03/31/2016 |
| Income tax | 11,264 | 7,357 | (8) | 18,613 |
| Social contribution | 4,056 | 2,649 | (3) | 6,702 |
| Total | 15,320 | 10,006 | (11) | 25,315 |

11.2. Effective rate reconciliation

Reconciliation of income tax and social contribution statutory and effective tax rates:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| Income before income tax and social contribution | 52,755 | 63,836 | 52,805 | 63,829 |
| Combined tax rate | 34% | 34% | 34% | 34% |
| Income tax and social contribution at combined tax rate | (17,937) | (21,704) | (17,954) | (21,702) |
| Adjustments to result: | | | | |
| Equity income | 21,038 | 23,717 | - | - |
| Tax incentive - PROUNI (a) | - | - | 22,545 | 27,332 |
| Unrecognized tax credits | (3,699) | (1,560) | (5,786) | (2,424) |
| Income tax loss and social contribution tax loss carryforwards | - | - | - | 11 |
| Tax exemption (non-profit entity) (b) | - | - | 86 | - |
| Other additions and exclusions | 598 | (453) | 1,059 | (3,210) |
| Income tax and social contribution calculated | - | - | (50) | 7 |
| Current income tax and social contribution for the period | - | - | (61) | (18) |
| Deferred income tax and social contribution for the period | - | - | 11 | 25 |
| Effective income tax and social contribution rate | - | - | 0.09% | (0.01%) |

(a) These amounts correspond to the income tax and social contribution exemption because subsidiaries MGE, IMEC, Unimonte and USJT joined the PROUNI. For more details, refer to Note 24.

(b) Amount corresponding to the subsidiary Sociesc which, for the three-month period ended March 31, 2016, is exempt from tax since it is a non-profit organization in the process of being converted into a corporation.

## 12. INVESTMENTS

The investments in subsidiaries are measured by the equity method of accounting, as shown below:

| | Company 03/31/2016 | | | Company 03/31/2015 | | |
|---|---|---|---|---|---|---|
| | Investment | Equity in the earnings (losses) of subsidiaries | Equity interest | Investment | Equity in the earnings (losses) of subsidiaries | Equity interest |
| Assets: | | | | | | |
| IMEC | 114,853 | 33,654 | 100% | 78,517 | 30,041 | 100% |
| MGE | 499,679 | 32,707 | 100% | 419,650 | 41,247 | 100% |
| BR Educação Executiva | 45,678 | (3,413) | 100% | 41,499 | (3,184) | 100% |
| Unimonte | 41,573 | (1,075) | 100% | 35,642 | 1,732 | 100% |
| PGP Gestão | 7 | - | 99.99% | 3 | (68) | 99.99% |
| VC Network | 72 | 2 | 100% | 66 | 1 | 100% |
| Allocated fair value | 52,302 | (1) | | 52,338 | (14) | |
| Goodwill | 45,326 | - | | 45,326 | - | |
| Total | 799,490 | 61,874 | | 673,041 | 69,755 | |

| | Number of total shares/quotas held 03/31/2016 | 12/31/2015 | |
|---|---|---|---|
| Direct subsidiaries: | | | |
| IMEC | 7,717,479 | 7,717,479 | |
| MGE | 4,216,199 | 4,036,199 | |
| VC Network | 4,023,145 | 4,023,145 | |
| Unimonte | 91,928,323 | 91,928,323 | |
| BR Educação | 119,400,000 | 119,400,000 | |
| PGP Gestão | 255,774 | 255,774 | (*) |
| Indirect subsidiaries: | | | |
| Una Gestão Patrimonial | 32,564 | 32,564 | |
| HSM Brasil | 2,452,360 | 2,452,360 | |
| PGP Educação | 214,360 | 214,360 | |
| USJT | 262,228 | 232,228 | |
| Sociesc | 2 | - | |

(*) The total number of PGP Gestão shares are 255,784.

The interim financial information of the subsidiaries is as follows:

| | 03/31/2016 IMEC | MGE | VC Network | Unimonte | PGP Gestão | BR Educação | |
|---|---|---|---|---|---|---|---|
| Statement of financial position | | | | | | | |
| Current assets | 103,305 | 165,126 | 71 | 13,274 | - | 35,413 | |
| Noncurrent assets | 96,441 | 453,093 | 1 | 49,920 | 7 | 197,627 | |
| Current liabilities | 50,286 | 90,381 | - | 7,936 | - | 45,710 | |
| Noncurrent liabilities | 34,607 | 28,159 | - | 13,685 | - | 120,908 | |
| Equity | 114,853 | 499,679 | 72 | 41,573 | 7 | 66,422 | (*) |
| Profit (loss) | | | | | | | |
| Net revenue | 62,133 | 133,163 | - | 13,992 | - | 26,001 | |
| Cost of services | (24,603) | (71,231) | - | (7,559) | - | (18,503) | |
| Operating expenses | (6,643) | (33,800) | - | (7,179) | - | (8,797) | |
| Finance income (expense) | 2,828 | 4,575 | 2 | (340) | - | (2,114) | |
| Deferred/current income tax and social contribution | (61) | - | - | 11 | - | - | |
| Profit (loss) for the period | 33,654 | 32,707 | 2 | (1,075) | - | (3,413) | |

| | 12/31/2015 | | | | | | |
|---|---|---|---|---|---|---|---|
| | IMEC | MGE | VC Network | Unimonte | PGP Gestão | BR Educação | |
| Statement of financial position | | | | | | | |
| Current assets | 80,994 | 122,511 | 70 | 10,998 | - | 10,866 | |
| Noncurrent assets | 93,176 | 449,494 | - | 49,412 | 7 | 82,290 | |
| Current liabilities | 55,792 | 94,433 | - | 7,341 | - | 10,705 | |
| Noncurrent liabilities | 37,179 | 29,750 | - | 10,421 | - | 14,097 | |
| Equity | 81,199 | 447,822 | 70 | 42,648 | 7 | 68,354 | (*) |
| | | | | | | | |
| Profit (loss) | | | | | | | |
| Net revenue | 243,704 | 530,809 | - | 49,628 | - | 32,479 | |
| Cost of services | (123,428) | (317,404) | - | (30,408) | - | (21,376) | |
| Operating expenses | (48,425) | (131,905) | (1) | (23,186) | (70) | (23,906) | |
| Finance income (expense) | 4,110 | (1,632) | 7 | (1,902) | - | (1,046) | |
| Deferred/current income tax and social contribution | - | 1,856 | (1) | 39 | - | 51 | |
| Profit (loss) for the period | 75,961 | 81,724 | 5 | (5,829) | (70) | (13,798) | |

(*) The equity of BR Educação includes the allocated goodwill amounting to R$20,744, as shown in the breakdown of the Parent Company's investment table in the columns of allocated fair value.

| | Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | IMEC | MGE | VC Network | Unimonte | PGP | BR Educação | Allocated fair value | Goodwill | Total |
| Closing balance at December 31, 2014 | 48,476 | 378,403 | 65 | 33,010 | 1 | 42,283 | 52,352 | 45,326 | 599,916 |
| Capital increase | - | - | - | 900 | 70 | 2,400 | - | - | 3,370 |
| Equity in the earnings (losses) of subsidiaries | 30,041 | 41,247 | 1 | 1,732 | (68) | (3,184) | (14) | - | 69,755 |
| Closing balance at March 31, 2015 | 78,517 | 419,650 | 66 | 35,642 | 3 | 41,499 | 52,338 | 45,326 | 673,041 |
| Closing balance at December 31, 2015 | 81,199 | 447,822 | 70 | 42,648 | 7 | 47,610 | 52,303 | 45,326 | 716,985 |
| Capital increase | - | 19,150 | - | - | - | 1,481 | - | - | 20,631 |
| Equity in the earnings (losses) of subsidiaries | 33,654 | 32,707 | 2 | (1,075) | - | (3,413) | (1) | - | 61,874 |
| Closing balance at March 31, 2016 | 114,853 | 499,679 | 72 | 41,573 | 7 | 45,678 | 52,302 | 45,326 | 799,490 |

## 13. PROPERTY AND EQUIPMENT

| | | Company | | | |
|---|---|---|---|---|---|
| | Annual depreciation rates | 03/31/2016 | | | 12/31/2015 |
| | | Acquisition cost | Accumulated depreciation | Net property and equipment | Net property and equipment |
| Leasehold improvements | 10% | 1,655 | (262) | 1,393 | 1,434 |
| Facilities | 10% | 36 | (9) | 27 | 28 |
| Machinery and equipment | 10% | 311 | (90) | 221 | 321 |
| Furniture and fixtures | 10% | 735 | (201) | 534 | 583 |
| Computers and peripherals | 20% | 3,555 | (1,341) | 2,214 | 1,382 |
| Vehicles | 20% | 45 | (32) | 13 | 15 |
| Audiovisual equipment | 20% | 364 | (203) | 161 | 138 |
| Construction in progress | - | 34 | - | 34 | - |
| Total | | 6,735 | (2,138) | 4,597 | 3,901 |

| | Annual depreciation rates | Consolidated 03/31/2016 Acquisition cost | Accumulated depreciation | Net property and equipment | 12/31/2015 Net property and equipment |
|---|---|---|---|---|---|
| Land | - | 28,392 | - | 28,392 | 13,110 |
| Buildings | 1.82% | 51,901 | (2,729) | 49,172 | 12,655 |
| Leasehold improvements | 10% | 72,623 | (20,435) | 52,188 | 55,451 |
| Facilities | 10% | 13,056 | (8,841) | 4,215 | 3,445 |
| Machinery and equipment | 10% | 67,420 | (45,022) | 22,398 | 20,231 |
| Furniture and fixtures | 10% | 41,044 | (26,453) | 14,591 | 13,100 |
| Computers and peripherals | 20% | 44,702 | (31,065) | 13,637 | 10,510 |
| Vehicles | 20% | 810 | (654) | 156 | 17 |
| Library and video library | 10% | 32,606 | (16,685) | 15,921 | 14,025 |
| Audiovisual equipment | 20% | 5,871 | (4,411) | 1,460 | 1,368 |
| Laboratory material and equipment | 10% | 3,134 | (366) | 2,768 | 2,046 |
| Other | 0% | 3 | - | 3 | - |
| Construction in progress | - | 6,225 | - | 6,225 | - |
| Total | | 367,787 | (156,661) | 211,126 | 145,958 |

Below, the changes in property and equipment of the Parent Company and Consolidated:

| | Company Net balance at 12/31/2015 | Additions | Write-offs | Depreciation | Reclassification | Net balance at 03/31/2016 |
|---|---|---|---|---|---|---|
| Leasehold improvements | 1,434 | - | - | (41) | - | 1,393 |
| Facilities | 28 | - | - | (1) | - | 27 |
| Machinery and equipment | 321 | 6 | - | (8) | (98) | 221 |
| Furniture and fixtures | 583 | 15 | - | (19) | (45) | 534 |
| Computers and peripherals | 1,382 | 870 | (30) | (112) | 104 | 2,214 |
| Vehicles | 15 | - | - | (2) | - | 13 |
| Audiovisual equipment | 138 | - | - | (16) | 39 | 161 |
| Construction in progress | - | 34 | - | - | - | 34 |
| Total | 3,901 | 925 | (30) | (199) | - | 4,597 |

| | Consolidated Net balance at 12/31/2015 | Additions | Business combination (iii) | Write-offs | Depreciation | Transfers | Reclassifi-cation | Net balance at 03/31/2016 |
|---|---|---|---|---|---|---|---|---|
| Land | 13,110 | - | 15,282 | - | - | - | - | 28,392 |
| Buildings | 12,655 | - | 36,618 | - | (101) | - | - | 49,172 |
| Leasehold improvements (i) | 55,451 | - | 1,355 | (1,278) | (1,736) | (1,632) | 28 | 52,188 |
| Facilities | 3,445 | - | 1,031 | - | (261) | - | - | 4,215 |
| Machinery and equipment | 20,231 | 725 | 3,371 | (25) | (905) | - | (999) | 22,398 |
| Furniture and fixtures | 13,100 | 588 | 1,507 | (2) | (603) | - | 1 | 14,591 |
| Computers and peripherals | 10,510 | 924 | 2,700 | (43) | (1,085) | - | 631 | 13,637 |
| Vehicles | 17 | - | 147 | - | (8) | - | - | 156 |
| Library and video library | 14,025 | 408 | 2,057 | - | (554) | - | (15) | 15,921 |
| Audiovisual equipment | 1,368 | 135 | - | - | (142) | - | 99 | 1,460 |
| Laboratory material and equipment | 2,046 | 529 | - | (3) | (59) | - | 255 | 2,768 |
| Other | - | - | 3 | - | - | - | - | 3 |
| Construction in progress (ii) | - | 5,905 | 541 | (62) | - | (159) | - | 6,225 |
| Total | 145,958 | 9,214 | 64,612 | (1,413) | (5,454) | (1,791) | - | 211,126 |

(i) Expenses with leasehold improvements mainly refer to campus improvements carried out by MGE, IMEC, Unimonte, USJT and Sociesc in order to expand their facilities and give more comfort to students.

(ii) Construction in progress mainly refers to the disbursements made by the Company's subsidiaries to build and expand its units. The amounts will be transferred to leasehold improvements and start to be depreciated after the completion of the construction works.

(iii) Additions shown in this column refer to additions arising from the business combination from the acquisition of Sociesc.

13.1. Assets pledged as collateral

The Company and its subsidiaries have pledged property and equipment items as collateral in lawsuits. The Group's pledged assets amount approximately to R$77,564 (R$25,765 at December 31, 2015) in such lawsuits.

The machinery and equipment acquired under FINAME facilities with Banco do Brasil, whose carrying amount is approximately R$426 (R$432 at December 31, 2015) are pledged as collateral as such loans. The Company cannot pledge these assets as collateral of any other borrowings or financing or sell them to another entity.

## 14. INTANGIBLE ASSETS

| | | Company | | | |
|---|---|---|---|---|---|
| | Annual | 03/31/2016 | | | 12/31/2015 |
| | amortization rate | Acquisition cost | Accumulated amortization | Net intangible assets | Net intangible assets |
| Software (a) | 20% | 19,598 | (5,763) | 13,835 | 12,132 |
| Total | | 19,598 | (5,763) | 13,835 | 12,132 |

| | | Consolidated | | | |
|---|---|---|---|---|---|
| | Annual | 03/31/2016 | | | 12/31/2015 |
| | amortization rate | Acquisition cost | Accumulated amortization | Net intangible assets | Net intangible assets |
| Software | 20% | 41,398 | (21,435) | 19,963 | 16,109 |
| Customer portfolio (a) | 25% to 33% | 26,199 | (15,159) | 11,040 | 12,384 |
| Copyrights | 10% | 20 | (18) | 2 | 2 |
| Mailing list | 38% | 533 | (533) | - | 0 |
| Taxonomy | 20% | 880 | (660) | 220 | 264 |
| Trademarks and patents (b) | | 121,956 | - | 121,956 | 121,956 |
| Distance-learning content development | 33% | 4,161 | (621) | 3,540 | 2,647 |
| Licenses (c) | | 54,600 | - | 54,600 | 54,600 |
| Rights of use | 10% | 5,334 | (4,951) | 383 | - |
| Goodwill (d) | | 286,508 | - | 286,508 | 244,642 |
| Total | | 541,589 | (43,377) | 498,212 | 452,604 |

(a) Refers to the amount of the customer portfolio paid upon to the acquisition of the Operating Licenses of Centro Universitário de Belo Horizonte - UNI-BH, of USTJ and the acquisition of the Operating License of UNA Betim.

(b) Refers to the amounts paid for the acquisition of the trademarks "UNA", "UNI-BH", "HSM" and "USTJ", whose Operating License (certificate granted by the Ministry of Education that authorizes higher education institutions to operate) is held by the Company through its investees. The indefinite projection in the cash flow of the asset classifies it as non-amortized intangible asset.

(c) Refers to a portion of licenses paid in the acquisition of USJT, whose Operating License is held by the Company through its investees. For being highly renewable and with low cost, licenses are classified as non-amortized intangible assets.

(d) Refers to the goodwill amount paid upon the acquisition of the operating license of Centro Universitário de Belo Horizonte - UNI-BH, and the acquisition of BR Educação Executiva S.A., which includes HSM do Brasil and PGP Educação, and the acquisition of AMC Serviços Educacionais Ltda, which has the operating license of Universidade São Judas Tadeu that has not been allocated in identified assets, as per valuation reports. This item also includes preliminary goodwill on the acquisition of Sociesc, which is still being calculated by an asset allocation report. Pursuant to the criteria set forth by ICPC 09 (R2), goodwill recognized by the Parent Company must be reclassified to intangible assets in the consolidated interim financial information.

Changes in Parent Company are as follows:

| | Company | | | |
|---|---|---|---|---|
| | Net balance at 12/31/2015 | Additions | Amortization | Net balance at 03/31/2016 |
| Software | 12,132 | 2,559 | (856) | 13,835 |
| Total | 12,132 | 2,559 | (856) | 13,835 |

The table below shows the changes in consolidated:

| | Consolidated | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Net balance at 12/31/2015 | Additions | Write-offs | Transfers (i) | Reclassi-fication | Amorti-zation | Business combination (ii) | Net balance at 03/31/2016 |
| Software | 16,109 | 3,606 | - | 159 | (6) | (1,327) | 1,422 | 19,963 |
| Customer portfolio | 12,384 | - | - | - | - | (1,344) | - | 11,040 |
| Copyrights | 2 | - | - | - | - | - | - | 2 |
| Taxonomy | 264 | - | - | - | - | (44) | - | 220 |
| Trademarks and patents | 121,956 | - | - | - | - | - | - | 121,956 |
| Distance-learning content development | 2,647 | 1,153 | (5) | - | 6 | (261) | - | 3,540 |
| Licenses | 54,600 | - | - | - | - | - | - | 54,600 |
| Rights of use | - | - | - | - | - | (85) | 468 | 383 |
| Goodwill | 244,642 | - | - | - | - | - | 41,866 | 286,508 |
| Total | 452,604 | 4,759 | (5) | 159 | - | (3,061) | 43,756 | 498,212 |

(i) Transfers from construction in progress for presentation purposes.

(ii) Additions shown in this column refer to additions arising from the business combination described in Notes 5.3 and 5.4

## 14.1. Intangible assets identified in acquisitions

Part of the goodwill paid on the acquisition of subsidiaries was allocated to identifiable intangible assets with finite and indefinite useful lives, after an analysis of the acquired assets and the calculation of the future earnings projection, as follows:

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 03/31/2016 | | | | | |
| | IMEC | USJT | HSM | SOCIESC | Other | Total |
| Amortizable intangible assets: | | | | | | |
| Customer portfolio | - | 11,025 | 15 | - | - | 11,040 |
| Total | - | 11,025 | 15 | - | - | 11,040 |
| Non-amortizable intangible assets: | | | | | | |
| Trademarks and patents | 24,380 | 34,900 | 59,872 | - | 2,804 | 121,956 |
| Licenses | - | 54,600 | - | - | - | 54,600 |
| Goodwill | 29,825 | 174,445 | 40,370 | 41,866 | 2 | 286,508 |
| Total | 54,205 | 263,945 | 100,242 | 41,866 | 2,806 | 463,064 |
| Overall total | 54,205 | 274,970 | 100,257 | (*) 41,866 | 2,806 | 474,104 |

(*) Pursuant to Note 5, the Company has not completed the work of identifying and assessing intangible assets, which must be reclassified before the close of the quarter ending June 30, 2016.

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | 12/31/2015 | | | | |
| | IMEC | USJT | HSM | Other | Total |
| Amortizable intangible assets: | | | | | |
| Customer portfolio | - | 12,250 | 18 | 116 | 12,384 |
| Total | - | 12,250 | 18 | 116 | 12,384 |
| Non-amortizable intangible assets: | | | | | |
| Trademarks and patents | 24,380 | 34,900 | 59,872 | 2,804 | 121,956 |
| Licenses | - | 54,600 | - | - | 54,600 |
| Goodwill | 29,825 | 174,445 | 40,370 | 2 | 244,642 |
| Total | 54,205 | 263,945 | 100,242 | 2,806 | 421,198 |
| Overall total | 54,205 | 276,195 | 100,260 | 2,922 | 433,582 |

## 14.2. Allocation of non-amortizable intangible assets to the Cash-Generating Units

Goodwill, licenses trademarks and patents were allocated, for impairment-testing purposes, to the cash-generating units (“CGUs”), identified according to the operating segment, as detailed below:

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 12/31/2015 |
| Higher education | 362,822 | 320,956 |
| Vertical management | 100,242 | 100,242 |
| | 463,064 | 421,198 |

As at December 31, 2015, goodwill, trademarks and licenses were tested for impairment and no need to adjust goodwill and trademarks was identified.

## 15. TRADE PAYABLES

Consisting basically of leases, payables to IT vendors, services providers, suppliers of consumables, and infrastructure builders. Outstanding balance in the Parent Company and consolidated for the three-month period ended March 31, 2016 is R$1,956 (R$3,315 as at December 31, 2015) and R$19,085 (R$19,606 as at December 31, 2015), respectively.

## 16. BORROWINGS AND FINANCIANG

| | Company | | | | | |
|---|---|---|---|---|---|---|
| | 03/31/2016 | | | 12/31/2015 | | |
| | Current | Noncurrent | Total | Current | Noncurrent | Total |
| Local currency | | | | | | |
| HSBC | 4,348 | 4,291 | 8,639 | 4,356 | 5,364 | 9,720 |
| Santander | 4,595 | 28,563 | 33,158 | 4,515 | 28,719 | 33,234 |
| Caixa Geral | 2,411 | 2,604 | 5,015 | 2,517 | 3,125 | 5,642 |
| Other borrowings | 20 | 3,540 | 3,560 | - | - | - |
| Foreign currency | | | | | | |
| HSBC - Credit Facility 4131 | 53,488 | 50,979 | 104,467 | 57,422 | 54,587 | 112,009 |
| Itaú - Credit Facility 4131 | 38,703 | 98,844 | 137,547 | 40,589 | 110,025 | 150,614 |
| Total | 103,565 | 188,821 | 292,386 | 109,399 | 201,820 | 311,219 |

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 03/31/2016 | | | 12/31/2015 | | |
| | Current | Noncurrent | Total | Current | Noncurrent | Total |
| Local currency | | | | | | |
| Banco do Brasil | 6,747 | 15,392 | 22,139 | 5,572 | 16,364 | 21,936 |
| HSBC | 16,400 | 19,264 | 35,664 | 13,471 | 17,083 | 30,554 |
| Santander | 18,509 | 39,253 | 57,762 | 4,515 | 28,719 | 33,234 |
| Itaú | 43 | - | 43 | - | - | - |
| Caixa Geral | 2,411 | 2,604 | 5,015 | 2,517 | 3,125 | 5,642 |
| Other borrowings | 1,912 | 6,731 | 8,643 | 106 | 360 | 466 |
| Foreign currency | | | | | | |
| HSBC - Credit Facility 4131 | 53,488 | 50,979 | 104,467 | 57,422 | 54,587 | 112,009 |
| Itaú - Credit Facility 4131 | 38,703 | 98,844 | 137,547 | 40,589 | 110,025 | 150,614 |
| Total | 138,213 | 233,067 | 371,280 | 124,192 | 230,263 | 354,455 |

The main contractual conditions are as follows:

| | Company | | | | |
|---|---|---|---|---|---|
| | Guarantees | Average interest rate (annual) | Index | Start date | End date |
| Working capital domestic currency | Cross-guarantee with group companies | 2.00% to 2.20% | CDI | 10/22/2010 | 05/29/2023 |
| Working capital foreign currency | 100% of amounts deposited in account restricted to the loan, promissory note and cross-guarantee with group companies | 2.55% to 3.89% | USD (*) | 04/30/2015 | 08/26/2020 |
| FINEP | Bank surety and cross-guarantee with group companies | 8.90% p.a. | - | 01/14/2016 | 01/16/2017 |

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | Guarantees | Average interest rate (annual) | Index | Start date | End date |
| Working capital domestic currency | 25% to 100% of receivables from students and cross-guarantee with group companies | 1.80% to 11.75% | CDI | 10/22/2010 | 05/29/2023 |
| FINAME | 100% of the assets acquired with financing | 3.50% to 5.50% | TJLP | 03/23/2011 | 12/15/2023 |
| Working capital foreign currency | 100% of amounts deposited in account restricted to the loan, promissory note and cross-guarantee with group companies | 2.55% to 3.89% | USD (*) | 04/30/2015 | 08/26/2020 |
| FINEP | Bank surety and cross-guarantee with group companies | 8.9% p.a. | - | 01/14/2016 | 01/16/2017 |
| Other loans | 100% of the assets acquired with financing | 2.70% to 24.14% | - | 11/28/2009 | 10/28/2019 |

(*) The Company manages its exchange rate volatility risk through swap instruments, as described in Note 31.1 item (c), which details the rates and indices of borrowings taken out for working capital in foreign currency alleviated by the CDI swap plus fixed rates of 0.5% p.a. to 2.40% p.a.

Borrowings and financing refer basically to working capital used to finance the operations of the Company and its subsidiaries.

The Company and its subsidiaries have certain borrowings and financing containing restrictive covenants defined contractually on March 31, 2016, as follows:

| Restricted Covenant | Required ratio |
|---|---|
| Current ratio (i) | ≥ 1.0 |
| Net financial debt/EBITDA (ii) | ≤ 2.5 |
| EBITDA/Net finance expenses (iii) | ≥ 1.3 |

(i) Current ratio = current assets divided by current liabilities.

(ii) Net financial debt = sum of the balances of borrowings and financing less cash and cash equivalents.

(iii) EBITDA = Earnings before interest, income taxes, depreciation, and amortization. Some agreements provide for specific EBITDA calculation criteria with some variations to this formula.

For the three-month period ended March 31, 2016 and for the year ended December 31, 2015, the Company and its subsidiaries complied with all said restrictive covenants.

The maturities of amounts recognized in noncurrent liabilities for the three-month period ended March 31, 2016 and year ended December 31, 2015 are as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | | 03/31/2016 | |
| | Payment schedule | Face value | Payment schedule | Face value |
| 2017 | 80,805 | 106,561 | 100,739 | 129,149 |
| 2018 | 34,597 | 45,306 | 50,178 | 66,005 |
| 2019 | 33,373 | 40,263 | 41,927 | 69,017 |
| After 2019 | 40,046 | 55,776 | 40,223 | 55,966 |
| Total | 188,821 | 247,906 | 233,067 | 320,137 |

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 12/31/2015 | | 12/31/2015 | |
| | Payment schedule | Face value | Payment schedule | Face value |
| 2016 | 95,194 | 120,840 | 109,635 | 138,671 |
| 2017 | 35,513 | 45,313 | 43,839 | 55,030 |
| 2018 | 33,816 | 40,269 | 39,315 | 46,220 |
| After 2018 | 37,297 | 55,905 | 37,474 | 56,094 |
| Total | 201,820 | 262,327 | 230,263 | 296,015 |

In 2015, the Company took out US-dollar denominated loans with Itaú Unibanco S.A., Nassau Branch and HSBC Bank Brasil S.A. Banco Multiplo, Grand Cayman Branch. In addition, aiming to mitigate the impact of exchange rate variation on its results, the Company contracted a cash flow swap with Banco Itaú S.A. And HSBC Bank Brasil S.A.

Proceeds will be used to reinforce cash and carry on the Company's expansion plan.

## 17. PAYROLL AND RELATED TAXES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Payroll | 1,351 | 1,364 | 16,138 | 16,081 |
| Accrued vacation pay | 2,570 | 2,734 | 12,497 | 16,590 |
| Christmas bonus provision | 524 | - | 7,955 | - |
| Social security tax (INSS) | 560 | 545 | 8,161 | 7,784 |
| Severance pay fund (FGTS) | 138 | 192 | 2,049 | 2,647 |
| Variable remuneration | 1,466 | 2,199 | 1,805 | 2,707 |
| Other | 110 | 63 | 1,254 | 549 |
| Total | 6,719 | 7,097 | 49,859 | 46,358 |

Accrued payroll and related taxes are recognized in profit or loss for the period, in line items 'Cost of services' and 'General and administrative expenses', according to employee's allocation.

## 18. TAXES PAYABLE

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Withholding income tax (IRRF) | 520 | 688 | 5,579 | 8,121 |
| Service tax (ISS) | 24 | 15 | 1,745 | 1,706 |
| Taxes on revenues (PIS and COFINS) | 131 | 188 | 794 | 719 |
| Other | 14 | 10 | 393 | 144 |
| Total | 689 | 901 | 8,511 | 10,690 |

## 19. ADVANCES FROM CUSTOMERS

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 12/31/2015 |
| Advances from students (a) | 12,355 | 13,085 |
| Customer prebilling (b) | 6,451 | 3,827 |
| Research projects (c) | 3,214 | 3,563 |
| Subscribers for future delivery | 528 | 547 |
| Other | 20 | 20 |
| Total | 22,568 | 21,042 |

(a) Refer to prepaid enrollment fees and monthly tuitions, which will be recognized in profit or loss on an accrual basis and the Pravaler receivables, student loans awarded entered into between students and financial company Ideal Invest S.A., under terms that stipulate that a student can extend the payment maturity and pay the double amount thus reducing the monthly installment. The loan agreement is renewed semiannually between Ideal Invest S.A. and student loses the financial bidding with the school to have a link only with Pravaler. Every time a service is engaged and a loan is renewed, Pravaler prepays approximately 90% of the student's payable financed for the nine-month period to subsidiaries MGE, IMEC, Unimonte and USTJ, which record these receipts on an accrual basis as the service is provided.

(b) Refer to prepayments of services related to the organization of trade shows, congresses, and exhibitions to be provided after receiving. Revenue from this type of payment is recognized when the services are provided.

(c) Refer to funds from agreements entered into between government companies and MGE, UNIMONTE and IMEC to cover the costs incurred on the performance research, development, and scientific and technology qualification projects. These advances are recognized as these project costs are incurred and are broken down as follows:

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 12/31/2015 |
| FAPEMIG | 1,423 | 1,725 |
| CEMIG | 1,186 | 1,229 |
| British embassy | 405 | 405 |
| Petrocoque | 151 | 151 |
| Settaport | 49 | 50 |
| Other | - | 3 |
| Overall Total | 3,214 | 3,563 |

## 20. TAXES IN INSTALLMENTS

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 12/31/2015 |
| FGTS (a) | 2,818 | 2,847 |
| RFB - PIS payroll | 669 | 685 |
| ISS | 9 | 35 |
| Total | 3,496 | 3,567 |
| | | |
| Current liabilities | 163 | 180 |
| Noncurrent liabilities | 3,333 | 3,387 |

(a) FGTS installment plan - On December 31, 2005, subsidiary Unimonte negotiated the FGTS in arrears, payable in 130 monthly, consecutive installments adjusted using the TR, a managed prime rate plus 3% per year. As of July 2015, Unimonte now collects the remaining amounts through escrow deposit, since the parent company is awaiting for Caixa Econômica Federal to send the list of employees who still have FGTS amounts to be deposited. Additionally, on December 31, 2009, subsidiary IMEC assumed the FGTS debt in installments of the former sponsor of Centro Universitário de Belo Horizonte - Uni-BH, Fundação Cultural de Belo Horizonte, to Caixa Econômica Federal.

The payment schedule of the amount recorded in non-current liabilities by maturity year is as follows:

| | Payment schedule |
|---|---|
| | 03/31/2016 |
| 2017 | 1,145 |
| 2018 | 338 |
| 2019 | 401 |
| After 2019 | 1,449 |
| Total | 3,333 |

## 21. NOTES PAYABLE

| | Consolidated |
|---|---|
| | 03/31/2016 |
| Acquisition of Sociesc (a) | 52,656 |
| (-) Adjustment to present value | (23,442) |
| Total | 29,214 |
| | |
| Current liabilities | 3,323 |
| Noncurrent liabilities | 25,891 |

(a) Refers to the acquisition of Sociesc, under which the amounts owed will be settled in 180 equal monthly installments, adjusted annually by the INPC inflation index.

Amounts payable in the long term are distributed as follows:

| | Consolidated |
|---|---|
| | 03/31/2016 |
| 2017 | 1,002 |
| 2018 | 1,336 |
| 2019 | 1,336 |
| After 2019 | 22,217 |
| Total | 25,891 |

## 22. ESCROW DEPOSITS AND PROVISION FOR TAX, CIVIL AND LABOR RISKS

The Company and its subsidiaries are parties to lawsuits arising in the normal course of their operations, involving tax, labor, civil, and other matters.

Management monitors the progress of lawsuits and, based on the opinion of its in-house and external legal counsels and in-company policies, a provision is recognized for the lawsuits whose likelihood of loss is considered as probable, including principal and charges. This provision is considered as sufficient by Management to cover probable losses.

| | Escrow deposits | | | |
|---|---|---|---|---|
| | Company | | Consolidated | |
| | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Labor (a) | 43 | 42 | 12,072 | 10,699 |
| Tax (b) | - | - | 11,023 | 10,264 |
| Civil (c) | - | - | 8,096 | 6,952 |
| Total | 43 | 42 | 31,191 | 27,915 |

| | Provision for risks | | | |
|---|---|---|---|---|
| | Company | | Consolidated | |
| | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Labor provisions (a) | 2,142 | 2,328 | 42,571 | 43,844 |
| Tax provisions (b) | - | - | 52,101 | 200 |
| Civil provisions (c) | - | - | 5,560 | 2,048 |
| Total | 2,142 | 2,328 | 100,232 | 46,092 |

The changes in the Parent Company's provisions were as follows:

| | 12/31/2015 | Addition/Reversal | Inflation adjustment | 03/31/2016 |
|---|---|---|---|---|
| Labor (a) | 2,328 | (210) | 24 | 2,142 |
| Total | 2,328 | (210) | 24 | 2,142 |

The changes in the consolidated provisions were as follows:

| | 12/31/2015 | Addition/Reversal | Business combination | Payments | Inflation adjustment | Offsetting of escrow deposits | Reclassification | 03/31/2016 |
|---|---|---|---|---|---|---|---|---|
| Labor (a) | 43,844 | (960) | 82 | (725) | 294 | (256) | 292 | 42,571 |
| Tax (b) | 200 | 214 | 51,900 | (213) | - | - | - | 52,101 |
| Civil (c) | 2,048 | 3,519 | 108 | (115) | - | - | - | 5,560 |
| Total | 46,092 | 2,773 | 52,090 | (1,053) | 294 | (256) | 292 | 100,232 |

(a) Labor provisions are recognized based on the individual analysis of the lawsuits, of the claims made in each lawsuit, and an updated analysis of the previous court rulings, and refer mainly to claimed overtime, salary equalization, reversal of salary reductions, and payroll taxes, at administrative and court levels, by employees, former employees, service providers or public authorities, and the interpretation of the labor law to discuss whether or not there is an employment relationship with such service providers.

(b) The provisions for labor litigation risks refer mainly to the risks of lawsuits filed by tax authorities regarding discussions and interpretations of prevailing tax legislation, at the administrative and court levels. Pursuant to Note 5.3, in the acquisition of Sociesc, the Company assumed the discussion of tax liabilities arising from the tax authorities' challenge of Sociesc's tax exemption status. In the opinion of the legal advisors there is a "possible" risk of loss inherent in the case, which under normal circumstances would not require provisioning. However, in accordance with paragraphs 23 and 56 of CPC 15 (R1) Business combinations, which govern the assessment of contingences in business combinations, this claim has been adjusted to fair value, in the amount of R$ 51.900, and will be recorded at the same amount, unless in the opinion of the legal advisors the risk of loss increases to "probable" and the estimated amount rises, or unless there is a final and unappealable decision in favor of Sociesc. In these cases, respectively, the provision will be increased or reversed.

(c) The civil provisions refer mainly to lawsuits filed by former students, in relation to the disagreement with contractual clauses, in relation to collection, indemnities, amongst other issues.

Additionally, the Company and its subsidiaries are parties to other lawsuits to which Management, based on the assessment of its in-house and external legal counsels, did not recognize a provision for labor, tax and civil risks, as they believe that there is a possible risk of loss, as follows, highlighting disputes in the administrative and court levels related to interpretations of the law on tax immunity of subsidiaries in periods prior to their changes into for-profit entities. Sociesc's tax-exempt status is being challenged by the tax authorities, and the risk of loss is classified by the legal advisors as "possible", for a total R$ 54,807 higher than the amount of the provision, as mentioned in item "b" above.

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 12/31/2015 |
| Labor | 14,746 | 12,836 |
| Tax | 138,984 | 81,723 |
| Civil | 15,643 | 18,059 |
| Total | 169,373 | 112,618 |

The escrow deposits are adjusted for inflation and disclosed in noncurrent assets.

The escrow deposits, as well as the provision for labor, tax, and civil risks, are adjusted by the official indices established for their adjustment.

| | 12/31/2015 | Inflation adjustment | 03/31/2016 |
|---|---|---|---|
| Labor | 42 | 1 | 43 |
| Total | 42 | 1 | 43 |

Changes in the consolidated escrow deposits were as follows:

| | 12/31/2015 | Additions | Business combination | Write-offs | Contingency set-off | Inflation adjustment | Reallocation | 03/31/2016 |
|---|---|---|---|---|---|---|---|---|
| Labor | 10,699 | 1,014 | 496 | (183) | (256) | 236 | 66 | 12,072 |
| Tax | 10,264 | 560 | - | - | - | 199 | - | 11,023 |
| Civil | 6,952 | 875 | - | (42) | - | 377 | (66) | 8,096 |
| Total | 27,915 | 2,449 | 496 | (225) | (256) | 812 | - | 31,191 |

## 23. EQUITY

### (a) Capital

Subscribed and paid-in capital, in local legal tender, for the three-month period ended March 31, 2016 and the year ended December 31, 2015 is represented by 82,866,371 registered common shares without par value, corresponding to R$496,411, which is broken down as follows:

| | Common Shares | |
|---|---|---|
| | 03/31/2016 | 12/31/2015 |
| Total outstanding shares | 81,872,582 | 82,592,482 |
| Treasury shares | 993,789 | 273,889 |
| Overall total shares | 82,866,371 | 82,866,371 |

### (b) Capital reserves

For the period ended March 31, 2016, the capital reserve balance totaled R$1,231 (R$1,231 as at December 31, 2015).

### (c) Treasury shares

In January and February 2016, the Company repurchased 719,900 common shares totaling R$8,419 at an average cost of R$11.69 to maximize the generation of value to shareholders, as approved by the Board of Directors on October 2, 2015, as shown below:

| Company | | | |
|---|---|---|---|
| Date | Amount | Average price | Value |
| 01/04/2016 | 56,600 | 12.38 | 701 |
| 01/05/2016 | 18,600 | 12.78 | 238 |
| 02/11/2016 | 148,200 | 11.72 | 1,737 |
| 02/12/2016 | 46,400 | 11.60 | 538 |
| 02/15/2016 | 53,300 | 12.00 | 640 |
| 02/16/2016 | 154,900 | 11.67 | 1,808 |
| 02/17/2016 | 233,900 | 11.40 | 2,667 |
| 02/23/2016 | 8,000 | 11.28 | 90 |
| Total buyback | 719,900 | 11.69 | 8,419 |

At March 31, 2016, the balance of treasury shares was 993,789 common shares totaling R$11,568 (273,889 common shares totaling R$3,149 at December 31, 2015).

(d) Dividends

In accordance with the Company´s Bylaws, every year shareholders are guaranteed minimum mandatory dividends, equivalent to 25% of profit for the year, after deducting the legal reserve.

(e) Earnings per share

As prescribed by IAS 33 (equivalent to CPC 41), the Company must calculate basic earnings or loss per share attributable to the Company's controlling shareholders and, if disclosed, the profit or loss resulting from continuing operations attributable to these holders of common shares.

(i) Basic earnings per share:

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average of common shares outstanding during the period, less common shares bought back by the Company and held as treasury shares, if any.

| | Company | |
|---|---|---|
| | 03/31/2016 | 03/31/2015 |
| Profit for the period | 52,755 | 63,836 |
| Weighted average of common shares (in thousands) | 82,197 | 82,866 |
| Basic earnings per common share – R$ | 0.64 | 0.77 |

(ii) Diluted earnings per share

For the three-month period ended March 31, 2016, no dilutive effect occurred, since the Company does not report any category of common shares with dilutive potential when calculating the earnings per share.

## 24. UNIVERSITY FOR ALL PROGRAM (ProUNI)

The Program is focused on granting scholarships to undergraduate and specific graduate students with monthly household income per capita that does not exceed three minimum wages.

Thus, by signing the adhesion agreement and in compliance with Law 11096, of January 13, 2005 and Decree 5493, of July 18, 2005, subsidiaries MGE, IMEC, Unimonte, USTJ and Sociesc offer full and partial scholarships according to the selection criteria established by the PROUNI legislation, benefiting from the income tax, social contribution, COFINS and PIS exemptions, as prescribed by Article 8 of Law 11096/2005. This exemption refers only to taxes levied on profit and revenue earned on higher education activities, namely graduate degrees. This exemption is renewed semiannually through the digital signature of an adhesion agreement entered into with the MEC.

The number of scholarships awarded in the three-month period ended March 31, 2016 and the year ended December 31, 2015 is consistent with PROUNI rules related to the minimum number of students per place, as prescribed by Law 12431, of June 24, 2011.

## 25. NET REVENUE FROM PRODUCTS AND SERVICES

The reconciliation between gross revenue and net revenue disclosed in the income statement for the three-month period ended March 31, 2016, compared to March 31, 2015 is as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| Gross revenue from products and services | 704 | 634 | 244,079 | 216,340 |
| FIES revenue | - | - | 90,169 | 85,536 |
| Discounts on monthly tuitions | - | - | (95,058) | (79,113) |
| Taxes on revenue (a) | (75) | (53) | (4,839) | (4,745) |
| Adjustment to present value | - | - | 938 | - |
| Net revenue | 629 | 581 | 235,289 | 218,018 |

(a) Refers to PIS, COFINS, ICMS, IPI, ISS and INSS on revenue.

The discounts on monthly tuitions consist mainly of discounts granted by subsidiaries MGE, IMEC, Unimonte, USTJ and Sociesc as show below:

| | Consolidated | |
|---|---|---|
| | 03/31/2016 | 03/31/2015 |
| PROUNI gratuity | (51,798) | (39,958) |
| Scholarships and discounts | (34,576) | (30,930) |
| Graduate degrees | (1,326) | (1,888) |
| Arrangements with companies | (936) | (814) |
| Refunding, rebates and other | (6,422) | (5,523) |
| Total | (95,058) | (79,113) |

## 26. INCOME AND (EXPENSES) BY NATURE

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| Advertising and publicity | (398) | (188) | (6,274) | (6,054) |
| Allowance for doubtful accounts (Note 8) | - | - | (6,970) | (7,824) |
| Taxes and fees | (317) | (296) | (717) | (570) |
| Provision for labor, tax, and civil risks (Note 22) | 186 | 76 | (3,067) | (2,792) |
| Other operating income | 831 | 571 | 995 | 778 |
| Revenue from lease of rooms and stores | - | - | 572 | 582 |
| Personnel expenses (a) | (2,041) | (2,717) | (110,492) | (98,848) |
| Outsourced services expenses (b) | (416) | (1,973) | (8,553) | (7,594) |
| Expenses on leases and occupancy | (77) | (119) | (21,175) | (15,160) |
| Depreciation expenses (Note 13) | (199) | (161) | (5,454) | (4,361) |
| Amortization expenses (Note 14) | (856) | (474) | (3,061) | (2,749) |
| Maintenance | (31) | (1) | (2,573) | (1,892) |
| Commuting | (224) | (234) | (1,399) | (1,158) |
| Other costs | (96) | (79) | (13,157) | (8,948) |
| Total | (3,638) | (5,595) | (181,325) | (156,590) |
| Classified as: | | | | |
| Cost | (3,590) | (5,443) | (121,896) | (100,583) |
| Selling expenses | (398) | (188) | (13,244) | (13,878) |
| General and administrative expenses | (350) | (315) | (43,968) | (40,129) |
| Other operating income (expenses), net | 700 | 351 | (2,217) | (2,000) |

(a) The amount recognized as personnel expenses includes payroll and related taxes.

(b) The amount recognized as outside services refers mainly to consulting, information technology, security, and outsourced labor.

The amounts of materials, power, outsourced services and other expenses disclosed in the Statement of Value Added, are stated above in lines: outsourced services, maintenance, commuting, occupancy and other expenses.

## 27. SEGMENT REPORTING

The Company’s Management elected to organize the Group based on the two different services provided, as follows:

(a) Education - Activity performed by the companies MGE, IMEC, UNA, Unimonte, USTJ, PGP Educação and Sociesc, which are engaged in the provision of education services by offering elementary school and high school courses, college degrees and professional specialization courses, including undergraduate, graduate, masters, doctorate, and extension degrees, in addition to Protanec, both formal and distance education.

(b) Vertical Management and Technological Innovation - Activity performed by subsidiaries HSM do Brasil and Sociesc focused on the development of corporate leaders and companies through congresses, forums, seminars, specialization courses, in-company courses, publishing books and magazines specifically focused of management and business, consultancy services in the area of technological innovation and technical testing and analysis, including a calibration laboratory and testing of electrical equipment, measuring equipment, materials, founding and tooling.

The Company believes that the allocation of expenses through apportionment among the operating segments does not produce any additional benefit to the business analysis and management and, therefore, said expenses are not allocated. The Company does not analyze reports on the equity amounts per segment.

| | 03/31/2016 | | | |
|---|---|---|---|---|
| | Consolidated | | | |
| | Higher Education | Vertical Management and Technological Innovation | Unallocated amount | Total |
| NET REVENUE | 230,331 | 4,958 | - | 235,289 |
| COST OF PRODUCTS AND SERVICES | (118,350) | (3,546) | - | (121,896) |
| GROSS PROFIT | 111,981 | 1,412 | - | 113,393 |
| OPERATING INCOME (EXPENSES) | | | | |
| Selling expenses | (12,645) | (202) | - | (12,847) |
| General and administrative expenses | (28,633) | (3,286) | - | (31,919) |
| Corporate finance expenses | - | - | (12,698) | (12,698) |
| Other operating income (expenses) | (1,995) | 30 | - | (1,965) |
| INCOME BEFORE FINANCE INCOME (EXPENSES) | 68,708 | (2,046) | (12,698) | 53,964 |
| Finance income (expenses) | 5,412 | (463) | 2 | 4,951 |
| Corporate finance income (expenses) | - | - | (6,110) | (6,110) |
| INCOME (LOSS) BEFORE INCOME TAXES | 74,120 | (2,509) | (18,806) | 52,805 |
| Current and deferred income tax and social contribution | (50) | - | - | (50) |
| PROFIT (LOSS) FOR THE PERIOD | 74,070 | (2,509) | (18,806) | 52,755 |

| | 03/31/2015 | | | |
|---|---|---|---|---|
| | Consolidated | | | |
| | Higher Education | Vertical Management and Technological Innovation | Unallocate d amount | Total |
| NET REVENUE | 215,687 | 2,331 | - | 218,018 |
| COST OF SERVICES RENDERED | (99,072) | (1,511) | - | (100,583) |
| GROSS PROFIT | 116,615 | 820 | - | 117,435 |
| OPERATING INCOME (EXPENSES) | | | | |
| Selling expenses | (12,781) | (909) | - | (13,690) |
| General and administrative expenses | (22,481) | (3,794) | (69) | (26,344) |
| Corporate finance expenses | - | - | (14,260) | (14,260) |
| Other operating income (expenses) | (2,006) | 293 | - | (1,713) |
| INCOME BEFORE FINANCE INCOME (EXPENSES) | 79,347 | (3,590) | (14,329) | 61,428 |
| Finance income (expenses) | 2,749 | 555 | 2 | 3,306 |
| Corporate finance income (expenses) | - | - | (905) | (905) |
| INCOME (LOSS) BEFORE INCOME TAXES | 82,096 | (3,035) | (15,232) | 63,829 |
| Current and deferred income tax and social contribution | 10 | (3) | - | 7 |
| PROFIT (LOSS) FOR THE PERIOD | 82,106 | (3,038) | (15,232) | 63,836 |

The unallocated amount is basically related to the group's administrative activities performed by GAEC.

## 28. FINANCE INCOME (EXPENSES), NET

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| Finance income: | | | | |
| Income from monthly tuition interest rates | - | - | 4,572 | 2,891 |
| Currency variation on loans | 25,510 | - | 25,510 | - |
| Income from short-term investments | 4,194 | 956 | 5,171 | 3,768 |
| Monetary restatement | 180 | 3 | 6,803 | 626 |
| Exchange gain variations | 8 | - | 21 | 967 |
| Discount | 6 | 138 | 425 | 481 |
| Total | 29,898 | 1,097 | 42,502 | 8,733 |
| Finance expenses: | | | | |
| Loan interest expense | (10,439) | (1,824) | (12,899) | (4,201) |
| Expenses with derivatives | (25,510) | - | (25,510) | - |
| Exchange losses | - | - | (231) | - |
| Taxes interest expenses | - | (1) | (105) | (85) |
| Financial discounts granted to students | - | - | (724) | (525) |
| Tax on financial transactions (IOF) | (4) | (4) | (39) | (37) |
| Pravaler financing interest | - | - | (2,374) | (894) |
| Banking expenses | (52) | - | (63) | (12) |
| Present value adjustment expenses and restatement of notes | - | (166) | (1,071) | (183) |
| Other | (3) | (7) | (645) | (395) |
| Total | (36,008) | (2,002) | (43,661) | (6,332) |
| Finance income (expenses) | (6,110) | (905) | (1,159) | 2,401 |

## 29. EMPLOYEE BENEFITS

Variable compensation - The Compostella program, created in 2008, to offer opportunities to be part of a variable compensation process, includes the key management personnel of the Company and its subsidiaries MGE, IMEC and Unimonte. The Compostella consists on paying an additional compensation, earned biannually or annually, provided that the entity meets its overall goals and each manager achieves his or her individual goal. The annual variable compensation proposed in case of fully achieving the targets may vary between 2 and 7 monthly salaries, according to the hierarchical level and partial achievements of targets are accepted according to previously defined criteria, with the partial payment of compensation proposed. The Company and its subsidiaries make monthly provisions in order to deal with these expenses. This benefit was not paid for the three-month periods ended March 31, 2016 and March 31, 2015.

Food benefit - The Company and its subsidiaries offer two alternative types of benefit to their employees: a meal card or a food card, except for Unimonte, which only grants food cards, and Sociesc, which only grants meal cards. In the three-month period ended March 31, 2016, the expenses incurred on this benefit came to R$1,823 (R$1,694 at March 31, 2015).

Health and dental insurance plan - The Company and its subsidiaries MGE, IMEC, Unimonte, HSM, USJT and Sociesc offer a health and dental insurance plan to its employees, according to the criteria established in their policy. The adopted plan, provided by a specialized firm engaged for this purpose, has co-payment requirements, mostly under which an employee pays a fixed amount to use the medical procedures covered by the agreement. The Company and its subsidiaries' liability is limited to the payment of monthly obligations according to the service agreement entered into with the health operator, which totaled R$1,775 in the three-month period ended March 31, 2016 (R$1,230 on March 31, 2015).

Scholarships - The Company and its subsidiaries offer to all their employees scholarships ranging from 50% to 100%, depending on the salary bracket, course selected and academic performance and can be transferred to an employee's dependent in turn. In addition, spouses and offspring are entitled to a 50% scholarship and the Anima Community (other employee family members), are entitled to a 30% scholarship. In the three-month period ended March 31, 2016, scholarships totaling R$4,760 were awarded to employees and their dependents (R$3,732 at March 31, 2015).

Day care center benefit - Sociesc offers its employees with children up to one year old, who attend a private day care center, up to 50% of the minimum wage.

Transportation allowance - Sociesc offers its corporate officers and unit directors monthly transportation allowance and a fuel and toll card.

Funeral assistance - Sociesc offers its employees funeral assistance if a member of the staff dies, in which case children over 14 years of age have the right to payment of funeral expenses and indemnity of R$5,000, while children younger than 14 are entitled to funeral expenses alone, up to a maximum amount of R$5,000.

Private pension plan - Sociesc provides its employees a private pension plan, contributing up to 70% of the cost, with a maximum of 10% of the employee's salary in the case of those with salaries exceeding R$7,000, and 100% for employees earning less than R$7,000. In the three-month period ended March 31, 2016, the cost of this benefit amounted to R$163.

## 30. RELATED-PARTY TRANSACTIONS

During the course of their business, the Company and its related parties recorded intragroup receivables and payables originated by acquired services and loan transactions. The business and financial terms thereof are agreed by the Company and its related parties.

In the three-month period ended March 31, 2016 and in the year ended December 31, 2015, the Company's related-party balances and transactions are as follows:

| | Company | | |
|---|---|---|---|
| | 03/31/2016 | | |
| | Assets | Liabilities | Profit (loss) |
| | Trade receivables | Trade payables | Revenues |
| MGE | 2,619 | 477 | 524 |
| IMEC | 1,809 | 258 | - |
| AMC | 1,465 | 87 | - |
| Unimonte | 720 | 235 | 181 |
| HSM Brasil | 65 | - | - |
| PGP Educação | 17 | - | - |
| Other | 68 | 69 | - |
| Total | 6,763 | 1,126 | 705 |

| | Company | | |
|---|---|---|---|
| | 12/31/2015 | | |
| | Assets | | Profit (loss) |
| | Trade receivables | Trade payables | Revenues |
| MGE | 3,278 | 476 | 1,882 |
| IMEC | 2,260 | 248 | - |
| AMC | 1,753 | 83 | 651 |
| Unimonte | 844 | 235 | - |
| HSM Brasil | 77 | - | - |
| Other | 68 | 69 | - |
| Total | 8,280 | 1,111 | 2,533 |

| | Consolidated | | | |
|---|---|---|---|---|
| | 03/31/2016 | | | |
| | Assets | | Liabilities | Profit (loss) |
| | Trade receivables | Loan | Trade payables | Expenses |
| Santa Antonieta Gestão Patrimonial (a) | - | - | 270 | 810 |
| Instituto UNA | 32 | 12 | - | - |
| Virtual | 36 | - | - | - |
| Total | 68 | 12 | 270 | 810 |

| | Consolidated | | | |
|---|---|---|---|---|
| | 12/31/2015 | | | |
| | Assets | | Liabilities | Profit (loss) |
| | Trade receivables | Loan | Trade payables | Expenses |
| Santa Antonieta Gestão Patrimonial (a) | - | - | 270 | 3,178 |
| Instituto UNA | 32 | 12 | - | - |
| Virtual | 36 | - | - | - |
| Total | 68 | 12 | 270 | 3,178 |

(a) Refers to the rent of the Aimorés Campus used by MGE.

30.1. Key management personnel compensation

Key management personnel include the Company’s officers and board members. The compensation received during the three-month period ended March 31, 2016 and the three-month period ended March 31, 2015 as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 03/31/2015 | 03/31/2016 | 03/31/2015 |
| Short-term benefits | 848 | 726 | 2,425 | 2,167 |

# 31. FINANCIAL INSTRUMENTS

## 31.1. Financial risk management:

In the normal course of its operations, the Company and its subsidiaries are exposed to the following risks related to their financial instruments:

(a) Liquidity risk - is the risk of shortage of funds to settle their obligations. The management of the liquidity risk is made to ensure that the Company and its subsidiaries have the funds necessary to settle their liabilities on their maturities.

The Board of Directors has the ultimate responsibility for managing of liquidity risk and has preparing an appropriate liquidity risk management model to manage funding requirements and short-, medium- and long-terms liquidity management. The Company and its subsidiaries manage the liquidity risk by maintaining proper reserves, bank and other credit facilities to raise new borrowings that it considers appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

The table below shows the Company's financial liabilities.

| | Consolidated | | | |
|---|---|---|---|---|
| | Less than 1 year | Between 1 and 2 years | Over 2 years | Total |
| At March 31, 2016: | | | | |
| Borrowings and financing (Note 16) | 138,213 | 150,917 | 82,150 | 371,280 |
| Derivatives | (1,546) | 3,313 | 1,156 | 2,923 |
| Trade payables (Note 15) | 19,085 | - | - | 19,085 |
| Notes payable (Note 21) | 3,323 | 2,338 | 23,553 | 29,214 |
| At December 31, 2015: | | | | |
| Borrowings and financing (Note 16) | 124,192 | 153,474 | 76,789 | 354,455 |
| Derivatives | (12,093) | (2,131) | (8,594) | (22,818) |
| Trade payables (Note 15) | 19,606 | - | - | 19,606 |

(b) Credit risk - assessed on historic bases by Management and arises from market fluctuations and changes in the national and local economy. The allowance for doubtful accounts is calculated in an amount considered sufficient by Management to cover potential losses on the realization of receivables.

Credit risk refers to the risk of a counterparty not complying with its contractual obligations, which would result in financial losses for the Company and its subsidiaries. Therefore, the Company and its subsidiaries' sales policy is closely related to the level of credit risk that they are willing to assume in the ordinary course of their businesses, limited to Federal Government rules (Law 9870/99, which provides for total school annual tuitions). Enrollment for the next school year is blocked whenever a student is in default with the institution. The diversification of its receivables portfolio and the selectivity of students, as well as monitoring of payment terms, are procedures adopted to minimize any default on the collection of receivables.

The Company restricts its exposure to credit risks related to banks and short-term investments by investing through prime financial institutions, based on the rating awarded by the agencies Fitch Rating and Standard & Poors, and in accordance with previously established limits.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk on the reporting dates was:

| | | Company | | Consolidated | |
|---|---|---|---|---|---|
| | Notes | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Cash and cash equivalents | 7 | 1,509 | 1,411 | 24,477 | 25,480 |
| Short-term investments | 7 | 119,885 | 153,482 | 125,647 | 159,058 |
| Trade receivables | 8 | 6,762 | 8,280 | 386,770 | 289,252 |
| Sundry advances | 9 | 517 | 671 | 17,700 | 21,984 |
| Receivables from related parties | 30 | - | - | 12 | 12 |
| Total | | 128,673 | 163,844 | 554,606 | 495,786 |

(c) Market risk - it is the risk that fair value or future cash flows of a certain financial instrument will fluctuate because of changes in interest rates and inflation adjustment indices. The management of the market risk is made to ensure that the Company and its subsidiaries are only exposed to risk levels considered acceptable in the context of their operations.

(i) Foreign exchange risk - The Company and its subsidiary use derivative financial instruments, recorded in the statement of financial position and in the income statement, in order to manage market risks arising from the mismatch between currencies and indices. Derivative transactions are carried out in accordance with the Company's annual business plan previously approved by the Board of Directors.

In this scenario, subsidiary HSM holds non-deliverable forwards (NDF), in dollars, whose hedge refers to the highly probable future contracting of service providers in foreign currency.

The Company takes US dollar-denominated loan and contracted a SWAP to ensure the US dollar quote, aiming at mitigating the foreign exchange variation risk. These derivative transactions are recorded in the Company's statement of financial position at their fair value and the respective gains or losses are immediately recognized in the finance income (expenses).

These derivative operations were contracted with Itaú Unibanco S.A. And HSBC Bank Brasil S.A., under the following amounts and conditions:

| Company | | | | | | |
|---|---|---|---|---|---|---|
| Contracting date | Maturity date | Pegged amount (USD thousand) | Contracted Quote | Fair value adjustment (R$ thousand) | Closing quote | SWAP Rate |
| 04/29/2015 | 04/25/2016 | 10,187 | 2.9450 | 2,920 | 2.550% p.a. | CDI + 1.80% p.a. |
| 08/26/2015 | 08/26/2020 | 28,089 | 3.5600 | (1,156) | 2.788% p.a. | CDI + 2.40% p.a. |
| 07/31/2015 | 07/25/2016 | 9,024 | 3.3243 | 249 | 2.868% p.a. | CDI + 1.15% p.a. |
| 08/28/2015 | 08/17/2017 | 13,793 | 3.6250 | (3,313) | 3.893% p.a. | CDI + 1.00% p.a. |
| 08/28/2015 | 08/22/2016 | 5,519 | 3.6250 | (1,392) | 2.808% p.a. | CDI + 0.50% p.a. |
| Total | | 66.612 | | (2.692) | | |

| Contracting date | Maturity date | Pegged amount (USD thousand) | Contracted Quote | Fair value adjustment (R$ thousand) | Closing quote | SWAP Rate |
|---|---|---|---|---|---|---|
| | | | Consolidated | | | |
| **Forward currency transactions** | | | | | | |
| 03/03/2016 | 04/15/2016 | 53 | 3.9144 | (16) | 12.358% p.a. | - |
| 03/03/2016 | 05/13/2016 | 84 | 3.9531 | (26) | 12.800% p.a. | - |
| 03/03/2016 | 06/15/2016 | 77 | 3.9980 | (25) | 12.899% p.a. | - |
| 03/03/2016 | 08/15/2016 | 40 | 4.0854 | (13) | 13.162% p.a. | - |
| 03/03/2016 | 09/15/2016 | 32 | 4.1179 | (10) | 12.598% p.a. | - |
| 03/03/2016 | 10/14/2016 | 249 | 4.1725 | (83) | 13.251% p.a. | - |
| 03/03/2016 | 11/14/2016 | 175 | 4.2096 | (58) | 12.954% p.a. | - |
| Total | | 710 | | (231) | | |
| **SWAP operations** | | | | | | |
| 04/29/2015 | 04/25/2016 | 10,187 | 2.9450 | 2,920 | 2.550% p.a. | CDI + 1.80% p.a. |
| 08/26/2015 | 08/26/2020 | 28,089 | 3.5600 | (1,156) | 2.788% p.a. | CDI + 2.40% p.a. |
| 07/31/2015 | 07/25/2016 | 9,024 | 3.3243 | 249 | 2.868% p.a. | CDI + 1.15% p.a. |
| 08/28/2015 | 08/17/2017 | 13,793 | 3.6250 | (3,313) | 3.893% p.a. | CDI + 1.00% p.a. |
| 08/28/2015 | 08/22/2016 | 5,519 | 3.6250 | (1,392) | 2.808% p.a. | CDI + 0.50% p.a. |
| Total | | 66.612 | | (2.692) | | |

For the three-month period ended March 31, 2016, the variation between the reference amounts of derivatives contracted and related calculations of fair value were recorded under "finance expenses" totaling R$25,510 against "derivatives".

The Company's Management permanently monitors the derivative financial instruments contracted.

(ii) Interest rate risk - the Company has borrowings and financing denominated in local currency subject to interest rates linked to indices (mainly the CDI). The risk related to these liabilities is linked to the possibility of changes in interest rates.

The Company does not have any contract to hedge against this type of exposure; however it continually monitors market interest rates to assess the need to enter into hedging transactions against the risk of volatility in these rates.

Interest rates in current and non-current liabilities are as follows:

| | Note | Consolidated 03/31/2016 | Consolidated 12/31/2015 |
|---|---|---|---|
| Borrowings and financing: | | | |
| Interbank Deposit Certificate - CDI | 16 | 352,552 | 353,989 |
| Derivatives | | 2,923 | (22,818) |
| Other (i) | | 771 | 466 |
| Notes payable: | | | |
| National Consumer Price Index (INPC) | 21 | 29,214 | - |
| Total | | 403,417 | 331,637 |

(i) Borrowings and financing pegged to the TJLP.

## 31.2. Capital management

The Company and its subsidiaries manage their capital to ensure their going concern and, at the same time, maximize return to all stakeholders or parties involved in their operations, by optimizing the debt and equity balance.

Management reviews the Company's and its subsidiaries' capital structure on a regular basis. As part of this review, Management considers the cost of capital, asset liquidity, the risks associated to each class of equity, and the debt-to-equity ratio in a consolidated way by adopting a financial leverage ratio.

The Company and its subsidiaries are not subject to any external requirement on capital.

The table below shows the financial leverage ratios:

| | | Company | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Borrowings and financing | 16 | 292,386 | 311,219 | 371,280 | 354,455 |
| Derivatives | 31.1 | 2,692 | (22,818) | 2,923 | (22,818) |
| Cash and cash equivalents | 7 | (1,509) | (1,411) | (24,477) | (25,480) |
| Short-term investments | 7 | (119,885) | (153,482) | (125,647) | (159,058) |
| Net debt (cash) | | 173,684 | 133,508 | 224,079 | 147,099 |
| Equity | 23 | 686,454 | 642,118 | 686,454 | 642,118 |
| Financial leverage ratio | | 25.30% | 20.79% | 32.64% | 22.91% |

31.3. Fair value measurements recognized in the statement of financial position and/or disclosed

(a) Fair value versus carrying amount

It was identified that in the transactions involving financial instruments the carrying amounts and the fair values of borrowings and financing are different because such borrowings and financing have extended maturities.

The fair values of borrowings and financing were calculated by projecting the future cash flows of borrowings and financing using the interest rates agreed for each transaction (Note 15), subsequently discounted to present value using the average funding rates incurred at the end of each period, which are in conformity with the rates used by the market on each date and in each type of funding. The discount rate used in financial liabilities for the three-month period ended March 31, 2016 was 16.13% (16.15% on December 31, 2015).

The estimated fair values are as follows:

| | | Company | | | |
|---|---|---|---|---|---|
| | | 03/31/2016 | | 12/31/2015 | |
| | Note | Fair value | Carrying amount | Fair value | Carrying amount |
| Net financial liabilities | | | | | |
| Borrowings and financing | 16 | 292,221 | 292,386 | 288,301 | 311,219 |
| Derivatives | 31.1 | 2,692 | 2,692 | (22,818) | (22,818) |
| Total | | 294,913 | 295,078 | 265,483 | 288,401 |

| | | Consolidated | | | |
|---|---|---|---|---|---|
| | | 03/31/2016 | | 12/31/2015 | |
| | Note | Fair value | Carrying amount | Fair value | Carrying amount |
| Net financial liabilities | | | | | |
| Borrowings and financing | 16 | 363,894 | 371,280 | 331,177 | 354,455 |
| Derivatives | 31.1 | 2,923 | 2,923 | (22,818) | (22,818) |
| Notes payable | 21 | 29,214 | 29,214 | - | - |
| Total | | 396,031 | 403,417 | 308,359 | 331,637 |

(b) Fair value hierarchy

For the three-month period ended March 31, 2016 and year ended December 31, 2015, the Company and its subsidiaries adopted level 2 for derivatives and all borrowings and financing and notes payable.

31.4. Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2016 | 12/31/2015 | 03/31/2016 | 12/31/2015 |
| Trade receivables | | | | |
| Counterparties without external credit rating | 6,762 | 8,280 | 386,770 | 289,252 |
| | 6,762 | 8,280 | 386,770 | 289,252 |
| Cash at bank and short-term bank deposits (i) AAA | 14 | 30 | 5,252 | 1,682 |
| Financial investments (i) AAA | 121,374 | 154,859 | 144,771 | 182,766 |
| | 121,388 | 154,889 | 150,023 | 184,448 |

(i) National rating assigned by risk rating agency Fitch Ratings.

The residual balance of “cash and cash equivalents” of the statement of financial position is cash on hand.

## 32. SENSITIVITY ANALYSIS

The following is the sensitivity analysis table of the financial instruments that might produce material losses for the Company and its subsidiaries, shown in the probable scenario (index used: CDI – 14.13%), taking into account the indices mentioned in the tables and a 12-month time horizon. Additionally, two other scenarios are provided, therefore showing a 25% and 50% stress at the risk variable considered, respectively.

| | Company | | | | | |
|---|---|---|---|---|---|---|
| | 03/31/2016 | | | | | |
| | | | | Effect on profit (loss) | | |
| | Index | Risk | Value | Probable scenario | Possible scenario (25%) | Remote scenario (50%) |
| Short-term investments | CDI | CDI increase | (121,374) | (17,150) | (21,438) | (25,725) |
| Borrowings and financing (domestic currency) | CDI | CDI increase | 50,372 | 7,118 | 8,897 | 10,676 |
| Borrowings and financing (foreign currency) | CDI | CDI increase | 242,014 | 34,197 | 42,746 | 51,295 |
| Derivatives | CDI | CDI increase | 2,692 | 380 | 475 | 571 |
| Net exposure - loss | | | 173,704 | 24,545 | 30,680 | 36,817 |

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | 03/31/2016 | | | | | |
| | | | | Effect on profit (loss) | | |
| | Index | Risk | Value | Probable scenario | Possible scenario (25%) | Remote scenario (50%) |
| Short-term investments | CDI | CDI increase | (144,771) | (20,456) | (25,570) | (30,684) |
| Borrowings and financing (domestic currency) | CDI | CDI increase | 129,266 | 18,265 | 22,832 | 27,398 |
| Borrowings and financing (foreign currency) | CDI | CDI increase | 242,014 | 34,197 | 42,746 | 51,295 |
| Derivatives | CDI | CDI increase | 2,923 | 413 | 516 | 620 |
| Net exposure - loss | | | 229,432 | 32,419 | 40,524 | 48,629 |

For the three-month period ended March 31, 2016, we carried out a sensitivity analysis considering the "CDI increase" scenario, given that this is the scenario that would most negatively impact the Company in the current period considering that we have more borrowings than investments.

For interest rate sensitivity analysis purposes, the Company and its subsidiaries adopted as a criteria to show the impact of total interest to be incurred over the next 12 months.

Gains and losses on these transactions are consistent with the policies and strategies designed by the Management of the Company and its subsidiaries.

The rate used for the projections described above was based on CDI - estimate disclosed by Anbima, deemed by Management an independent external and reliable source.

No sensitivity analysis was carried out on the US dollar variation impact, given that the Company's Management contracted hedging instruments in an amount deemed to be sufficient to minimize the impacts from the exchange variation.

## 33. INSURANCE

The Company and its subsidiaries have the policy of obtaining insurance coverage considering the type of its operations, risks involved and advice from insurance brokers. The risk assumptions adopted, in view of their nature, are not part of the scope of the audit of the financial statements and, therefore, were not audited by our independent auditors. All insurance policies were obtained with Brazilian insurers.

For the three-month period ended March 31, 2016, and the year ended December 31, 2015, the Company held insurance policies covering, among other risks, fire, flood, occupational accidents, electrical damage, riots, breakages of glass, electronic equipment, theft, lightning, explosion, hurricane and damage by motor vehicles or falling aircraft.

## 34. STATEMENTS OF CASH FLOWS - MAIN NON-CASH TRANSACTIONS

For the correct analysis of the statements of cash flows for the three-month period ended March 31, 2016, it is necessary to appraise the transaction below, which did not affect cash:

(a) On February 1, 2016, the Company, through its subsidiary PGP Educação S.A., assumed ownership of all the rights over Sociedade Educacional de Santa Catarina ("Sociesc").

Under the agreement, subsidiary PGP Educação has disbursed R$291 until this moment and has taken over Sociesc with a cash balance of R$5,542, with a net positive cash effect of R$5,251 with no transfer of funds.

## 35. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorized for disclosure by the Board of Directors on May 10, 2016.

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BOARD OF EXECUTIVE OFFICERS

DANIEL FACCINI CASTANHO
Chief Executive Officer

GABRIEL RALSTON CORREA RIBEIRO
Chief Financial Officer

TECHNICAL MANAGER

MARY AFONSO MOUSINHO
Accountant
CRC/MG 088.391/O-8

## MESSAGE FROM MANAGEMENT

This year began on a very challenging tone. The political crisis, which continues dominating the agenda in Brasília, has held the country on standby, limiting investments and consumption in general. The macroeconomic environment has also remained unstable and is far from showing consistent signs of recovery. Unemployment rates are increasing every quarter, while business and consumer confidence levels remain very low. As a result, we began the year with short-term results still under pressure, but with a clear action plan to preserve operational efficiency. Some short-term volatility, however, is still expected.

The biggest challenge in the first semester of 2016 was undoubtedly the summer intake. With the acceleration of economic deterioration in the last twelve months, there has been a substantial decline in our intake levels. We enrolled 20.3 thousand new students, 28.6% fewer than in 2015. Aware of these challenges, we are reviewing our plans and strategies for the next intake cycles without abandoning our quality positioning. Our initiatives are concentrated in some major fronts:

i) **Innovation.** The results of the last evaluation cycle of the Ministry of Education (MEC) showed a consistent improvement in our academic quality. Even so, we continue investing in academic innovation projects in order to evolve beyond the government metrics. One of the main highlights in this regard is the introduction of the “Life Project” course in our curricula. After holding pilot classes in 2015, we are beginning the first semester of 2016 with approximately 142 classes, 99 professors and 6 thousand students attending this new course. By combining innovative on-campus activities with virtual activities on a new platform created specifically for that purpose, we are taking major steps to develop, in addition to the technical skills of each career, the so-called soft skills, which are highly in line with the current demand of the job market and the world. The initial results have been excellent, provoking very positive reactions from our students and professors, expressed in the satisfaction surveys and in the retention rates of the first pilot groups. We believe that the sustainability of our business relies on academic quality and differentiation, and projects like this are important steps in this direction.

ii) **Access.** We continue investing in the “Ampliar” concept in order to provide financial access solutions through student loans. In the last 3 intake processes, around 30% of the intakes came with student loans, despite the recurring problems with FIES. As a result, we are gradually reducing our exposure to the government program, which has gone down to approximately 20% of total intake, while we provide new private alternatives solutions to our students. Our portfolio is currently concentrated in our partnership with *PraValer*, but we continue working on new ideas to meet the different needs of our students. As we have always defended, this is a gradual process, with no shortcuts, in order to balance the desire to attract new students with an appropriate risk and capital allocation management.

iii) **Intake and Retention.** We are reactivating and reinforcing our sales teams. In the past few years, we concentrated most of our commercial efforts on brand building activities to strengthen the relationship with our students and the community. We believe that today’s environment demands new priorities and, with this in mind, we are allocating more resources to boost our intakes, with people solely focused on this, using technology and other tools to break this current vicious cycle, in which students continue postponing the decision to start college. Regarding retention, in 2015 we were able to obtain a few positive results in our institutions (excluding São Judas, which is still transitioning from annual to semiannual programs). We closed the last semester cycle (adding the dropouts of the last two quarters) with a 0.5pp improvement year-on-year. We are intensifying our efforts to this end!

iv) **Margins protection.** We continue to work in three dimensions to protect our operating margins. a) Classroom efficiency: our modular academic model has been crucial to sustain the productivity rates of our classrooms in spite of the backdrop in our student base. b) Capacity utilization: we are on execution mode of the plan developed in 2015 to redimension our multi-campuses strategy in this new demand scenario; and c) Budget discipline: we have successfully managed to optimize expenses in all areas of the company, without compromising any strategic project.

v) **Inorganic Growth.** Despite the reduction in intakes, we began the first semester of 2016 with 95.4 thousand students, 4.8% more than in the same period last year. This increase was fueled by Sociesc, which we started to consolidated as of Feb'16, adding 15.3 thousand students to our base. The integration process has already started, led by a small team of managers from both Anima and Sociesc teams. We are very optimistic about the prospects, given that there are clear synergies to be captured following a balanced execution schedule. There are also no issues that had not been identified in our due diligence process. Sociesc is proving to be a mature and open institution, with a highly committed team of managers and professors who are also very receptive to this new phase. We believe that in moments like today's good opportunities for inorganic growth tend to arise. We remain alert and are fully prepared to explore new opportunities in that sense, as long as they could contribute to our nationwide expansion process, and also create for shareholder value.

The results of the first quarter of 2016 reflect the current challenges and opportunities. We closed 1Q16 with net revenue of R$234.4 million, 7.3% up on 1Q15. It is important to note that this increase was fueled by the consolidation of Sociesc, which has been consolidated in our results since February 2016. Excluding this effect, net revenue fell 3.6% year on year, mainly due to the reduction in the student base. This decline was partially offset by inflation pass-through to our tuition fees, despite an increase in scholarships, mainly due to an increase in the share of students with 50% Prouni scholarships in our base.

| Financial Performance | Consolidated | | | Consolidated exclud. Sociesc | | |
|---|---|---|---|---|---|---|
| | 1Q16 | 1Q15 | % YA | 1Q16 | 1Q15 | % YA |
| **Net Revenue** | **234.4** | **218.5** | **7.3%** | **210.7** | **218.5** | **-3.6%** |
| **Gross Profit (exclud. deprec/amort)** | **117.5** | **122.1** | **-3.8%** | **110.9** | **122.1** | **-9.1%** |
| *Gross Margin* | *50.1%* | *55.9%* | *-5.8 p.p.* | *52.7%* | *55.9%* | *-3.2 p.p.* |
| **Adjusted EBITDA** | **67.4** | **73.3** | **-8.1%** | **65.9** | **73.3** | **-10.2%** |
| *EBITDA Margin* | *28.8%* | *33.6%* | *-4.8 p.p.* | *31.3%* | *33.6%* | *-2.3 p.p.* |
| **Adjusted Net Income** | **53.1** | **65.8** | **-19.2%** | **52.9** | **65.8** | **-19.6%** |
| *Net Margin* | *22.7%* | *30.1%* | *-7.4 p.p.* | *25.1%* | *30.1%* | *-5.0 p.p.* |

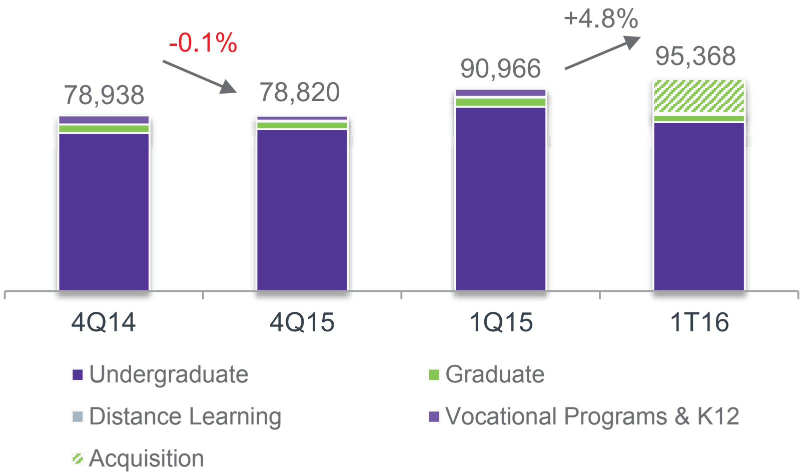
Our gross profit totaled R$117.5 million in the period, which represents a gross margin of 50.1%. The 5.8pp year-on-year reduction was strongly influenced by the consolidation of Sociesc, which still operates with lower margins compared to our other schools. Excluding this effect, we see a slightly lower decline (-3.2pp), still influenced by the same reasons that impacted us in the second semester of 2015. Namely, increased rental costs behind some idle capacity related to our expansion projects, and some deleveraging impacts because of less scale (especially in the Belo Horizonte metropolitan area). We partially recovered this efficiency loss with a strict control of expenses, closing 1Q16 with adjusted EBITDA of R$67.4 million and a 28.8% margin (4.8pp down from 1Q15, or 2.3pp down excluding Sociesc). Adjusted net income totaled R$53.1 million in 1Q16.

We remain very alert to minimize the impacts of the slowdown in our intakes. The action plans focusing on margin protection, which we have been executing since 2015, are all on schedule. We recognize the challenges imposed by the current environment, but we are very focused on execution and confident about our results. This challenging environment is serving as an incentive to reinforce our strategic choices and main commitments, i.e. seeking a balance between academic quality, innovation, operational efficiency and a highly engaging work place!

# OPERATIONAL PERFORMANCE

## EDUCATION

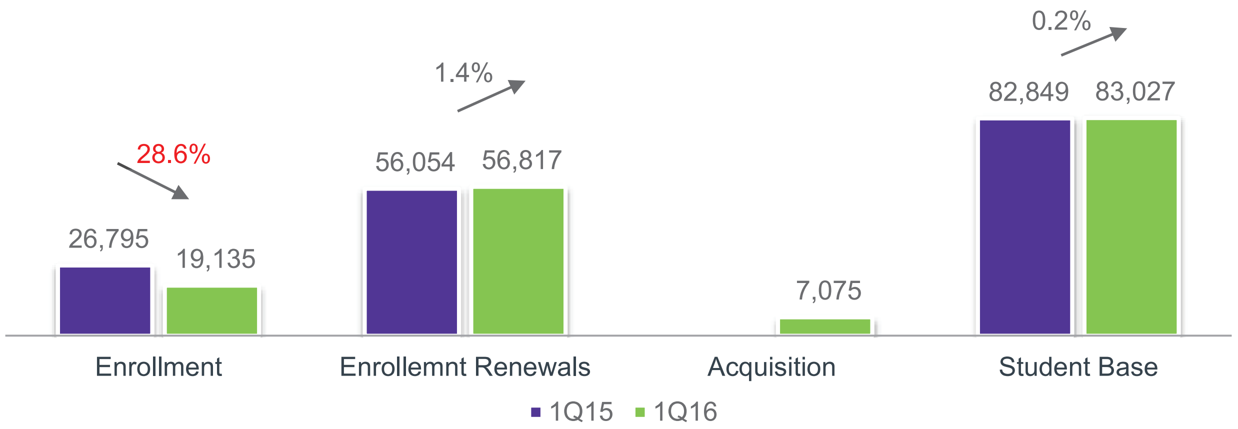
In the first quarter of 2016, we had 95.4 thousand students, an increase of 4.8% over 1Q15, mainly due to the consolidation of Sociesc's results as of February 2016. Excluding Sociesc's figures, our student base totals 80.1 thousand students, a decrease of 11,9% year on year, explained mainly by a reduction of 7.0 thousand undergraduate students and 3.5 thousand Pronatec students.



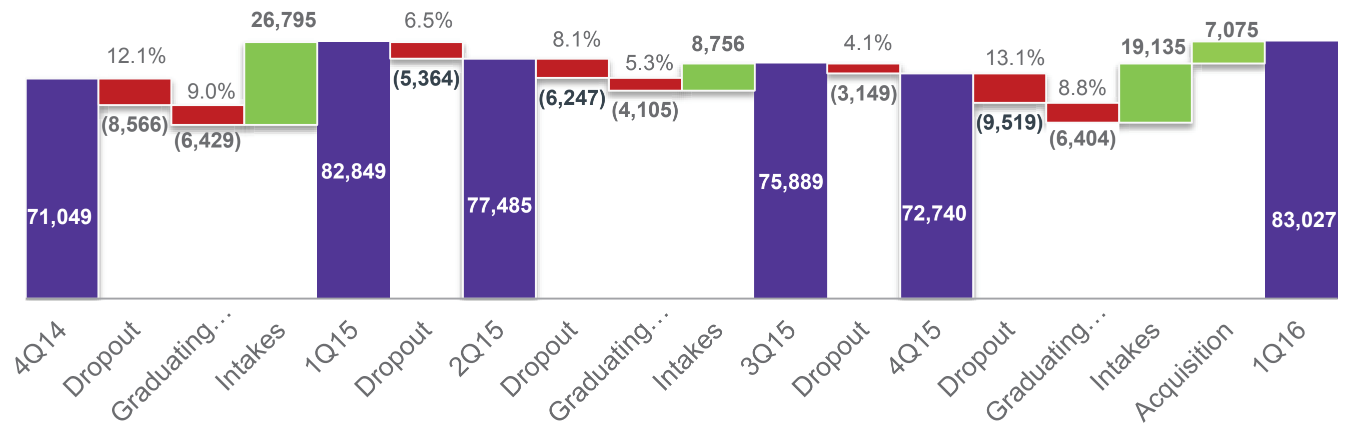

| Student Base | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 1Q16 | Sociesc | 1Q16 Total | % 1Q16/1Q15 | % 1Q16/4Q15 |
|---|---|---|---|---|---|---|---|---|---|
| Undergraduate | 82.849 | 77.485 | 75.889 | 72.740 | 75.952 | 7.075 | 83.027 | -8,3% | 4,4% |
| Graduate | 4.154 | 4.242 | 3.353 | 3.427 | 3.093 | 2.222 | 5.315 | -25,5% | -9,7% |
| Distance Learning | 335 | 384 | 630 | 560 | 879 | 3.437 | 4.316 | 162,4% | 57,0% |
| Vocational Programs & K12 | 3.628 | 3.517 | 2.111 | 2.093 | 177 | 2.533 | 2.710 | -95,1% | -91,5% |
| **Total** | **90.966** | **85.628** | **81.983** | **78.820** | **80.101** | **15.267** | **95.368** | **-11,9%** | **1,6%** |

### On-campus Undergraduate Student Base

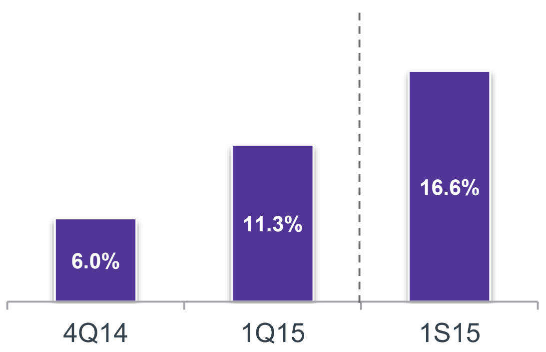
Our on-campus undergraduate student base totaled 83.0 thousand students in 1Q16, virtually in line with 1Q15, including the consolidation of 7.1 thousand Sociesc's undergraduate students. Excluding this effect, we would have 76.0 thousand students, a decrease of 8.3% year on year.

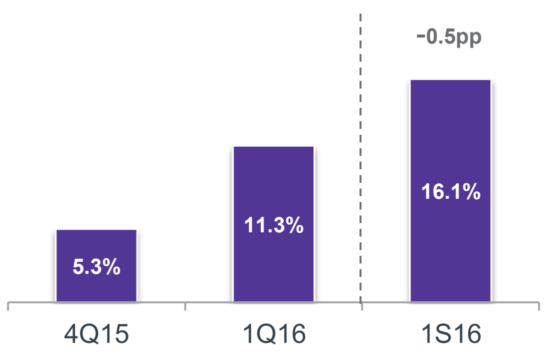



Regarding dropouts, 9.5 thousand students dropped out at the beginning of the year, which represents a loss of 13.1% of the initial student base, 1pp more than the 12.1% recorded in 1Q15. This increase was caused basically by São Judas, which is still transitioning from annual to semiannual programs, affecting the comparison with the previous year.



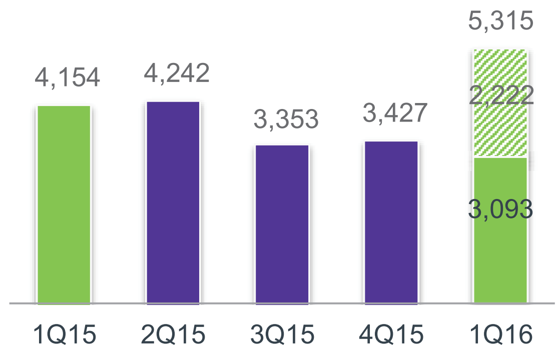

Looking at the sum of our institutions, excluding São Judas and Sociesc, we see a similar dropout rate in 1Q16 as the one reported in 1Q15, and looking at the semiannual rate (adding the dropouts of the last two quarters), we still see a reduction of 0.5pp.



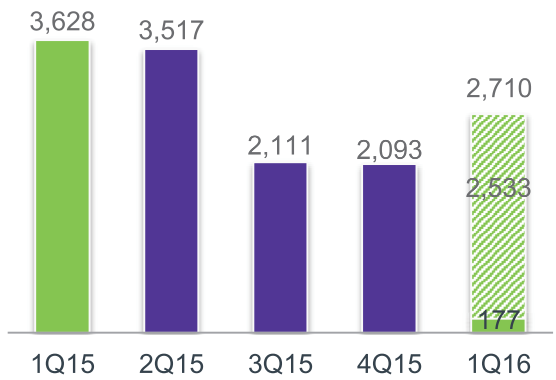
## On-campus Graduate Student Base

The number of students enrolled in our on-campus graduate programs came to 5.3 thousand in 1Q16, 27.9% higher than in 1Q15, including the 2.2 thousand Sociesc's students.




## Vocational Programs and K12 Student Base

In 1Q16, we had 2.7 thousand students enrolled in vocational programs and K12, mainly due to the consolidation of Sociesc's 2.5 thousand students, that beyond Pronatec includes Tupy Vocational School, Tupy Highschool and Florianópolis International School. It's important to remember that in 2015 we did not receive new Pronatec students, therefore we have only a few remaining classes in 2016 (177 students). With Sociesc consolidation, we will once again have a recurring basis, despite its lower presentativeness within the vocational programs and K12 student base.

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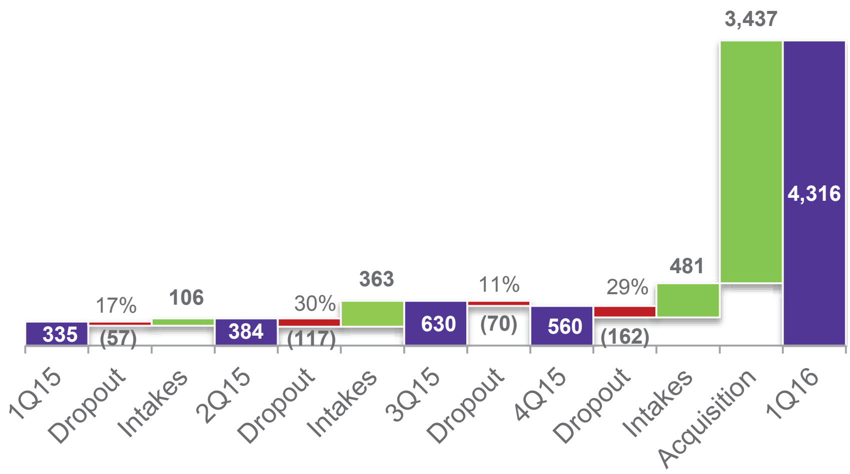
## Distance Learning Student Base

We began 1Q16 with 4.3 thousand distance-learning students in undergraduate and graduate programs. This represents a significant scale gain compared to when we started operating in 1Q15, mainly due to the consolidation of Sociesc, which added 3.4 thousand students. The consolidation of the distance learning operations is one of the priority fronts of our integration project, and is already in an advanced stage.

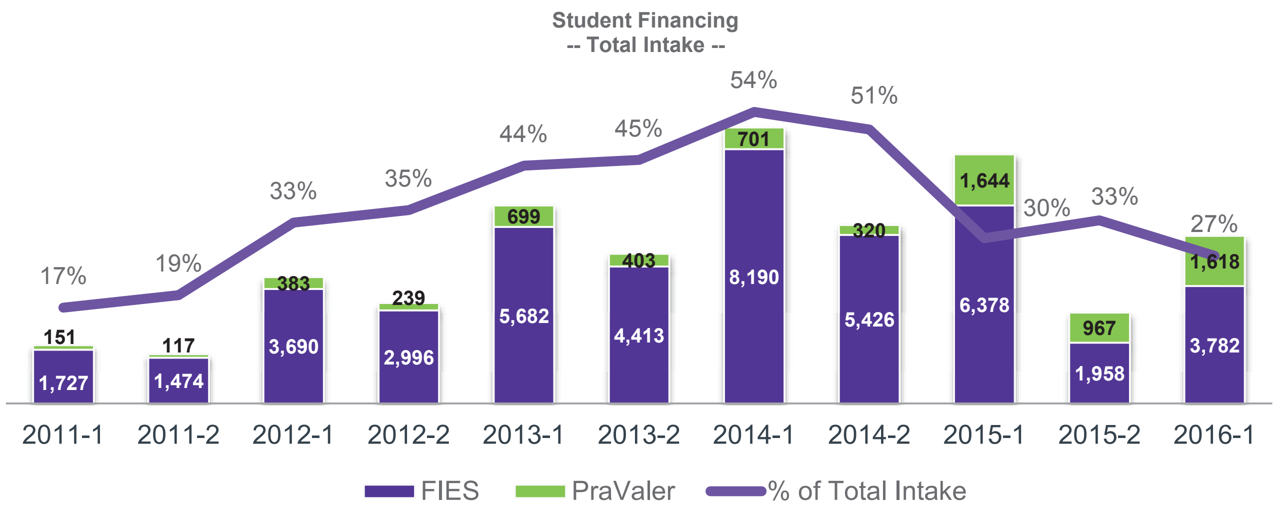


## Student Financing

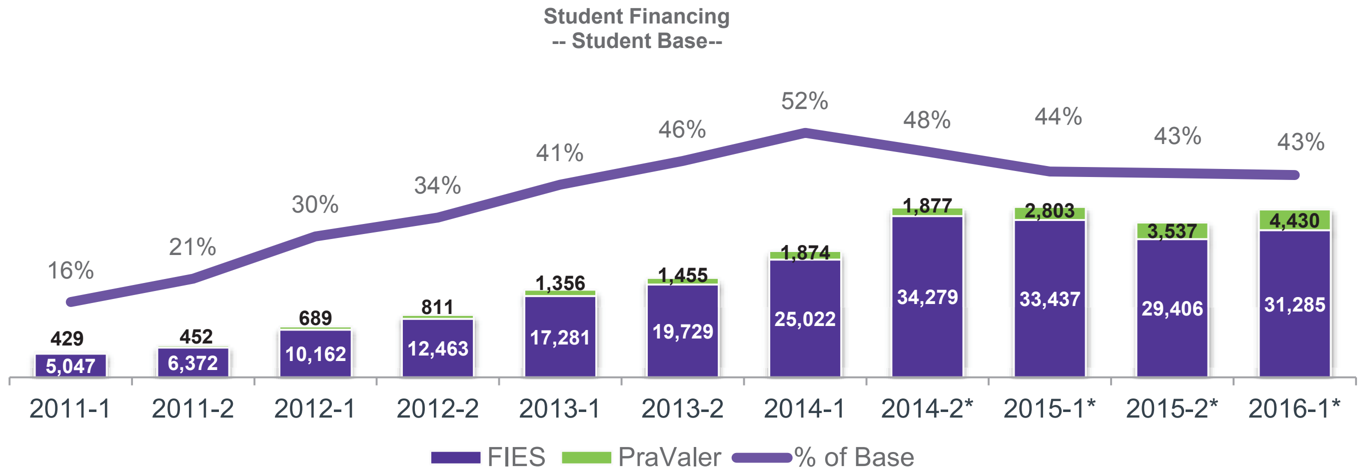
At Anima, we have always believed that, in order to strike a balance between academic quality and scale, it is necessary to face the challenge of increasing access through student financing. Bearing this in mind, not only do we offer the federal student loan program (FIES), but we have also maintained since 2006 a private student loan alternative — the *PraValer* program — in partnership with Ideal Invest.

Due to the changes in the FIES program and always seeking to improve the services offered to our students, Anima launched in 2015 the AMPLIAR program, a service channel with dedicated spaces in all our institutions focused on consulting, offer and full support for all private and public students loans contracts offered by Anima. With AMPLIAR, we are also offering new financing options to our students, including new *PraValer* modalities and an unemployment guarantee, that covers for their tuition in the current semester in case of job loss.

The first results are beginning to appear. We are gradually growing the penetration of *PraValer* within the intake process, reaching about one third of the new financed students in the last two process, thus preserving the penetration of students with financing (FIES + *PraValer*) around 30% of total intake, despite the drop in new FIES contracts.




As a result, the number of students with financing (FIES or *PraValer*) totaled 35.7 thousand this semester, representing 43.0% of our undergraduate base, including Sociesc students. This number reflects a drop in the penetration of FIES to 37.7% in 1Q16, versus 40.4% in 1Q15, as a result of the substantial decline in new contracts in 2015. On the other hand, *PraValer* continued to grow, having reached 5.3% of our base in 1Q16, versus 3.4% in 1Q15



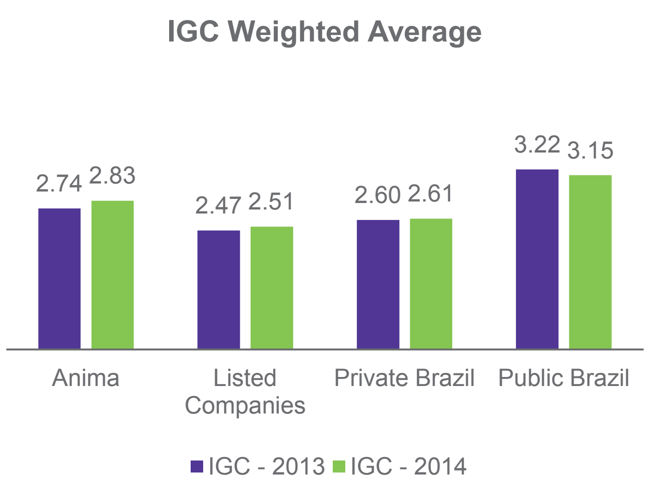

* With São Judas as of 2014.2 and Sociesc as of 2016.1

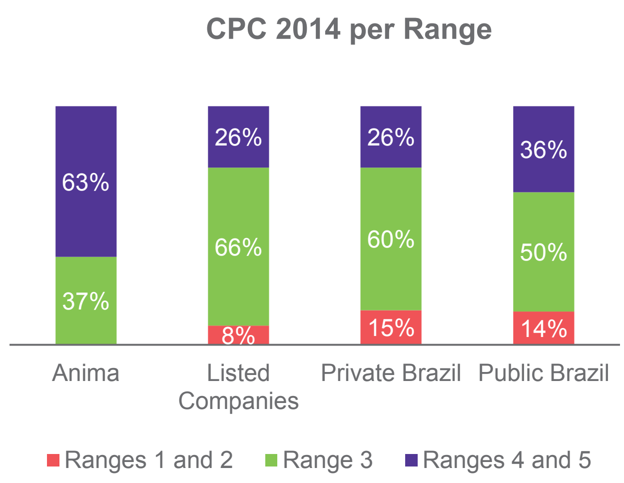
## Academic Quality

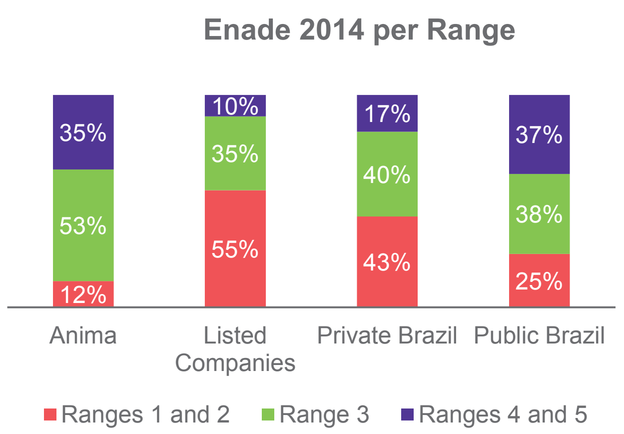
We monitor our academic quality indicators in two dimensions: one external, mainly represented by the MEC's indicators, and the other internal, based on our institutional evaluation process.

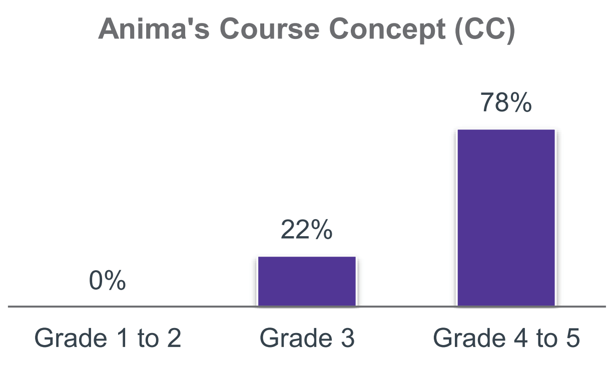
According to the latest result disclosed in 4Q15, we continued to record a consistent improvement in our academic and student satisfaction indicators, reinforcing our confidence in the effectiveness of our academic model and our commitment to remaining focused on constantly improving the quality of the education we provide our students.

As the MEC evaluation cycles are annual, there are no new information versus what was reported in 4Q15. More information on the latest quality indicators are available in our 4Q15 Earnings Release and below you can find a summary of the main MEC's indicators:



## FINANCIAL PERFORMANCE

### 1Q16 Results

| R$ (million) | 1Q16 | | | | | |
|---|---|---|---|---|---|---|
| | Consolidated | % Net Revenue | Education | % Net Revenue | Others | % Net Revenue |
| **Gross Revenue** | **334.2** | **142.6%** | **328.6** | **143.3%** | **5.6** | **113.4%** |
| Discounts, Deductions & Scholarships | (95.1) | -40.6% | (94.8) | -41.3% | (0.2) | -4.9% |
| Taxes | (4.8) | -2.1% | (4.4) | -1.9% | (0.4) | -8.5% |
| **Net Revenue** | **234.4** | **100.0%** | **229.4** | **100.0%** | **5.0** | **100.0%** |
| **Cash Cost of Services** | **(116.9)** | **-49.9%** | **(113.4)** | **-49.4%** | **(3.5)** | **-69.6%** |
| - Personnel | (86.4) | -36.9% | (85.6) | -37.3% | (0.8) | -15.2% |
| - Services from Third Parties | (4.8) | -2.1% | (3.3) | -1.4% | (1.5) | -30.4% |
| - COGS | (0.5) | -0.2% | (0.0) | 0.0% | (0.5) | -10.8% |
| - Rental & Utilities | (19.8) | -8.4% | (19.5) | -8.5% | (0.3) | -5.8% |
| - Others | (5.4) | -2.3% | (5.0) | -2.2% | (0.4) | -7.6% |
| **Gross Profit (exclud. deprec. /amort.)** | **117.5** | **50.1%** | **116.0** | **50.6%** | **1.5** | **30.4%** |
| **Sales Expenses** | **(12.8)** | **-5.5%** | **(12.6)** | **-5.5%** | **(0.2)** | **-4.1%** |
| - Provision for Doubtful Accounts (PDA) | (7.0) | -3.0% | (7.0) | -3.0% | 0.0 | 0.3% |
| - Marketing | (5.9) | -2.5% | (5.7) | -2.5% | (0.2) | -4.4% |
| **General & Administrative Expenses** | **(27.0)** | **-11.5%** | **(23.9)** | **-10.4%** | **(3.1)** | **-63.1%** |
| - Personnel | (15.2) | -6.5% | (12.8) | -5.6% | (2.4) | -48.1% |
| - Third Party Services | (2.4) | -1.0% | (2.2) | -1.0% | (0.2) | -3.9% |
| - Rental & Utilities | (1.2) | -0.5% | (0.9) | -0.4% | (0.3) | -5.6% |
| - Others | (8.3) | -3.5% | (8.0) | -3.5% | (0.3) | -5.5% |
| **Other Operating Revenues (Expenses)** | **(2.0)** | **-0.8%** | **(2.0)** | **-0.9%** | **0.0** | **0.6%** |
| - Provisions | (3.3) | -1.4% | (3.3) | -1.4% | 0.0 | 0.0% |
| - Taxes | (0.3) | -0.1% | (0.3) | -0.1% | (0.1) | -1.3% |
| - Other Operating Revenues | 1.6 | 0.7% | 1.5 | 0.7% | 0.1 | 2.0% |
| **Late Payment Fees** | **4.6** | **1.9%** | **4.6** | **2.0%** | **0.0** | **0.0%** |
| **Operating Result** | **80.2** | **34.2%** | **82.0** | **35.8%** | **(1.8)** | **-36.2%** |
| - Corporate Expenses | (12.8) | -5.5% | | | | |
| **Adjusted EBITDA** | **67.4** | **28.8%** | | | | |
| (-) Late Payment Fees | (4.6) | -1.9% | | | | |
| (-) Non-Recurring Items [1] | (0.4) | -0.2% | | | | |
| **EBITDA** | **62.5** | **26.7%** | | | | |
| Depreciation & Amortization | (8.5) | -3.6% | | | | |
| **EBIT** | **54.0** | **23.0%** | | | | |
| Net Financial Result | (1.2) | -0.5% | | | | |
| **EBT** | **52.8** | **22.5%** | | | | |
| Income Tax and Social Contribution | (0.1) | 0.0% | | | | |
| **Net Income Before Non-Controlling Interest** | **52.8** | **22.5%** | | | | |
| Non-Controlling Interest | 0.0 | 0.0% | | | | |
| **Net Income** | **52.8** | **22.5%** | | | | |
| (-) Non-Recurring Items [2] | 0.4 | 0.2% | | | | |
| **Adjusted Net Income** | **53.1** | **22.7%** | | | | |

[1] Non-Recurring Items impacting EBITDA
[2] Non-Recurring Items impacting Net Income

With Sociesc's consolidation, we started reporting two business units:

i) **Education** – which includes, in addition to on-campus post-secondary education (undergraduate and graduate), distance learning, K12 and vocational programs.

ii) **Other Businesses** – which besides HSM, our management niche brand, includes the results of the Management and Technology Innovation (MTI) division of Sociesc. MTI provides consulting and business solutions for companies in the engineering field, in addition to a laboratory structure to support the development of technological solutions (foundry, tooling and others).

## FINANCIAL PERFORMANCE – EDUCATION

| R$ (million) | Education | | | | |
|---|---|---|---|---|---|
| | 1Q16 | % Net Revenue | 1Q15 | % Net Revenue | % YA |
| **Gross Revenue** | **328.6** | **143.3%** | **299.6** | **138.6%** | **9.7%** |
| Discounts, Deductions & Scholarships | (94.8) | -41.3% | (78.8) | -36.5% | 20.3% |
| Taxes | (4.4) | -1.9% | (4.6) | -2.1% | -4.5% |
| **Net Revenue** | **229.4** | **100.0%** | **216.2** | **100.0%** | **6.1%** |
| **Cash Cost of Services** | **(113.4)** | **-49.4%** | **(94.9)** | **-43.9%** | **19.5%** |
| - Personnel | (85.6) | -37.3% | (75.7) | -35.0% | 13.1% |
| - Services from Third Parties | (3.3) | -1.4% | (1.9) | -0.9% | 74.7% |
| - COGS | (0.0) | 0.0% | 0.0 | 0.0% | 0.0% |
| - Rental & Utilities | (19.5) | -8.5% | (13.2) | -6.1% | 47.6% |
| - Others | (5.0) | -2.2% | (4.1) | -1.9% | 22.1% |
| **Gross Profit (exclud. deprec. /amort.)** | **116.0** | **50.6%** | **121.3** | **56.1%** | **-4.4%** |
| **Sales Expenses** | **(12.6)** | **-5.5%** | **(13.2)** | **-6.1%** | **-4.1%** |
| - Provision for Doubtful Accounts (PDA) | (7.0) | -3.0% | (7.9) | -3.7% | -11.9% |
| - Marketing | (5.7) | -2.5% | (5.3) | -2.4% | 7.7% |
| **General & Administrative Expenses** | **(23.9)** | **-10.4%** | **(19.3)** | **-9.0%** | **23.5%** |
| - Personnel | (12.8) | -5.6% | (10.7) | -4.9% | 19.8% |
| - Third Party Services | (2.2) | -1.0% | (1.8) | -0.8% | 24.7% |
| - Rental & Utilities | (0.9) | -0.4% | (1.5) | -0.7% | -39.8% |
| - Others | (8.0) | -3.5% | (5.4) | -2.5% | 47.2% |
| **Other Operating Revenues (Expenses)** | **(2.0)** | **-0.9%** | **(2.0)** | **-0.9%** | **-0.6%** |
| - Provisions | (3.3) | -1.4% | (3.1) | -1.4% | 4.0% |
| - Taxes | (0.3) | -0.1% | (0.2) | -0.1% | 22.9% |
| - Other Operating Revenues | 1.5 | 0.7% | 1.3 | 0.6% | 13.8% |
| **Late Payment Fees** | **4.6** | **2.0%** | **2.9** | **1.3%** | **59.2%** |
| **Operating Result** | **82.0** | **35.8%** | **89.6** | **41.4%** | **-8.4%** |

## Net Revenue

Net revenue totaled R$229.4 million in 1Q16 (+R$13.2 million or +6.1% vs 1Q15). The consolidation of Sociesc's result as of February 2016 contributed with R$21.0 million net revenue increase. Excluding Sociesc, net revenue fell 3.6%.

The result was due to the decrease in undergraduate and Pronatec student base, in addition to a increase in discounts and scholarships, mainly related to an increase in the share of Prouni students with 50% scholarships. On the positive side, we implemented a 10.0% average increase in tuition fees at the beginning of the year and presented an small improvement in the mix of our programs.

## Average Ticket

| R$ (million) | Education | | |
|---|---|---|---|
| | 1Q16 | 1Q15 | % YA |
| Average Gross Ticket[1] | R$ 1,263 | R$ 1,137 | +11.1% |
| Average Gross Ticket with Sociesc[1] | R$ 1,239 | - | +9.0% |

[1] Accumulated Gross Revenue (Undergraduate+Graduate) ÷ Students average

The gross ticket (excluding Pronatec) averaged R$1,263 in 1Q16, 11.1% up on the same period last year. As mentioned above, this growth can be explained by the 10.0% increase in tuition fees and the improved program mix. Including Sociesc, our weighted average gross ticket was R$1,239, 9.0% higher than in 1Q15.

## Total Costs and Gross Profit

Gross Profit totaled R$116.0 million in 1Q16 (-R$5.3 million or -4.4% vs 1Q15), with a gross margin of 50.6% (-5.5pp vs. 1Q15). Excluding Sociesc's impact, Gross Profit totaled R$109.6 million, with a gross margin of 52.6% (-3.5pp vs 1Q15).

| R$ (million) | 1Q16 | | | | | |
|---|---|---|---|---|---|---|
| | Education | % YA | Consolidated exclud. Sociesc | % YA | Sociesc | % YA |
| Net Revenue | 229.4 | 6.1% | 208.4 | -3.6% | 21.0 | n.a. |
| Cash Cost of Services | (113.4) | 19.5% | (98.8) | 4.1% | (14.6) | n.a. |
| Gross Profit (exclud. deprec. /amort.) | 116.0 | -4.4% | 109.6 | -9.6% | 6.4 | n.a. |
| % Gross Margin | 50.6% | -5.5 pp | 52.6% | -3.5 pp | 30.6% | n.a. |

The loss of gross margin, excluding Sociesc, continues to be driven by the same factos that impacted the second hald of 2015:

i. Idle capacity at the new units that are not 100% operational and the expansion of a number of campuses in Belo Horizonte (-0.6pp);

ii. Loss of scale/efficiency (-2.9pp) due to the slowdown in our growth, especially in rental (excluding the effect of the new units), and academic support.

It is important to highlight that our modular academic model has enabled us to absorb the impact of the weak summer intake without representing a decline in our average number of students per classroom rates in all our units. In the table below the breakdown by brand:

| R$ (million) | 1Q16 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | UNA | % YA | UNIBH | % YA | UNIMONTE | % YA | SÃO JUDAS | % YA | SOCIESC | % YA |
| Net Revenue | 71.0 | -11.6% | 61.8 | -4.0% | 14.0 | 5.5% | 61.6 | 5.8% | 21.0 | n.a. |
| Cash Cost of Services | (32.3) | -2.4% | (23.4) | 2.2% | (7.0) | 3.9% | (36.1) | 12.3% | (14.6) | n.a. |
| Gross Profit (exclud. deprec. /amort.) | 38.7 | -18.1% | 38.4 | -7.4% | 7.0 | 7.2% | 25.4 | -2.2% | 6.4 | n.a. |
| % Gross Margin | 54.5% | -4.3 pp | 62.2% | -2.3 pp | 50.1% | 0.8 pp | 41.3% | -3.4 pp | 30.6% | n.a. |

## Operating Result

### Selling Expenses

In 1Q16, selling expenses totaled R$12.6 million, representing 5.5% of net revenue (-4.1% and -0.6pp vs 1Q15). Excluding Sociesc's impact, selling expenses came to R$11.5 million (-12.5% and -0.6pp vs 1Q15). The margin improvement was due to a 0.7pp year-on-year decline in the provision for doubtful accounts (PDA). Despite a slightly more conservative approach on our side for each aging level that has been adopted since 3Q15, given the more challenging scenario, we reported a lower PDA this quarter. It's important to remember, however, that PDA in 1Q15 had been particularly higher since it reflected the non-recurring reclassification of FIES receivables to non-FIES receivables regarding students who had lost the deadline to renew their FIES contracts at the end of 2014.

### General and Administrative Expenses

General and administrative expenses totaled R$23.9 million, representing 10.4% of net revenue in 1Q16 (+23.5% and +1.5pp vs 1Q15). This increase was chiefly due to the consolidation of Sociesc's results as of February and higher expenses with FGEDUC and *PraValer* provisions. As seen in PDA, but with the opposite effect, expenses with FGEDUC in 1Q15 had been positive impacted by the provision reversal due to the reclassification of FIES receivables to non-FIES receivables, totaling R$1.1 million, for the same students who had lost the deadline to renew their FIES contracts at the end of 2014.

### Other Operating Revenues (Expenses)

In 1Q16, we reported other operating expenses of R$2.0 million, representing 0.9% of net revenue (-0.6% and 0.0pp vs 1Q15). Excluding Sociesc's impact, other operating expenses came to R$1.7 million, or 0.8% of net revenue (+14.1% and -0.1pp vs 1Q15).

## FINANCIAL PERFORMANCE – Other Businesses

| R$ (million) | Others | | | | |
|---|---|---|---|---|---|
| | 1Q16 | % Net Revenue | 1Q15 | % Net Revenue | % YA |
| **Gross Revenue** | **5.6** | **113.4%** | **2.7** | **117.8%** | **104.9%** |
| Discounts, Deductions & Scholarships | (0.2) | -4.9% | (0.3) | -12.8% | -17.8% |
| Taxes | (0.4) | -8.5% | (0.1) | -5.0% | 261.0% |
| **Net Revenue** | **5.0** | **100.0%** | **2.3** | **100.0%** | **112.7%** |
| **Cash Cost of Services** | **(3.5)** | **-69.6%** | **(1.5)** | **-63.8%** | **132.2%** |
| - Personnel | (0.8) | -15.2% | (0.6) | -25.1% | 28.5% |
| - Services from Third Parties | (1.5) | -30.4% | (0.4) | -17.5% | 269.1% |
| - COGS | (0.5) | -10.8% | (0.2) | -8.6% | 167.5% |
| - Rental & Utilities | (0.3) | -5.8% | (0.1) | -3.6% | 244.2% |
| - Others | (0.4) | -7.6% | (0.2) | -9.1% | 77.8% |
| **Gross Profit (exclud. deprec. /amort.)** | **1.5** | **30.4%** | **0.8** | **36.2%** | **78.5%** |
| **Sales Expenses** | **(0.2)** | **-4.1%** | **(0.9)** | **-39.0%** | **-77.8%** |
| - Provision for Doubtful Accounts (PDA) | 0.0 | 0.3% | (0.3) | -12.8% | -105.5% |
| - Marketing | (0.2) | -4.4% | (0.6) | -26.2% | -64.2% |
| **General & Administrative Expenses** | **(3.1)** | **-63.1%** | **(3.5)** | **-151.4%** | **-11.4%** |
| - Personnel | (2.4) | -48.1% | (2.8) | -118.9% | -13.9% |
| - Third Party Services | (0.2) | -3.9% | (0.1) | -2.4% | 251.2% |
| - Rental & Utilities | (0.3) | -5.6% | (0.3) | -11.6% | 2.7% |
| - Others | (0.3) | -5.5% | (0.4) | -18.5% | -37.4% |
| **Other Operating Revenues (Expenses)** | **0.0** | **0.6%** | **0.3** | **12.6%** | **-89.6%** |
| - Provisions | 0.0 | 0.0% | 0.3 | 11.3% | -100.0% |
| - Taxes | (0.1) | -1.3% | (0.1) | -2.4% | 20.3% |
| - Other Operating Revenues | 0.1 | 2.0% | 0.1 | 3.7% | 12.6% |
| **Late Payment Fees** | **0.0** | **0.0%** | **0.0** | **0.0%** | **-100.0%** |
| **Operating Result** | **(1.8)** | **-36.2%** | **(3.3)** | **-141.6%** | **-45.6%** |

As of this quarter, we are consolidating HSM and Sociesc's Technological Innovation and Management (MTI) division in other businesses. MTI provides consulting and business solutions for companies in the engineering field, in addition to a laboratory structure to support the development of technological solutions (foundry, tooling and others).

HSM is an integrated educational solution platform that provides continuing education and professional development of executives and managers through customized courses that foster learning, the exchange of experience and networking. HSM Executive Education is made up of three business units: Events, Business School and Publishing.

In 2016, we plan to hold six events at HSM, including four master classes, in addition to the traditional format events, such as Forums and the ExpoManagement. At the Business School, where we develop educational solutions through customized In-Company courses and the HSM Performance solution, we held nine programs in 1Q16, three fewer than in the same period of 2015. Finally, at the Publishing unit, we sold 8.0 thousand copies of the HSM Management magazine, 20.7 thousand books, including the three books launched in the quarter, and closed the quarter with 28.2 thousand HSM Experience users.

This quarter results still reflets the challenges faced in 2015 due to the country's macroeconomic environment; however, we are starting to see the positive effects of the restructuring carried out at HSM last year, when we streamlined its operations as much as possible in order to reduce its management structure. As a result, net revenue totaled R$2.3 million in 1Q16, virtually in line with 1Q15, while net loss fell from R$3.3 million in 1Q15 to R$1.7 million in 1Q16. The Technological Innovation and Management division generated R$2.6 million in net revenue and an operating result close to zero this quarter.

## CONSOLIDATED PERFORMANCE

| R$ (million) | Consolidated Ânima | | | | |
|---|---|---|---|---|---|
| | 1Q16 | % Net Revenue | 1Q15 | % Net Revenue | % YA |
| **Gross Revenue** | **334.2** | **142.6%** | **302.3** | **138.4%** | **10.6%** |
| Discounts, Deductions & Scholarships | (95.1) | -40.6% | (79.1) | -36.2% | 20.2% |
| Taxes | (4.8) | -2.1% | (4.7) | -2.2% | 2.0% |
| **Net Revenue** | **234.4** | **100.0%** | **218.5** | **100.0%** | **7.3%** |
| **Cash Cost of Services** | **(116.9)** | **-49.9%** | **(96.4)** | **-44.1%** | **21.3%** |
| - Personnel | (86.4) | -36.9% | (76.3) | -34.9% | 13.2% |
| - Services from Third Parties | (4.8) | -2.1% | (2.3) | -1.1% | 109.0% |
| - COGS | (0.5) | -0.2% | (0.2) | -0.1% | 167.6% |
| - Rental & Utilities | (19.8) | -8.4% | (13.3) | -6.1% | 48.9% |
| - Others | (5.4) | -2.3% | (4.3) | -2.0% | 24.9% |
| **Gross Profit (exclud. deprec. /amort.)** | **117.5** | **50.1%** | **122.1** | **55.9%** | **-3.8%** |
| **Sales Expenses** | **(12.8)** | **-5.5%** | **(14.1)** | **-6.5%** | **-8.9%** |
| - Provision for Doubtful Accounts (PDA) | (7.0) | -3.0% | (8.2) | -3.8% | -15.3% |
| - Marketing | (5.9) | -2.5% | (5.9) | -2.7% | 0.2% |
| **General & Administrative Expenses** | **(27.0)** | **-11.5%** | **(22.9)** | **-10.5%** | **18.1%** |
| - Personnel | (15.2) | -6.5% | (13.4) | -6.1% | 12.8% |
| - Third Party Services | (2.4) | -1.0% | (1.9) | -0.9% | 31.4% |
| - Rental & Utilities | (1.2) | -0.5% | (1.7) | -0.8% | -33.1% |
| - Others | (8.3) | -3.5% | (5.9) | -2.7% | 40.9% |
| **Other Operating Revenues (Expenses)** | **(2.0)** | **-0.8%** | **(1.7)** | **-0.8%** | **14.7%** |
| - Provisions | (3.3) | -1.4% | (2.9) | -1.3% | 13.5% |
| - Taxes | (0.3) | -0.1% | (0.3) | -0.1% | 22.3% |
| - Other Operating Revenues | 1.6 | 0.7% | 1.4 | 0.6% | 13.7% |
| **Late Payment Fees** | **4.6** | **1.9%** | **2.9** | **1.3%** | **59.1%** |
| **Operating Result** | **80.2** | **34.2%** | **86.3** | **39.5%** | **-7.0%** |
| - Corporate Expenses | (12.8) | -5.5% | (13.0) | -5.9% | -1.2% |
| **Adjusted EBITDA** | **67.4** | **28.8%** | **73.3** | **33.6%** | **-8.1%** |
| (-) Late Payment Fees | (4.6) | -1.9% | (2.9) | -1.3% | 59.1% |
| (-) Non-Recurring Items [1] | (0.4) | -0.2% | (1.9) | -0.9% | 0.0% |
| **EBITDA** | **62.5** | **26.7%** | **68.5** | **31.4%** | **-8.8%** |
| Depreciation & Amortization | (8.5) | -3.6% | (7.1) | -3.3% | 19.7% |
| **EBIT** | **54.0** | **23.0%** | **61.4** | **28.1%** | **-12.1%** |
| Net Financial Result | (1.2) | -0.5% | 2.4 | 1.1% | -148.3% |
| **EBT** | **52.8** | **22.5%** | **63.8** | **29.2%** | **-17.3%** |
| Income Tax and Social Contribution | (0.1) | 0.0% | 0.0 | 0.0% | -861.0% |
| **Net Income Before Non-Controlling Interest** | **52.8** | **22.5%** | **63.8** | **29.2%** | **-17.4%** |
| Non-Controlling Interest | 0.0 | 0.0% | 0.0 | 0.0% | |
| **Net Income** | **52.8** | **22.5%** | **63.8** | **29.2%** | **-17.4%** |
| (-) Non-Recurring Items [2] | 0.4 | 0.2% | 1.9 | 0.9% | 0.0% |
| **Adjusted Net Income** | **53.1** | **22.7%** | **65.8** | **30.1%** | **-19.2%** |

[1] Non-Recurring Items impacting EBITDA
[2] Non-Recurring Items impacting Net Income

## Corporate Expenses

In 1Q16, corporate expenses totaled R$12.8 million, or 5.5% of net revenue. We maintained corporate expenses practically in line with 1Q15 (R$13.0 million), despite the inflation and collective bargaining agreement in the period, which, together with Sociesc consolidation, represented a gain of +0,4pp margin this quarter. We still maintain the discipline and control of our corporate expenses, finding efficiency opportunities.

## EBITDA and Adjusted EBITDA

Adjusted EBITDA totaled R$67.4 million in 1Q16 (-8,1% vs 1Q15) and represented a 28.8% margin over net revenue (-4.8pp vs 1Q15). The consolidation of Sociesc, which still runs with lower margins than our other units, represented a 2.5pp margin dilution this quarter. Excluding this effect, we still reported a 2.3pp EBITDA margin decresase, mainly due to the reduction of our student base, partially offset by efficiency gains in HSM and corporate expenses.

## Non-Recurring Items

| R$ (million) | EBITDA |
|---|---|
| | 1Q16 |
| Restructuring Expenses | (1.3) |
| Account Receivables Adjustments - FIES | 0.9 |
| **Total Non Recurring Items** | **(0.4)** |

**Restructuring Expenses**. This quarter, we reported a R$1.3 million expense related to the write-off of improvements in two of our campuses in Minas Gerais, with no cash impact. With the reduction in new students, we adjusted our campuses to the new demand, which led to their partial delivery.

**Adjustment of FIES accounts receivable**. As reported in the 4Q15 earnings release, in February 2016, we entered into an agreement with the government establishing that the outstanding FIES tuition fees related to 2015 will be paid in the next three years adjusted for inflation (IPCA). As a result, we adjusted our FIES account receivables and gross revenue by R$7.8 million, reflecting the spread between the SELIC interest rate and inflation (IPCA). This adjustment, which had a negative impact on the 2015 result, will have a positive effect as of 2016 and totaled R$0.9 million in 1Q16, with no cash impact. Similarly to 2015, we are considering this impact as non-recurring.

## Income Tax and Social Contribution

We continue benefiting from Prouni, which guarantees income tax and social contribution exemption for most of our business. In 1Q16, income tax and social contribution expenses totaled R$0.1 million.

## Financial Result

| R$ (million) | Consolidated Ânima | |
|---|---|---|
| | 1Q16 | 1Q15 |
| **(+) Financial Revenue** | **16.7** | **8.7** |
| Late Payment Fees | 4.6 | 2.9 |
| Interest Revenues | 5.1 | 3.8 |
| Other Financial Revenues | 7.0 | 2.1 |
| **(-) Financial Expense** | **(17.9)** | **(6.3)** |
| Financial debt interest expense | (12.9) | (4.2) |
| Tax debt interest expenses | (0.1) | (0.1) |
| Other Financial Expenses | (4.9) | (2.0) |
| **Financial Result** | **(1.2)** | **2.4** |

1Q16 net financial result came to a negative R$1.2 million against a positive R$2.4 million in the same period of 2015. We reported an upturn in financial revenue, due to the increase in financial investments as well as interest on tuition fees. We are also reporting a financial revenue of R$5.5 million in the quarter considering the monetary adjustment of FIES accounts receivable as per the judicial agreement signed with the Government regarding the tuition fees of 2015 affected by the PN23. Differently from the impacts of the present value adjustment on the accounts receivables and gross revenue that are being excluded as non-recurring items of our results, such adjustment of the FIES balance by the IPCA represents effective gain in our net income, and will positively affect the cash once the Government pays the installments of the agreement. Yet, we are not considering none of those effects in our adjusted EBITDA.

Our financial expenses with interest on bank loans are higher in the period due to the new loans hired in 2015. In addition, we reported an upturn in the expenses for interest subsidy for our students enrolled in the *PraValer* financing program, which this quarter totaled R$ 2.4 million, as we increase the penetration of this program in our student base.

## Net Income

Adjusted net income totaled R$53.1 million in 1Q16 (-19.2% vs 1QT15), with a margin of 22.7% over net revenue (-7,4pp vs 1Q15).

## Cash and Net Debt

| R$ (million) | Consolidated Ânima | | |
|---|---|---|---|
| | MAR 16 | MAR 15 | DEC 15 |
| **Cash and Cash Equivalents** | **150.1** | **118.8** | **184.5** |
| Cash | 24.5 | 25.7 | 25.5 |
| Financial Investments | 125.6 | 93.1 | 159.1 |
| **Loans and Financing [1]** | **374.0** | **121.2** | **331.6** |
| Short Term | 136.4 | 31.0 | 112.1 |
| Long Term | 237.5 | 90.1 | 219.5 |
| **Net (Debt) Cash [2]** | **(223.8)** | **(2.4)** | **(147.1)** |
| Other Short and Long Term Obligations | 32.7 | 3.2 | 3.6 |
| **Net (Debt) Cash [3]** | **(256.6)** | **(5.6)** | **(150.7)** |

[1] Net of swap adjustment

[2] Considering financial debt (bank loans) only.

[3] Including obligations related to tax debt and acquisitions payables.

At the end of 1Q16, cash and cash equivalents totaled R$105.1 million and loans and financing came to R$374.0 million. In relation to December 2015, in addition to the recurring amortization of current loans, we began consolidating the balance of Sociesc's bank debt and received the first portion of a long-term loan from FINEP.

Considering the other short and long-term liabilities, represented by tax installments and the present value amount of Sociesc's acquisition, net debt totaled R$256.6 million, equivalent to a leverage of 1.4x (net debt ÷ LTM Adjusted EBITDA).

## Accounts Receivable and Days Sales Outstanding (DSO)

We ended the quarter with net accounts receivable of R$386.8 million. For management purposes and the DSO calculation, we are adjusting the receivables in R$6.9 million, related to the R$7.8 million adjustment recorded in 4Q15 less the R$ 0.9 million recorded in this quarter.

In 1Q16, adjusted accounts receivable totaled R$393.6 million, an increase of R$177.6 million compared with 1Q15. This increase continues to be mainly explained by the FIES, since the volume of issuance and repurchases of titles in the unpaired quarters continue to be less relevant, since the application process and enrollment renewals is still ongoing. The consolidation of Sociesc in turn added a balance of R $ 14.4 million.

| | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 | |
|---|---|---|---|---|---|---|
| | Total | Total | Total | Total | Total | ∆ 1Q16 / 1Q15 |
| Net Accounts Receivable | 386.8 | 289.3 | 272.6 | 274.2 | 216.0 | 170.7 |
| Adjusted Accounts Receivable FIES | (6.9) | (7.8) | 0.0 | 0.0 | 0.0 | (6.9) |
| **Adjusted Net Accounts Receivable** | 393.6 | 297.1 | 272.6 | 274.2 | 216.0 | 177.6 |
| to mature | 338.9 | 239.1 | 226.7 | 220.5 | 176.8 | 162.0 |
| untill 180 days | 42.1 | 40.9 | 32.4 | 43.4 | 29.2 | 12.9 |
| between 180 and 360 days | 9.3 | 14.4 | 9.8 | 6.5 | 6.3 | 3.0 |
| between 361 and 720 days | 3.3 | 2.7 | 3.7 | 3.9 | 3.7 | (0.4) |
| for more than 721 days | 0.0 | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 |

Thus, our DSO (Days Sales Outstanding) grew to 149 days, representing a 60-day increase over the same period in 2015. Breaking down our accounts receivable, we reported a DSO of 299 days for FIES receivables, or 173 days higher than in 1Q15 and 89 days higher than in 4Q15.

For non-FIES students our DSO stood at 56 days in 1Q16, five days lower than the 61 days reported in the same period in 2015. In the other businesses line, considering both MTI and HSM, we closed the quarter with a DSO of 121 days. Regarding Pronatec, we ended 1Q16 with a DSO of 60 days.

| Total | 1Q16 * Total | 4Q15 Total | 3Q15 Total | 2Q15 Total | 1Q15 Total | ∆ 1Q16 / 1Q15 |
|---|---|---|---|---|---|---|
| Net Accounts Receivable | 386.8 | 289.3 | 272.6 | 274.2 | 216.0 | 170.7 |
| Adjusted Accounts Receivable FIES | (6.9) | (7.8) | 0.0 | 0.0 | 0.0 | (6.9) |
| Adjusted Net Accounts Receivable | 393.6 | 297.1 | 272.6 | 274.2 | 216.0 | 177.6 |
| Net Revenue (accumulative) | 234.4 | 864.9 | 650.3 | 440.9 | 218.5 | 15.9 |
| DSO | 149 | 124 | 113 | 112 | 89 | 60 |

| FIES | 1Q16 * Total | 4Q15 Total | 3Q15 Total | 2Q15 Total | 1Q15 Total | ∆ 1Q16 / 1Q15 |
|---|---|---|---|---|---|---|
| Net Accounts Receivable | 287.0 | 207.3 | 188.8 | 176.7 | 119.6 | 167.4 |
| Adjusted Accounts Receivable FIES | (6.9) | (7.8) | 0.0 | 0.0 | 0.0 | (6.9) |
| Adjusted Net Accounts Receivable | 293.9 | 215.1 | 188.8 | 176.7 | 119.6 | 174.3 |
| Net Revenue (accumulative) | 88.5 | 369.4 | 278.6 | 187.2 | 85.0 | 3.5 |
| DSO | 299 | 210 | 183 | 170 | 127 | 173 |

| Non FIES | 1Q16 * Total | 4Q15 Total | 3Q15 Total | 2Q15 Total | 1Q15 Total | ∆ 1Q16 / 1Q15 |
|---|---|---|---|---|---|---|
| Net Accounts Receivable | 86.6 | 78.3 | 77.3 | 89.7 | 85.9 | 0.7 |
| Net Revenue (accumulative) | 136.3 | 451.8 | 347.0 | 237.4 | 126.7 | 9.6 |
| DSO | 56 | 63 | 61 | 69 | 61 | -5 |

| Others | 1Q16 * Total | 4Q15 Total | 3Q15 Total | 2Q15 Total | 1Q15 Total | ∆ 1Q16 / 1Q15 |
|---|---|---|---|---|---|---|
| Net Accounts Receivable | 8.9 | 3.2 | 4.0 | 3.6 | 3.2 | 5.7 |
| Net Revenue (accumulative) | 5.0 | 32.5 | 14.6 | 8.6 | 2.3 | 2.7 |
| DSO | 121 | 36 | 74 | 75 | 125 | -4 |

| PRONATEC | 1Q16 * Total | 4Q15 Total | 3Q15 Total | 2Q15 Total | 1Q15 Total | ∆ 1Q16 / 1Q15 |
|---|---|---|---|---|---|---|
| Net Accounts Receivable | 4.2 | 0.4 | 2.5 | 4.1 | 7.3 | (3.1) |
| Net Revenue (accumulative) | 4.5 | 11.2 | 10.1 | 7.7 | 4.4 | 0.1 |
| DSO | 60 | 14 | 67 | 97 | 148 | -88 |

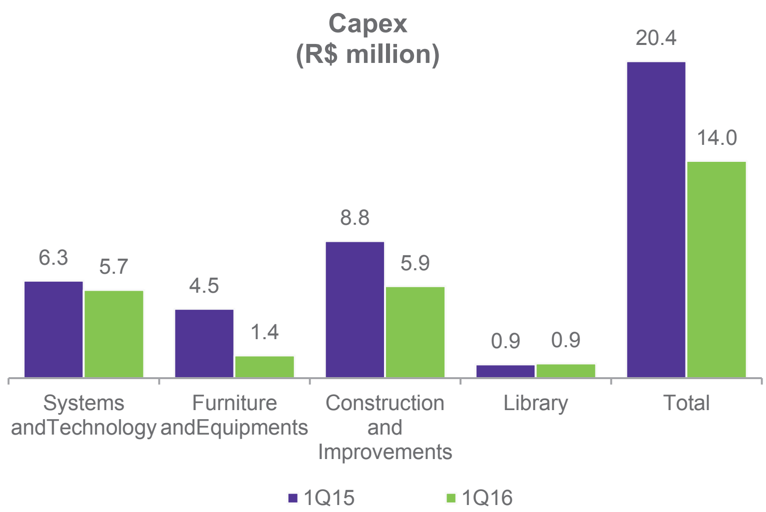
* 1Q16 weighted DSO, based on the fact that Sociesc started to be consolidated as of Feb. 1st 2016

## Investments (CAPEX)

In 1Q16, CAPEX totaled R$14.0 million, or 6.0% of net revenue, representing a reduction from 1Q15, when we reported CAPEX of R$20.4 million, or 9.3% of net revenue. This figure includes both maintenance and expansion projects.

The year-over-year reduction in investments was chiefly due to the expansion projects in the countryside of Minas Gerais, given that investments peaked in the first quarter of 2015 and now these units are ready to begin operations. In 1Q15, we were also expanding some campuses in Belo Horizonte and investing in São Judas' organic growth in existing campuses, investments that are now mature.

In addition to investing in our campuses, we continue investing in systems and technology applied to education. Our main projects include those related to content development and the improvement of the technological platforms for Distance Learning and other innovation projects.



# Cash Flow

| | 1Q16 | 1Q15 |
|---|---|---|
| **Net Income** | **52.8** | **63.8** |
| Non-Controlling Interest | 0.0 | 0.0 |
| **Net Income before Non-Controlling Interest** | **52.8** | **63.8** |
| Depreciation & Amortization | 8.5 | 7.1 |
| Interest expenses/revenues | 2.6 | 0.9 |
| Provisions for labor, tax and civic risks | 1.2 | 0.3 |
| Other non-cash adjustments | 1.5 | (0.0) |
| **Operating Cash Flow** | **66.6** | **72.1** |
| Δ Accounts receivable/PDA | (76.7) | (58.8) |
| Δ Other assets/liabilities | 0.6 | 4.5 |
| **Working Capital Variance** | **(76.1)** | **(54.4)** |
| **Free Cash Flow before CAPEX** | **(9.5)** | **17.8** |
| CAPEX - Fixed and Intangible | (14.0) | (20.4) |
| **Free Cash Flow** | **(23.5)** | **(2.6)** |
| Financing/Investments activities | (7.9) | (8.2) |
| Shares held in treasury | (8.4) | 0.0 |
| Acquisitions | 5.3 | (6.2) |
| Dividends | 0.0 | 0.0 |
| **Net Cash Flow from Financing Activities** | **(11.0)** | **(14.5)** |
| **Net Increase (Reduction) of Cash and Cash Equivalents** | **(34.5)** | **(17.1)** |
| Cash at the begging of the period | 184.5 | 135.9 |
| Cash at the end of the period | 150.1 | 118.8 |

We ended 1Q16 with cash and cash equivalents and financial investments of R$150.1 million, a reduction of R$34.5 million compared with 4Q15. Operating cash flow before working capital and CAPEX came to R$66.6 million. In this period, working capital consumption totaled R$76.1 million, mainly due to the increase in FIES accounts receivable, as previously mentioned. We invested R$14.0 million in CAPEX, resulting in negative free cash flow of R$23.5 million.

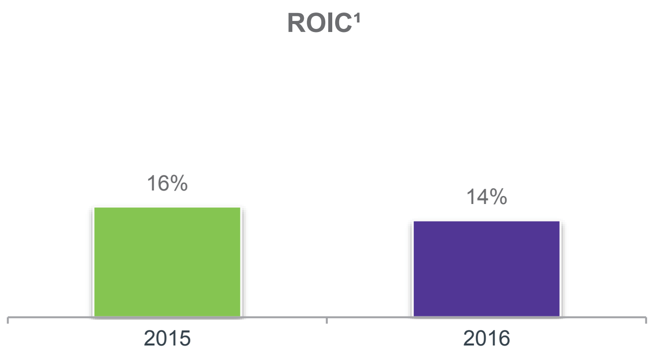
We continued amortizing our recurring loans and borrowings, which represented cash consumption of R$7.9 million in the period. Pursuant to the share repurchase program approved by our Board of Directors on October 2, 2015, we acquired R$8.4 million in shares this quarter.

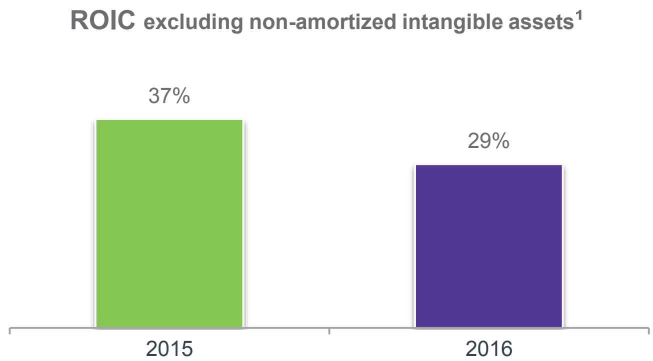
Finally, we recorded a cash inflow of R$5.3 million due to the net effect of the Sociesc acquisition until now, considering that there was a disbursement of R$0.3 million and the consolidation of Sociesc's R$5.6 million cash position.

## Return On Invested Capital (ROIC)

We monitor our financial performance through our return on invested capital (ROIC), among other metrics. At the end of 1Q16, we had a ROIC for the last twelve months of 14%. The decrease compared 2015 full year indicator of 16% was explained by the consolidation of Sociesc's results (which were modest for this quarter) and the significant increase in the average invested capital, which in turn had been impacted by FIES accounts receivable and the consolidation of Sociesc's balance sheet. Regarding this matter, it is worth mentioning that the acquisition of Sociesc included their Curitiba campus property.

One should take into consideration that ROIC encompasses the net operating profit after taxes (NOPAT) of our operations and the average invested capital of the last 4 quarters. In turn, the average invested capital of the last 4 quarters considers, in addition to current assets and liabilities, and fixed assets, the balance of long-term FIES accounts receivable related to the agreement signed with the government at the beginning of the year.




[1] ROIC = LTM EBIT (adjusted for Whitney's non-recurring termination) * (1-effective income and social contribution tax rate) ÷ avg. invested capital
Invested Capital = net working capital + long-term FIES accounts receivable + net fixed assets

Excluding non-amortized intangible assets from the total invested capital, we reported a return of 29% in 1Q16. We believe that the ROIC analysis, using both approaches, provides a complementary perspective to track our business performance in a more comprehensive manner.

## APPENDIX 1 – Reconciliation of the 1Q16 Income Statement

| Consolidated Ânima R$ (million) | 1Q16 | | | | | |
|---|---|---|---|---|---|---|
| | Release Income Statement | Depreciation & Amortization | Corporate Expenses | Late Payment Fees | Non-Recurring Items | IFRS Income Statement |
| **Gross Revenue** | **334.2** | | | | **0.9** | **335.2** |
| Discounts, Deductions & Scholarships | (95.1) | | | | | (95.1) |
| Taxes | (4.8) | | | | | (4.8) |
| **Net Revenue** | **234.4** | | | | **0.9** | **235.3** |
| **Cash Cost of Services** | **(116.9)** | **(5.0)** | **0.0** | **0.0** | **0.0** | **(121.9)** |
| - Personnel | (86.4) | | | | | (86.4) |
| - Services from Third Parties | (4.8) | | | | | (4.8) |
| - COGS | (0.5) | | | | | (0.5) |
| - Rental & Utilities | (19.8) | | | | | (19.8) |
| - Others | (5.4) | (5.0) | | | | (10.4) |
| **Gross Profit (exclud. deprec. /amort.)** | **117.5** | **(5.0)** | **0.0** | **0.0** | **0.9** | **113.4** |
| **Sales Expenses** | **(12.8)** | | **(0.4)** | | **0.0** | **(13.2)** |
| - Provision for Doubtful Accounts (PDA) | (7.0) | | 0.0 | | | (7.0) |
| - Marketing | (5.9) | | (0.4) | | | (6.3) |
| **General & Administrative Expenses** | **(27.0)** | **(3.5)** | **(12.2)** | **0.0** | **(1.3)** | **(44.0)** |
| - Personnel | (15.2) | | (9.0) | | | (24.1) |
| - Third Party Services | (2.4) | | (1.3) | | | (3.7) |
| - Rental & Utilities | (1.151) | | (0.3) | | | (1.4) |
| - Others | (8.3) | (3.5) | (1.7) | | (1.3) | (14.7) |
| **Other Operating Revenues (Expenses)** | **(2.0)** | **0.0** | **(0.3)** | **0.0** | **0.0** | **(2.2)** |
| - Provisions | (3.3) | | 0.2 | | | (3.1) |
| - Taxes | (0.3) | | (0.4) | | | (0.7) |
| - Other Operating Revenues | 1.6 | | (0.0) | | | 1.6 |
| **Late Payment Fees** | **4.6** | | | **(4.6)** | | **0.0** |
| **Operating Result** | **80.2** | **(8.5)** | **(12.8)** | **(4.6)** | **(0.4)** | **54.0** |
| - Corporate Expenses | (12.8) | | 12.8 | | | (0.0) |
| **Adjusted EBITDA** | **67.4** | **(8.5)** | **0.0** | **(4.6)** | **(0.4)** | **54.0** |
| (-) Late Payment Fees | (4.6) | | | 4.6 | | 0.0 |
| (-) Non-Recurring Items [1] | (0.4) | | | | 0.4 | 0.0 |
| **EBITDA** | **62.5** | **(8.5)** | **0.0** | **0.0** | **0.0** | **54.0** |
| Depreciation & Amortization | (8.5) | 8.5 | | | | 0.0 |
| **EBIT** | **54.0** | **0.0** | **0.0** | **0.0** | **0.0** | **54.0** |
| Net Financial Result | (1.2) | | | | | (1.2) |
| **EBT** | **52.8** | **0.0** | **0.0** | **0.0** | **0.0** | **52.8** |
| Income Tax and Social Contribution | (0.1) | | | | | (0.1) |
| **Net Income Before Non-Controlling Interest** | **52.8** | **0.0** | **0.0** | **0.0** | **0.0** | **52.8** |
| Non-Controlling Interest | 0.0 | | | | | 0.0 |
| **Net Income** | **52.8** | **0.0** | **0.0** | **0.0** | **0.0** | **52.8** |
| (-) Non-Recurring Items [2] | 0.4 | | | | (0.4) | 0.0 |
| **Adjusted Net Income** | **53.1** | **0.0** | **0.0** | **0.0** | **(0.4)** | **52.8** |

[1] Non-Recurring Items impacting EBITDA

[2] Non-Recurring Items impacting Net Income

## APPENDIX 2 – Income Statement – IFRS

| | 1Q16 | 1Q15 |
|---|---|---|
| **Net Revenue** | **235.3** | **218.0** |
| COST OF SERVICES | (121.9) | (100.6) |
| **Gross (Loss) Profit** | **113.4** | **117.4** |
| OPERATING (EXPENSES) / INCOME | (59.4) | (56.0) |
| Commercial | (13.2) | (13.9) |
| General and administrative | (44.0) | (40.1) |
| Equity income | - | - |
| Other operating (expenses) revenues | (2.2) | (2.0) |
| **Income before Financial Result** | **54.0** | **61.4** |
| Financial interest income | 22.8 | 8.7 |
| Financial interest expenses | (24.0) | (6.3) |
| **Net (Loss) Income before Taxes** | **52.8** | **63.8** |
| Income tax and social contribution, current and deferred | (0.1) | 0.0 |
| **Net Income or Loss before Non-Controlling Interest** | **52.8** | **63.8** |
| Non-Controlling Interest | - | - |
| **Net Income or Loss for the Period** | **52.8** | **63.8** |

## APPENDIX 3 – Balance Sheet - IFRS

| Assets | MAR 16 | MAR 15 | DEC 15 |
|---|---|---|---|
| **Current Assets** | **443.9** | **372.1** | **394.1** |
| Cash and cash equivalents | 24.5 | 25.7 | 25.5 |
| Cash & financial investments | 125.6 | 93.1 | 159.1 |
| Accounts receivable | 258.4 | 214.0 | 165.9 |
| Advances | 13.3 | 14.7 | 19.0 |
| Recoverable taxes | 8.8 | 13.5 | 8.3 |
| Derivatives | 3.2 | - | 12.1 |
| Other current assets | 10.2 | 11.1 | 4.3 |
| **Non-Current Assets** | **894.5** | **624.1** | **781.7** |
| Accounts receivable | 128.4 | 2.0 | 123.4 |
| Advances | 4.4 | 2.5 | 3.0 |
| Judicial deposits | 31.2 | 22.6 | 27.9 |
| Credit with related parties | 0.0 | - | 0.0 |
| Recoverable taxes | 6.4 | 4.5 | 7.5 |
| Derivatives | - | - | 10.7 |
| Other non-current assets | 14.8 | 8.6 | 10.5 |
| Investments | - | - | - |
| Fixed | 211.1 | 134.8 | 146.0 |
| Intangible | 498.2 | 449.1 | 452.6 |
| **Total Assets** | **1,338.5** | **996.3** | **1,175.8** |

| Liabilities | MAR 16 | MAR 15 | DEC 15 |
|---|---|---|---|
| **Current Liabilities** | **259.2** | **172.8** | **238.1** |
| Supplier | 19.1 | 22.1 | 19.6 |
| Loans | 138.2 | 31.0 | 124.2 |
| Personnel | 49.9 | 49.5 | 46.4 |
| Taxes payable | 8.5 | 7.7 | 10.7 |
| Client advances | 22.6 | 22.6 | 21.0 |
| Tax debt installments | 0.2 | 0.6 | 0.2 |
| Accounts payables | 3.3 | - | - |
| Dividends payables | 15.3 | 39.2 | 15.3 |
| Derivatives | 1.6 | - | - |
| Other current liabilities | 0.6 | 0.0 | 0.7 |
| **Non-Current Liabilities** | **392.8** | **163.4** | **295.6** |
| Loans | 233.1 | 90.1 | 230.3 |
| Accounts payables | 25.9 | - | - |
| Debit with related parties | - | - | - |
| Client advances | - | - | - |
| Tax debt installments | 3.3 | 2.6 | 3.4 |
| Deferred income tax and social contribution | 25.3 | 15.4 | 15.3 |
| Provisions for risks | 100.2 | 54.3 | 46.1 |
| Derivatives | 4.5 | - | - |
| Other non-current liabilities | 0.5 | 1.0 | 0.5 |
| **Shareholder Equity** | **686.5** | **660.1** | **642.1** |
| Capital Stock | 496.4 | 496.4 | 496.4 |
| Capital reserve | 1.2 | 1.2 | 1.2 |
| Earnings reserve | 217.2 | 168.2 | 217.2 |
| Shares in treasury | (11.6) | (0.0) | (3.1) |
| Asset valuation adjustment | (69.6) | (69.6) | (69.6) |
| Retained earnings | 52.8 | 63.8 | (0.0) |
| **Total Liabilities and Shareholder Equity** | **1,338.5** | **996.3** | **1,175.8** |

# APPENDIX 4 – Cash Flow – IFRS

| | 1Q16 | 1Q15 |
|---|---|---|
| **Net Income for the period** | 52.8 | 63.8 |
| Adjustments for | | |
| Provision for doubtful accounts | 7.0 | 7.8 |
| Legal deposits reversal (update) | (0.8) | (0.6) |
| Depreciation and amortization | 8.5 | 7.1 |
| Decrease in residual value of fixed and intangible assets | 1.4 | 0.0 |
| Interest on loans, financing and tax installments | 12.9 | 4.2 |
| Constitution, reversal and update of provision for labor, tax and civil ri | 3.1 | 2.8 |
| Present value adjustments to accounts payable | 1.1 | 0.2 |
| FIES present value adjustments and monetary restatement | (6.4) | |
| Deferred income tax and social contribution | 0.1 | (0.0) |
| Losses with investments | 0.0 | - |
| | 79.6 | 85.4 |
| **Change in operating assets and liabilities** | | |
| (Increase) decrease in accounts receivable | (83.6) | (66.7) |
| Decrease in other advances | 6.5 | 10.2 |
| Increase in legal deposits | (2.2) | (2.0) |
| (Increase) decrease in taxes and recoverable contributions | 1.3 | (0.4) |
| Icrease in other assets | (0.3) | (4.3) |
| Increase (decrease) in suppliers | (2.5) | 5.5 |
| Aumento (redução) de obrigações tributárias, sociais e salários | (2.4) | (0.2) |
| Increase in advance to costumers | 0.6 | (3.6) |
| Increase (decrease) in tax installments and other contributions | (0.1) | (0.1) |
| Decrease in provision for labor, tax and civil risks | (1.1) | (1.9) |
| Increase (decrease) in other liabilities | (0.2) | (0.7) |
| **Cash from operations** | (84.0) | (64.2) |
| Interest paid | (6.3) | (3.7) |
| Income tax and social contribution paid | (0.3) | - |
| **Net cash flow from operating activities** | (10.9) | 17.5 |
| **Cash Flow from Investment Activities** | | |
| Acquisitions net of cash and equivalents | 5.3 | - |
| Increase (decrease) in financial assets | 38.5 | 30.4 |
| Income from financial assets | (5.0) | (3.6) |
| Fixed asset purchase | (9.2) | (20.4) |
| Intangible asset purchase | (4.8) | - |
| **Net cash flow (applied) from investment activities** | 24.8 | 6.5 |
| **Cash Flow from Financial Activities** | | |
| **Loans and financing** | | |
| Funding | 3.5 | - |
| Amortizations | (10.0) | (14.2) |
| Shares held in treasury | (8.4) | - |
| **Net cash (applied to) flow from financing activities** | (14.9) | (14.2) |
| **Cash (Applied) Flow for the Period** | (1.0) | 9.8 |
| **Change in Cash and Cash Equivalents** | | |
| Cash and cash equivalents at the beginning of the period | 25.5 | 15.9 |
| Cash and cash equivalents at the end of the period | 24.5 | 25.7 |
| **Increase (Decrease) of Cash and Cash Equivalents** | (1.0) | 9.8 |