GAEC Educação S.A. and subsidiaries

Interim financial information for the three and nine-month periods ended September 30, 2016 and Independent Auditor's Report

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim financial information of GAEC Educação S.A., identified as parent company and consolidated, respectively, included in the Interim Financial Information Form (ITR), for the quarter ended September 30, 2016, which comprises the statement of financial position as of September 30, 2016 and the related statements of income, comprehensive income for the three and nine-month periods then ended, changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the parent company and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Information and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of 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 Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added (DVA), for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR) and considered as supplemental information for International Financial Reporting Standards - IFRS, which does not require the presentation of DVA. These statements were subject to the same review procedures described above, and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the parent company and consolidated interim financial information taken as a whole.

Restatement of the amounts corresponding to the three and nine-month periods ended September 30, 2015

As mentioned in Note 5, due to changes in the accounting policies, the amounts corresponding to the statement of income for the fiscal year and the statement of value added referring to the three and nine-month periods ended September 30, 2015, presented for comparison purposes, were adjusted and are being restated pursuant to CPC 23/IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26 (R1)/IAS 1 - Presentation of Financial Statements. Our opinion remains unchanged regarding this matter.

Belo Horizonte, November 4, 2016

DELOITTE TOUCHE TOHMATSU Auditores Independentes CRC-2SP 011.609/O-8 F/MG	Antonio Marcos Lima Dultra Accountant CRC-BA nº 21440/O-8

GAEC EDUCAÇÃO S.A.

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2016
Amounts in thousands of Brazilian reais R$

		Company		Consolidated	
ASSETS	Note	9/30/2016	12/31/2015	9/30/2016	12/31/2015
CURRENT ASSETS					
Cash and cash equivalents	7	1,755	1,411	23,423	25,480
Short-term investments	7	20,695	153,482	191,535	159,058
Trade receivables	8 and 30	8,728	8,280	215,151	165,855
Sundry advances	9	876	671	24,761	19,001
Dividends receivable		25,858	56,858	-	-
Recoverable taxes	10	3,383	2,029	9,697	8,288
Derivatives	31	-	12,093	-	12,093
Other current assets		59	56	12,080	4,349
Total current assets		61,354	234,880	476,647	394,124
NONCURRENT ASSETS					
Trade receivables	8	-	-	88,803	123,397
Sundry advances	9	-	-	12,208	2,983
Escrow deposits	22	39	42	34,130	27,915
Credits with related parties	30	-	-	72	12
Recoverable taxes	10	2,196	3,590	6,803	7,525
Derivatives	31	-	10,725	-	10,725
Other noncurrent assets		-	-	15,889	10,534
Investments	12	953,124	716,985	-	-
Property and equipment	13	4,488	3,901	216,802	145,958
Intangible assets	14	14,785	12,132	572,266	452,604
Total noncurrent assets		974,632	747,375	946,973	781,653
TOTAL ASSETS		1,035,986	982,255	1,423,620	1,175,777

		Company		Consolidated	
LIABILITIES AND EQUITY	Note	9/30/2016	12/31/2015	9/30/2016	12/31/2015
CURRENT LIABILITIES					
Trade payables	15	2,537	3,315	22,491	19,606
Loans and borrowings	16	73,382	109,399	97,326	124,192
Labor and related taxes	17	7,054	7,097	75,111	46,358
Taxes payable	18	704	901	9,462	10,690
Advances from clients	19	-	-	29,183	21,042
Taxes and contributions paid in installments	20	-	-	271	180
Notes payable	21	-	-	5,810	-
Dividends payable		17	15,266	17	15,266
Derivatives	31	11,976	-	12,362	-
Other current liabilities		-	11	625	730
Total current liabilities		95,670	135,989	252,658	238,064
NONCURRENT LIABILITIES					
Loans and borrowings	16	252,292	201,820	281,137	230,263
Notes payable	21	-	-	49,195	-
Taxes and contributions paid in installments	20	-	-	3,659	3,387
Deferred income tax and social contribution	11	-	-	53,243	15,320
Provision for labor, tax and civil risks	22	1,442	2,328	96,766	46,092
Derivatives	31	10,011	-	10,011	-
Other noncurrent liabilities		-	-	380	533
Total noncurrent liabilities		263,745	204,148	494,391	295,595
TOTAL LIABILITIES		359,415	340,137	747,049	533,659
EQUITY					
Capital stock	23	496,411	496,411	496,411	496,411
Capital reserve		5,861	1,231	5,861	1,231
Profit reserve		217,191	217,191	217,191	217,191
Treasury shares		(30,608)	(3,149)	(30,608)	(3,149)
Goodwill from capital transaction		(69,566)	(69,566)	(69,566)	(69,566)
Retained earnings		57,282	-	57,282	-
Total equity		676,571	642,118	676,571	642,118
TOTAL EQUITY AND LIABILITIES		1,035,986	982,255	1,423,620	1,175,777

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

GAEC EDUCAÇÃO S.A.

STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016
Amounts in thousands of Brazilian reais R$

		Company				Consolidated			
		7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
	Note							(restated)	(restated)
NET REVENUE	25	630	1,889	581	1,743	231,171	701,965	203,249	633,984
COST OF PRODUCTS AND SERVICES	26	(4,479)	(12,591)	(3,340)	(11,030)	(153,331)	(434,881)	(119,910)	(351,677)
GROSS INCOME (LOSS)		(3,849)	(10,702)	(2,759)	(9,287)	77,840	267,084	83,339	282,307
OPERATING INCOME (EXPENSES)									
Selling expenses	26	(741)	(1,576)	(372)	(724)	(16,145)	(48,726)	(22,656)	(48,465)
General and administrative expenses	26	(336)	(1,220)	(19)	(54,287)	(47,229)	(133,282)	(34,626)	(164,998)
Equity in the earnings (losses) of subsidiaries	12	21,103	97,822	36,986	138,699	-	-	-	-
Other operating income (expenses)	26	776	2,079	655	1,277	(529)	(4,729)	6,385	3,354
		20,802	97,105	37,250	84,965	(63,903)	(186,737)	(50,897)	(210,109)
EARNINGS BEFORE FINANCIAL RESULT		16,953	86,403	34,491	75,678	13,937	80,347	32,442	72,198
Financial result	28	(11,390)	(29,121)	(4,340)	(5,843)	(8,613)	(23,618)	(3,713)	(3,759)
PROFIT BEFORE INCOME TAXES		5,563	57,282	30,151	69,835	5,324	56,729	28,729	68,439
Current and deferred income tax and social contribution	11	-	-	-	-	239	553	1,422	1,396
PROFIT FOR THE PERIO		5,563	57,282	30,151	69,835	5,563	57,282	30,151	69,835
EARNINGS PER SHARE	23	0.07	0.71	0.36	0.84				

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

GAEC EDUCAÇÃO S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016
Amounts in thousands of Brazilian reais R$

					Profit reserves				
	Note	Capital stock	Capital reserve	Treasury shares	Legal reserve	Profit retention	Goodwill on capital	Retained earnings	Total 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		-	-	-	-	-	-	69,835	69,835
BALANCES AT SEPTEMBER 30, 2015		496,411	1,231	(10)	10,168	158,068	(69,566)	69,835	666,137
BALANCES AT DECEMBER 31, 2015		496,411	1,231	(3,149)	13,378	203,813	(69,566)	-	642,118
Share-based compensation		-	4,630	-	-	-	-	-	4,630
Acquisition of treasury shares	23.c	-	-	(27,459)	-	-	-	-	(27,459)
Profit for the period		-	-	-	-	-	-	57,282	57,282
BALANCES AT SEPTEMBER 30, 2016		496,411	5,861	(30,608)	13,378	203,813	(69,566)	57,282	676,571

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

GAEC EDUCAÇÃO S.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016
Amounts in thousands of Brazilian reais R$

	Company				Consolidated			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
PROFIT FOR THE PERIO	5,563	57,282	30,151	69,835	5,563	57,282	30,151	69,835
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,563	57,282	30,151	69,835	5,563	57,282	30,151	69,835

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

STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016
Amounts in thousands of Brazilian reais R$

		Company		Consolidated	
	Note	9/30/2016	9/30/2015	9/30/2016	9/30/2015
CASH FLOW FROM OPERATING ACTIVITIES					
Profit for the period		57,282	69,835	57,282	69,835
Adjustments:					
Allowance for doubtful accounts	26	-	-	28,279	29,268
Restatement of escrow deposits	22	4	(2)	(1,239)	(1,752)
Depreciation and amortization	26	3,478	2,246	28,900	22,038
Write-off of the residual value of property and equipment and intangible assets	13/14	95	78	3,348	832
Equity income	12	(97,822)	(138,699)	-	-
Investment loss		-	-	36	-
Expenses with interest from loans, borrowings and tax installments		37,871	10,732	46,224	17,735
Recognition, restatement and reversal of the provision for labor, tax and civil risks	26	(465)	97	8,398	(770)
Expenses with adjustment to present value and inflation adjustments of securities	28	-	166	6,093	183
Revenue from adjustment to present value and FIES, Ampliar and Pravaler inflation		-	-	(14,652)	-
Share-based compensation	30.2	-	-	4,630	-
Current and deferred income tax and social contribution	11	-	-	(553)	(1,396)
		443	(55,547)	166,746	135,973
Variation in operating assets and liabilities:					
(Increase) in trade receivables		(448)	1,369	(10,729)	(144,707)
Decrease (increase) in sundry advances		(205)	5,758	(12,452)	14,730
Decrease (increase) in escrow deposits	22	(1)	(5)	(6,769)	(7,184)
Decrease in recoverable taxes and contributions		40	1,351	250	1,340
Decrease (increase) in other assets		(3)	(23)	(2,567)	(7,229)
(Decrease) increase in trade payables		(778)	(311)	(65)	5,559
(Decrease) increase in payroll and related taxes		(240)	(1,147)	20,290	17,083
Increase in advances from clients		-	-	5,639	3,805
(Decrease) of taxes and contributions paid in installments		-	-	82	(525)
Decrease of provision for tax, civil and labor risks	22	(421)	(51)	(12,581)	(5,525)
Decrease in other liabilities		(10)	52	(259)	(263)
		(2,066)	6,993	(19,161)	(122,916)
Interest paid		(23,184)	(3,276)	(31,700)	(10,714)
Income tax and social contribution paid		-	-	(299)	-
Net cash (used in) generated by operating activities		(24,807)	(51,830)	115,586	2,343
CASH FLOW FROM INVESTING ACTIVITIES					
Capital increase in subsidiary	12	(133,688)	(63,590)	-	-
Acquisition of subsidiaries net of cash acquired		-	-	(8,056)	-
Redemption (investment) of financial investments		143,159	(139,692)	(14,251)	(95,416)
Yields from financial investments		(10,372)	(4,493)	(18,019)	(8,368)
Acquisition of property and equipment	13	(2,559)	(1,489)	(27,716)	(37,630)
Acquisition of intangible assets	14	(4,254)	(5,825)	(9,201)	(9,069)
Dividends received		31,000	92,690	-	-
Net cash (used in) generated by investing activities		23,286	(122,399)	(77,243)	(150,483)
CASH FLOW FROM FINANCING ACTIVITIES					
Loans with related parties					
Loans and borrowings					
Funding		142,978	230,000	142,978	230,000
Amortizations		(98,405)	(13,654)	(140,670)	(39,645)
Treasury shares		(27,459)	-	(27,459)	-
Dividends paid		(15,249)	(39,167)	(15,249)	(39,167)
Net cash (used in) generated by financing activities		1,865	177,179	(40,400)	151,188
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		344	2,950	(2,057)	3,048
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		1,755	6,254	23,423	18,915
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		344	2,950	(2,057)	3,048

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

GAEC EDUCAÇÃO S.A.

STATEMENT OF VALUE ADDED FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016
Amounts in thousands of Brazilian reais R$

		Company		Consolidated	
	Note	9/30/2016	9/30/2015	9/30/2016	9/30/2015
REVENUE					(restated)
Revenue from products and services	25	2,114	1,900	717,120	648,922
Other revenue		48	-	7,073	4,755
Allowance for doubtful accounts	26	-	-	(28,279)	(29,268)
INPUTS ACQUIRED BY THIRD PARTIES					
Cost of products and services		(25)	(5)	(7,421)	(4,125)
Materials, electricity, outsourced services and other		(3,373)	(55,482)	(104,352)	(135,418)
GROSS VALUE ADDED		(1,236)	(53,587)	584,141	484,866
Depreciation and amortization	26	(3,478)	(2,246)	(28,900)	(22,038)
NET VALUE ADDED		(4,714)	(55,833)	555,241	462,828
VALUE ADDED RECEIVED IN TRANSFER					
Equity in the earnings (losses) of subsidiaries	12	97,822	138,699	-	-
Finance income	28	78,476	41,215	111,695	58,293
TOTAL VALUE ADDED TO DISTRIBUTE		171,584	124,081	666,936	521,121
VALUE ADDED DISTRIBUTION		171,584	124,081	666,936	521,121
Personnel					
Direct Compensation		3,418	4,599	285,836	237,060
Bonus		-	-	4,630	-
Benefits		754	531	17,128	13,458
Severance pay fund (FGTS)		302	150	27,752	22,314
Taxes and contributions					
Federal		2,113	1,539	71,217	61,620
State		(2)	-	526	5
Municipal		63	68	16,510	17,177
Value distributed to providers of capital					
Interest	28	107,597	47,058	135,313	62,052
Rental		57	301	50,742	37,600
Value distributed to shareholders		57,282	69,835	57,282	69,835
Profit for the period		57,282	69,835	57,282	69,835

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 K-12 and post-secondary education services, including free, undergraduate, graduation, masters, doctorate, university extension, specialization, and distance-learning courses, and research.

(c) Organization of congresses, seminars, lectures, cultural events, 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 nine-month period ended September 30, 2016, the subsidiaries had a total of 201 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 15,600 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 the same partner 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

Acquisition of FACEB Educação Ltda. "FACEB"

On July 1, 2016, the Company, through its subsidiary Posse Gestão Patrimonial S.A. "PGP Gestão", entered into a Private Instrument for the Acquisition of Interest and Other Covenants, whereby it acquired all the rights of FACEB Educação, one of the most important reference institutions in education innovation, management quality and post-secondary education in the countryside of Minas Gerais, with around 4,300 students enrolled in on-campus undergraduate courses. The transaction did not require approval by the Brazilian antitrust authority (CADE).

Acquisition of GKT Treinamento, Consultoria e Editora Ltda. "ACAD"

On September 1, 2016, the Company, through its subsidiary HSM do Brasil S.A., entered into a Private Instrument for the Acquisition of Interest in GKT Treinamento, Consultoria e Editora Ltda. "ACAD" and Other Covenants, whereby it acquired all the rights of ACAD, a reference in corporate education in the Brazilian market, which has received several awards and was recognized by *Gestão&RH* magazine in 2015 and 2016 as one of the top 300 contributors to the Human Resources and employee development area, having also received the ABT Award from the Brazilian Teleservices Association, in the Innovation in People category for its Supertraining project, which consists of effective training sessions to accelerate learning. The transaction did not require approval by the Brazilian antitrust authority (CADE).

Comparability

The income statement for the nine-month period ended September 30, 2015 does not include the full results of the investees Sociesc, FACEB and ACAD, which are being consolidated as of February 1, 2016, July 1, 2016 and September 1, 2016, respectively.

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

2. PRESENTATION OF THE INTERIM FINANCIAL INFORMATION

2.1. Statement of compliance (with IFRSs and CPCs)

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

- The parent company and consolidated interim financial information prepared and presented in accordance with the Brazilian Technical Pronouncement CPC 21 (R1) – Interim Financial Statement and the International Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, and in conformity with the rules issued by the Brazilian Securities and Exchange

Commission, applicable to the preparation of the Quarterly Information Form - ITR, identified as "Parent 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.

The Company's Management declares that all relevant information pertaining to the interim financial information is being addressed, and that it corresponds to the information used in the Company's management.

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 nine-month period ended September 30, 2016 and year ended December 31, 2015, the Company held the following direct and indirect subsidiaries:

	Equity interest %	
Subsidiary	9/30/2016	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")	100	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	-
GKT Treinamento, Consultoria e Editora Ltda. ("ACAD")	100	-
FACEB Educacão Ltda. ("FACEB")	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: the Board of Directors, also responsible for making the Company's strategic decisions.

3. SIGNIFICANT ACCOUNTING POLICIES

No changes occurred in the accounting policies of parent company or consolidated interim financial information for the nine-month period ended September 30, 2016, as well as in the calculation methods applied in relation to those presented in the financial statements for the year ended December 31, 2015.

This interim financial information should be read jointly with the annual Financial Statements published.

4. ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The new standards and amendments to IFRS or IFRIC interpretations not effective yet will not pose relevant impact on the interim financial information of the Company and its subsidiaries.

4.1. New and revised standards and interpretations already issued but not yet adopted

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
Amendments to IAS 12	Recognition of deferred tax assets for unrealized losses
Amendments to IAS 7	Cash flow
Amendments to IAS 1 / CPC 26 (R1)	Disclosure Initiative
IAS 38 / CPC 04	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to IFRS 10 / CPC 36 IFRS 12 / CPC 45 and IAS 28 / CPC 18	Investment Entities: Applying the Consolidation Exception

5. NET REVENUE RESTATEMENT

For a better reporting of our interim financial information for the nine-month period ended September 30, 2016, we reclassified the amounts of Pravaler and FIES (FGEDUC) student financing commissions to net revenue. We present below the reclassification in the statement of income and statement of value added in the comparative period ended September 30, 2015.

In the statement of income, we reclassified this amount from the general and administrative expenses line to net revenue, as shown in the restatement below:

		Consolidated					
		Previously stated		Adjustment		Restated	
	Item	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
NET REVENUE	25	209,364	649,826	(6,115)	(15,842)	203,249	633,984
COST OF SERVICES RENDERED		(119,910)	(351,677)	-	-	(119,910)	(351,677)
GROSS INCOME (LOSS)		89,454	298,149	(6,115)	(15,842)	83,339	282,307
OPERATING INCOME (EXPENSES)							
Selling expenses		(22,656)	(48,465)	-	-	(22,656)	(48,465)
General and administrative expenses	26	(40,741)	(180,840)	6,115	15,842	(34,626)	(164,998)
Other net operating income (expenses)		6,385	3,354	-	-	6,385	3,354
		(57,012)	(225,951)	6,115	15,842	(50,897)	(210,109)
EARNINGS BEFORE FINANCIAL RESULT		32,442	72,198	-	-	32,442	72,198

In the statement of value added, we reclassified this amount from the materials, electricity, services and others line to revenue from products and services, as shown in the restatement below:

		Consolidated		
		Previously stated	Adjustment	Restated
	Item	9/30/2015	9/30/2015	9/30/2015
REVENUE				
Revenue from products and services	25	664,764	(15,842)	648,922
Other revenue		4,755	-	4,755
Allowance for doubtful accounts		(29,268)	-	(29,268)
INPUTS ACQUIRED BY THIRD PARTIES				
Cost of products and services		(4,125)	-	(4,125)
Materials, electricity, outsourced services and other		(151,260)	15,842	(135,418)
GROSS VALUE ADDED		484,866	-	484,866

6. BUSINESS COMBINATION

6.1. Acquisition of Sociedade Educacional de Santa Catarina (Sociesc)

On December 18, 2015, the Company, through its subsidiary PGP Educação, entered into a Private Deed for Investment, Restructuring of Sociesc and Other Covenants, whereby it acquired all the rights of Sociesc. The transaction was concluded on February 1, 2016, after approval by the Brazilian Antitrust Agency (CADE).

6.1.1. 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), maturing on the 10th of each month. The present value of this transaction was R$28,727 on the date when it was executed.

6.1.2. Assets acquired and liabilities recognized on the acquisition date

In the second quarter, the Company and its consultants finalized the fair value calculation of the assets and liabilities, and, consequently, goodwill arising from the transaction. These amounts were adjusted in relation to the preliminary amounts that had been recorded in the first quarter.

	Carrying amount	Acquisition adjustments	Goodwill adjustments (i)	Fair value
Assets				
Cash and cash equivalents	5,542	-	-	5,542
Other current assets	17,183	-	(1,525)	15,658
Other noncurrent assets	12,450	-	-	12,450
Property and equipment	35,184	29,428	-	64,612
Intangible assets	1,890	29,108	-	30,998
Liabilities				
Other current liabilities	31,117	-	-	31,117
Other noncurrent liabilities	21,603	-	-	21,603
Deferred/current income tax and social contribution liabilities	-	38,537	-	38,537
Provision for labor, tax and civil risks	106,897	(54,807)	3,907	55,997
Net assets acquired	(87,368)	74,806	(5,432)	(17,994)

(i) Amounts referring to labor and civil contingencies and canceled tuition fees from Pronatec, which had not been recognized in the opening statement of financial position, but were recognized as goodwill adjustments in the period ended June 30, 2016.

6.1.3. Goodwill generated in the acquisition

	2/1/2016 Acquired value
Consideration to be transferred at the acquisition	28,727
(-) Fair value of net liabilities / (assets) identifiable	17,994
Goodwill generated in the acquisition	46,721

Sociesc's acquisition generated goodwill resulting from the consideration paid for the transaction, which included amounts related to future synergy gains, future revenue growth, future market development, certificate of technical capacity and workforce. These benefits are not recognized separately from goodwill because they do not meet the criteria for the recognition of identifiable intangible assets.

6.1.4. Net cash outflow in the acquisition of subsidiary

	2/1/2016
Consideration paid in cash	291
(-) Balances of cash and cash equivalents acquired	(5,542)
Net cash disbursement	(5,251)

(*) 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.

6.2 Acquisition of FACEB Educação Ltda. (FACEB)

On July 1, 2016, the Company, through its subsidiary PGP Gestão, entered into a Private Instrument for the Acquisition of Interest and Other Covenants, whereby it acquired all the rights of FACEB.

6.2.1. Consideration transferred

The Company's subsidiary will disburse R$42,245 for the business, adjusted for the net cash position, R$16,245 of which to be settled on the closing date of the transaction, i.e. July 1, 2016, and R$26,000 payable in 10 annual installments, adjusted for the simple average of the IGPM, IPCA and INPC monetary restatement indices, with the first installment maturing twelve (12) months after the closing date. The Transaction also envisages earn-out payments of up to R$8,000 between 2018 and 2023, based on the achievement of financial and operating targets. The present value of this transaction is R$37,327.

6.2.2 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.

6.2.3 Goodwill generated in the acquisition (preliminary estimate)

	7/1/2016
	Acquired value
Consideration to be transferred at the acquisition	37,327
(-) Fair value of net liabilities / (assets) identifiable	(7,006)
Goodwill generated in the acquisition	30,321

As mentioned in the previous item, a preliminary amount of goodwill on the acquisition of FACEB has been ascertained for the nine-month period ended September 30, 2016. The Company is still calculating possible values for 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.

6.2.4 Net cash outflow in the acquisition of subsidiary

	7/1/2016
Consideration paid in cash	16,245
(-) Balances of cash and cash equivalents acquired	(2,209)
Net cash disbursement	14,036

6.3. Acquisition of GKT Treinamento, Consultoria e Editora Ltda. (ACAD)

On September 1, 2016, the Company, through its subsidiary HSM Brasil, entered into a Private Instrument for the Acquisition of Interest and Other Covenants, whereby it acquired all the rights of ACAD.

6.3.1. Consideration transferred

The Company's subsidiary disbursed R$30 for the business and assumed net debt of R$2,970 on the closing date of the transaction, i.e. September 1, 2016, which totaled R$3,150. The difference was reimbursed by the vendors on the closing date of the transaction, as agreed in the contract governing the transaction between the parties. The transaction also envisages earn-out payments of up to R$2,203 between 2018 and 2021, based on the achievement of financial and operating targets. The present value of this transaction is R$1,288.

6.3.2. 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.

6.3.3. Goodwill generated in the acquisition (preliminary estimate)

	9/1/2016 Acquired value
Consideration to be transferred at the acquisition	1,288
(-) Fair value of net liabilities / (assets) identifiable	2,308
Goodwill generated in the acquisition	3,596

As mentioned in the previous item, a preliminary amount of goodwill on the acquisition of ACAD has been ascertained for the nine-month period ended September 30, 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.

6.3.4. Net cash outflow in the acquisition of subsidiary

	9/1/2016
Consideration received in cash	(150)
(-) Balances of cash and cash equivalents acquired	(579)
Net cash withdrawal	(729)

7. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Cash and banks	80	34	2,167	1,772
Short-term investments – Operations	1,675	1,377	21,256	23,708
Total cash and cash equivalents	1,755	1,411	23,423	25,480
Short-term investments – Investment	20,695	153,482	191,535	159,058
Total short-term investments	20,695	153,482	191,535	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 100.00% of the CDI, and vary according to the amount of time these funds remain in the account and by exclusive investment funds for GAEC's companies, which yielded between 101.24% and 102.00% of the CDI in the last twelve months, all highly liquid.

8. TRADE RECEIVABLES

	Consolidated	
	9/30/2016	12/31/2015
FIES - student loan (a)	225,836	219,293
Tuitions receivable (b)	124,017	121,480
Notes for collection (c)	22,241	19,236
Credit card (c)	12,155	1,314
Events (d)	1,608	3,026
Pronatec scholarship (e)	71	427
Financing (Ampliar and Pravaler) (f)	2,612	-
Leases, services and other	15,729	3,874
Total	404,269	368,650
Allowance for doubtful accounts - Other trade receivables (g)	(84,867)	(67,428)
Allowance for doubtful accounts - FIES (h)	(15,448)	(11,970)
Total	(100,315)	(79,398)
Overall total trade receivables	303,954	289,252
Current assets	215,151	165,855
Noncurrent assets	88,803	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 the present value adjustment and commissions (FGEDUC and financial agent). The National Education Development Fund (FNDE) transfers these amounts via credits that are offset against federal taxes. 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 transfer 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. On August 3, 2016, we settled the portion due on June 30, 2016, in compliance with the initially disclosed schedule. 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 based on trade receivables 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 transfer dates.

(b) Refers to monthly tuition fees issued, but not yet received, including those 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 the case of the subsidiary USJT, through payment slips. This line item also includes returned checks, which are sent to an outsourced collection firm.

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

(e) Refers 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) Refers to tuition fees financed through the Ampliar (directly managed by the Company) and Pravaler (managed by Ideal Invest) programs, net of the present value adjustment, in which students pay between 33% and 65% of the nominal tuition fee amount while they are studying and the remaining amount after graduation in a period of up to twice the time of their courses. Financing rates vary between 0% and 5% p.a., depending on the type of program chosen by the students, plus adjustments for inflation. The present value adjustment is calculated based on trade receivables adjusted to present value using Anima's weighted average cost of capital.

(g) 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.

(h) 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, while the Company will bear 1.5% of the remaining amount. Concerning former agreements 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 revenue and trade receivables in order to reflect the above-mentioned retentions (R$15,223 on September 30, 2016 and R$13,748 on September 30, 2015).

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

	Consolidated 9/30/2016				
	Receivables	Allowance for doubtful accounts	% loss per default rate	Net receivables	% (*)
FIES					
Current	216,367	-	-	216,367	71.18%
Past due	9,469	-	-	9,469	3.12%
Loss of FIES credit	-	(15,448)	-	(15,448)	(5.08%)
Credit card	12,155	-	-	12,155	4.00%
Pronatec	71	-	-	71	0.02%
Current	34,863	(4,006)	11.49%	30,857	10.15%
Past due:					
0 to 90 days	29,386	(4,769)	16.23%	24,617	8.10%
91 to 180 days	19,454	(6,333)	32.55%	13,121	4.32%
181 to 360 days	29,715	(21,015)	70.72%	8,700	2.86%
361 to 720 days	52,789	(48,744)	92.34%	4,045	1.33%
Total	404,269	(100,315)	24.81%	303,954	100%

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

	Consolidated 12/31/2015				
	Receivables	Allowance for doubtful accounts	% loss per default rate	Net receivables	% (*)
FIES					
Current	165,944	-	-	165,944	57.37%
Past due	53,349	-	-	53,349	18.44%
Loss of FIES credit	-	(11,970)	-	(11,970)	(4.14%)
Credit card	1,314	-	-	1,314	0.45%
Pronatec	427	-	-	427	0.15%
Current	25,941	(3,729)	14.37%	22,212	7.68%
Past due:					
0 to 90 days	33,923	(6,094)	17.96%	27,829	9.62%
91 to 180 days	20,073	(7,051)	35.13%	13,022	4.50%
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 trade receivable per maturity term.

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

	Consolidated	
	9/30/2016	9/30/2015
Opening balance	79,398	52,201
Allowance for doubtful accounts for the period (i)	28,279	29,268
Business combination - Sociesc, FACEB and ACAD	11,914	-
Notes written off in the period (ii)	(19,276)	(10,455)
Notes recovered in the period (iii)	-	1,966
Closing balance	100,315	72,980

(i) Refers to the recurring increase of the allowance for doubtful accounts in the period;
(ii) Refers to notes written off in the period, 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	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Rent (a)	-	-	22,669	9,957
Trade payables	663	357	12,657	1,915
Employees - vacations	213	314	1,146	9,475
Other	-	-	497	637
Total	876	671	36,969	21,984
Current assets	876	671	24,761	19,001
Noncurrent assets	-	-	12,208	2,983

(a) Refers mainly to rent advances related to Sociesc and IMEC units.

10. RECOVERABLE TAXES AND CONTRIBUTIONS

	Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Withholding income tax (IRRF) (a)	5,386	5,446	9,684	9,196
Prepaid income tax (b)	-	-	2,588	2,646
Prepaid social contribution (b)	-	-	545	928
Taxes on revenue (PIS/COFINS)/social contribution	189	169	2,363	2,240
Other	4	4	1,320	803
Total	5,579	5,619	16,500	15,813
Current assets	3,383	2,029	9,697	8,288
Noncurrent assets	2,196	3,590	6,803	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. The subsidiary UNA has amounts to be 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$152,285 (R$101,810 at December 31, 2015) in the Parent Company and R$263,228 (R$199,569 at December 31, 2015) on a consolidated basis, 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 refers 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 in the realization of the allocated assets.

The change of liabilities for the nine-month period ended September 30, 2016 was as follows:

	Consolidated			
	Opening balance	Change		Closing balance
	12/31/2015	Business combination	Effect on profit (loss)	9/30/2016
Income tax	11,264	28,336	(450)	39,150
Social contribution	4,056	10,201	(164)	14,093
Total	15,320	38,537	(614)	53,243

11.2. Effective rate reconciliation

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

	Company			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Income before income tax and social contribution	5,563	57,282	30,151	69,835
Combined tax rate	34%	34%	34%	34%
Income tax and social contribution by combined tax rate	(1,892)	(19,476)	(10,251)	(23,744)
Adjustments to profit or loss:				
Equity income	7,175	33,259	12,575	47,158
Unrecognized tax credits	(8,417)	(16,861)	(2,749)	(23,664)
Other exemptions, additions and exclusions	3,134	3,078	425	250
Calculated income tax and social contribution	-	-	-	-

	Consolidated			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Income before income tax and social contribution	5,324	56,729	28,729	68,439
Combined tax rate	34%	34%	34%	34%
Income tax and social contribution by combined tax rate	(1,810)	(19,288)	(9,768)	(23,269)
Adjustments to profit or loss:				
Tax incentive - PROUNI (a)	10,291	39,706	11,572	52,203
Unrecognized tax credits	(10,086)	(19,713)	(2,447)	(26,612)
Other additions and exclusions	1,844	(152)	2,065	(926)
Calculated income tax and social contribution	239	553	1,422	1,396
Current income tax and social contribution for the period	10	(61)	1,398	1,322
Deferred income tax and social contribution for the period	229	614	24	74

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

12. INVESTMENTS

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

	Company 9/30/2016			Company 9/30/2015		
	Investment	Equity income	Equity interest	Investment	Equity income	Equity interest
Assets:						
IMEC	161,911	67,112	100%	89,856	65,627	100%
MGE	562,519	62,322	100%	464,111	83,281	100%
BR Educação Executiva	66,808	(29,486)	100%	39,689	(12,223)	100%
Unimonte	43,308	(2,840)	100%	41,662	2,123	100%
PGP Gestão	20,875	710	100%	7	(69)	99.99%
VC Network	76	6	100%	70	5	100%
Allocated fair value	52,301	(2)		52,307	(45)	
Goodwill	45,326	-		45,326	-	
Total	953,124	97,822		733,028	138,699	

	Number of total shares/ quotas held	
	9/30/2016	12/31/2015
Direct subsidiaries:		
IMEC	8,789,479	7,717,479
MGE	4,532,699	4,036,199
VC Network	4,023,145	4,023,145
Unimonte	91,928,323	91,928,323
BR Educação	123,700,000	119,400,000
PGP Gestão	255,784	255,774
Indirect subsidiaries:		
Una Gestão Patrimonial	32,564	32,564
HSM Brasil	2,464,860	2,452,360
PGP Educação	276,760	214,360
USJT	462,228	232,228
Sociesc	2	-
Alis	30,000	-
ACAD	100,000	-

The interim financial information of the subsidiaries is as follows:

	9/30/2016						
	IMEC	MGE	VC Network	Unimonte	PGP Gestão	BR Educação	
Statement of financial position							
Current assets	137,902	245,347	76	14,448	6,419	47,050	
Noncurrent assets	90,815	428,192	-	50,940	41,820	236,812	
Current liabilities	41,886	86,146	-	8,556	7,392	48,956	
Noncurrent liabilities	24,920	24,874	-	13,524	19,972	147,354	
Equity	161,911	562,519	76	43,308	20,875	87,552	(*)
Profit (loss)							
Net revenue	174,794	382,254	-	38,536	9,622	96,759	
Cost of services	(90,458)	(236,843)	-	(23,840)	(4,574)	(79,166)	
Operating expenses	(25,111)	(93,491)	-	(16,187)	(2,493)	(38,034)	
Financial result	7,887	10,402	6	(1,376)	(1,785)	(9,631)	
Deferred/current income tax and social contribution	-	-	-	27	(60)	586	
Profit (loss) for the period	67,112	62,322	6	(2,840)	710	(29,486)	

	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	37,180	29,750	-	10,421	-	14,097	
Equity	81,198	447,822	70	42,648	7	68,354	(*)
Profit (loss)							
Net revenue	236,267	517,939	-	48,260	-	32,479	
Cost of services	(123,428)	(317,404)	-	(30,408)	-	(21,376)	
Operating expenses	(40,988)	(119,035)	(1)	(21,817)	(70)	(23,906)	
Financial result	4,110	(1,632)	7	(1,902)	-	(1,046)	
Deferred income tax and social contribution	-	1,856	(1)	39	-	51	
Profit (loss) for the period	75,961	81,724	5	(5,828)	(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.

	Parent 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	13,006	34,351	-	6,529	75	9,629	-	-	63,590
Equity in the earnings (losses) of subsidiaries	65,627	83,281	5	2,123	(69)	(12,223)	(45)	-	138,699
Dividend distribution	(37,253)	(31,924)	-	-	-	-	-	-	(69,177)
Closing balance at September 30, 2015	89,856	464,111	70	41,662	7	39,689	52,307	45,326	733,028
Closing balance at December 31, 2015	81,199	447,822	70	42,648	7	47,610	52,303	45,326	716,985
Capital increase	13,600	52,370	-	3,500	20,158	44,060	-	-	133,688
Equity in the earnings (losses) of subsidiaries	67,112	62,322	6	(2,840)	710	(29,486)	(2)	-	97,822
Capital reserve	-	5	-	-	-	4,624	-	-	4,629
Closing balance at September 30, 2016	161,911	562,519	76	43,308	20,875	66,808	52,301	45,326	953,124

13. PROPERTY AND EQUIPMENT

		Company			
	Annual	9/30/2016			12/31/2015
	depreciation rates	Acquisition cost	Accumulated depreciation	Net property and equipment	Net property and equipment
Computers and peripherals	20%	3,764	(1,647)	2,117	1,382
Leasehold improvements	10%	1,610	(266)	1,344	1,434
Furniture and fixtures	10%	781	(239)	542	583
Machinery and equipment	10%	315	(104)	211	321
Other	10% and 20%	458	(284)	174	181
Construction in progress	-	100	-	100	-
Total		7,028	(2,540)	4,488	3,901

	Annual	Consolidated			
		9/30/2016			12/31/2015
	depreciation rates	Acquisition cost	Accumulated depreciation	Net property and equipment	Net property and equipment
Leasehold improvements	2.86% to 10%	83,446	(23,121)	60,325	55,451
Buildings	1.43% to 4%	51,535	(4,428)	47,107	12,655
Land	-	28,396	-	28,396	13,110
Machinery and equipment	10%	68,750	(46,918)	21,832	20,231
Library and video library	10%	35,865	(17,912)	17,953	14,025
Furniture and fixtures	10%	43,190	(28,034)	15,156	13,100
Computers and peripherals	20%	46,957	(33,685)	13,272	10,510
Other	10% and 20%	25,223	(15,295)	9,928	6,876
Construction in progress	-	2,833	-	2,833	-
Total		386,195	(169,393)	216,802	145,958

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

	Parent Company						
	Net balance on 12/31/2015	Additions	Write-offs	Depreciations	Transfers	Reclassification	Net balance on 9/30/2016
Computers and peripherals	1,382	1,080	(30)	(419)	-	104	2,117
Leasehold improvements	1,434	-	(57)	(113)	80	-	1,344
Furniture and fixtures	583	60	-	(56)	-	(45)	542
Machinery and equipment	321	12	-	(24)	-	(98)	211
Other	181	14	-	(60)	-	39	174
Construction in progress	-	1,393	(8)	-	(1,285)	-	100
Total	3,901	2,559	(95)	(672)	(1,205)	-	4,488

	Consolidated							
	Net balance on 12/31/2015	Additions	Business combination (iii)	Write-offs	Depreciations	Transfers	Reclassification	Net balance on 9/30/2016
Leasehold improvements (i)	55,451	200	2,975	(2,938)	(5,483)	(1,394)	11,514	60,325
Buildings	12,655	-	36,618	-	(1,017)	(366)	(783)	47,107
Land	13,110	-	15,282	-	-	4	-	28,396
Machinery and equipment	20,231	1,734	3,611	(43)	(2,886)	108	(923)	21,832
Library and video library	14,025	3,408	2,362	(39)	(1,778)	(10)	(15)	17,953
Furniture and fixtures	13,100	1,327	2,539	(15)	(1,915)	249	(129)	15,156
Computers and peripherals	10,510	1,667	3,210	(51)	(3,530)	800	666	13,272
Other	6,876	3,077	1,206	(167)	(1,553)	87	402	9,928
Construction in progress (ii)	-	16,303	541	(71)	-	(3,208)	(10,732)	2,833
Total	145,958	27,716	68,344	(3,324)	(18,162)	(3,730)	-	216,802

(i) Expenses with leasehold improvements mainly refer to campus improvements carried out by MGE, IMEC, Unimonte, USJT, Sociesc and FACEB 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, FACEB and ACAD.

13.1. Assets pledged as collateral

The Company and its subsidiaries have pledged property, plant and equipment items as collateral in lawsuits. The Group's pledged assets amount approximately to R$75,503 (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$385 (R$432 at December 31, 2015) are pledged as collateral for 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

		Parent Company			
	Annual	9/30/2016			12/31/2015
	amortization rates	Acquisition cost	Accumulated amortization	Net intangible assets	Net intangible assets
Software (a)	20%	22,498	(7,713)	14,785	12,132
Total		22,498	(7,713)	14,785	12,132

		Consolidated			
	Annual	9/30/2016			12/31/2015
	amortization rates	Acquisition cost	Accumulated amortization	Net intangible assets	Net intangible assets
Goodwill (a)		332,543	-	332,543	244,642
Trademarks and patents (b)		143,116	-	143,116	121,956
Licenses (c)		55,595	-	55,595	54,600
Customer portfolio (d)	22% to 33%	33,152	(18,642)	14,510	12,384
Mailing list	38%	533	(533)	-	-
Total		564,939	(19,175)	545,764	433,582
Software	20%	46,221	(24,614)	21,607	16,109
Other	10% to 33%	12,306	(7,411)	4,895	2,913
Total		58,527	(32,025)	26,502	19,022
Total intangible assets		623,466	(51,200)	572,266	452,604

(a) Refers to the goodwill amount paid upon the acquisition of the operating license of Centro Universitário de Belo Horizonte - UNI-BH, the acquisition of BR Educação Executiva S.A., which includes HSM do Brasil and PGP Educação, the acquisition of AMC Serviços Educacionais Ltda., which has the operating license of Universidade São Judas Tadeu and the acquisition of Sociedade Educacional de Santa Catarina - Sociesc, which has not been allocated in identified assets, as per valuation report. This item also includes preliminary goodwill on the acquisitions of FACEB and ACAD, whose allocation report of acquired assets and assumed liabilities is still being prepared. 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.

(b) Refers to the amounts paid for the acquisition of the trademarks "UNA", "UNI-BH", "HSM", "USJT" and "SOCIESC", 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 and Sociesc, 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 amount of the customer portfolio paid upon to the acquisition of the Operating Licenses of Centro Universitário de Belo Horizonte - UNI-BH, USJT, Sociesc and the acquisition of the Operating License of UNA Betim.

Changes in Parent Company are as follows:

	Parent Company				
	Net balance on 12/31/2015	Additions	Amortization	Transfer	Net balance on 9/30/2016
Software	12,132	4,254	(2,806)	1,205	14,785
Total	12,132	4,254	(2,806)	1,205	14,785

The table below shows the changes on a consolidated basis:

	Consolidated							
	Net balance on 12/31/2015	Additions	Write-offs	Transfers (i)	Reclassification	Amortization	Business combination (ii)	Net balance on 9/30/2016
Goodwill	244,642	-	-	-	-	-	87,901	332,543
Trademarks and patents	121,956	-	-	-	-	-	21,160	143,116
Licenses	54,600	-	-	-	-	-	995	55,595
Customer portfolio	12,384	-	-	-	-	(4,827)	6,953	14,510
Software	16,109	6,239	-	1,802	(6)	(4,358)	1,821	21,607
Other	2,913	2,962	(24)	-	6	(1,553)	591	4,895
Total	452,604	9,201	(24)	1,802	-	(10,738)	119,421	572,266

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

(ii) Additions shown in this column refer to additions arising from the business combination, as described in Note 6.

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 9/30/2016							
	IMEC	USJT	HSM	SOCIESC	FACEB	ACAD	Other	Total
Amortizable intangible assets:								
Customer portfolio	-	8,576	10	5,924	-	-	-	14,510
Total	-	8,576	10	5,924	-	-	-	14,510
Non-amortizable intangible assets:								
Trademarks and patents	24,380	34,900	59,872	21,160	-	-	2,804	143,116
Licenses	-	54,600	-	995	-	-	-	55,595
Goodwill	29,825	174,445	40,370	46,721	30,321	3,596	7,265	332,543
Total	54,205	263,945	100,242	68,876	30,321	3,596	10,069	531,254
Overall Total	54,205	272,521	100,252	74,800	30,321	3,596	10,069	545,764

	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	
	9/30/2016	12/31/2015
Higher education	427,416	320,956
Other businesses	103,838	100,242
	531,254	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 on a consolidated basis for the nine-month period ended September 30, 2016 is R$2,537 (R$3,315 as at December 31, 2015) and R$22,491 (R$19,606 as at December 31, 2015), respectively.

16. BORROWINGS AND FINANCING

	Parent Company					
	9/30/2016			12/31/2015		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
HSBC	3,261	3,218	6,479	4,356	5,364	9,720
Santander	4,964	28,020	32,984	4,515	28,719	33,234
Caixa Geral	2,509	1,250	3,759	2,517	3,125	5,642
IFC	1,140	139,080	140,220	-	-	-
Other borrowings	307	4,068	4,375	-	-	-
Foreign currency						
HSBC – Credit Facility 4131	46,381	-	46,381	57,422	54,587	112,009
Itaú – Credit Facility 4131	14,820	76,656	91,476	40,589	110,025	150,614
Total	73,382	252,292	325,674	109,399	201,820	311,219

	Consolidated					
	9/30/2016			12/31/2015		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Local currency						
Banco do Brasil	6,173	12,403	18,576	5,572	16,364	21,936
HSBC	15,811	12,553	28,364	13,471	17,083	30,554
Santander	8,819	32,450	41,269	4,515	28,719	33,234
Caixa Geral	2,509	1,250	3,759	2,517	3,125	5,642
IFC	1,140	139,080	140,220	-	-	-
Other borrowings	1,673	6,745	8,418	106	360	466
Foreign currency						
HSBC – Credit Facility 4131	46,381	-	46,381	57,422	54,587	112,009
Itaú – Credit Facility 4131	14,820	76,656	91,476	40,589	110,025	150,614
Total	97,326	281,137	378,463	124,192	230,263	354,455

The main contractual conditions are as follows:

	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 4.60%	CDI	10/28/2010	5/29/2023
Working capital foreign currency	Promissory notes and cross-guarantee with group companies	2.78% to 3.89%	USD (*)	8/26/2015	8/26/2020
IFC	Fiduciary sale of AMC Serviços' quotas and receivables; guarantees of all subsidiaries; specific permanence commitment of five officers and one shareholder with a minimum interest of 25% of the capital stock on the contracting date.	1.49%	CDI	5/12/2016	3/15/2024
Other borrowings	Bank surety and cross-guarantee with group companies/ 100% of the goods acquired through financing/ 30% of student receivables	7.00% to 20.02%	-	12/30/2011	1/15/2026
	100% of the assets acquired with financing	12.00% to 15.90%	TR	10/28/2009	10/28/2019
	100% of the assets acquired with financing	3.5% to 5.50%	TJLP	3/23/2011	12/15/2023

(*) 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 1.0% p.a. and 2.40% p.a.

Borrowings and financing basically refer 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.

Covenant analyses are annual and, in 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 nine-month period ended September 30, 2016 and for the year ended December 31, 2015 are as follows:

	Parent Company		Consolidated	
	9/30/2016		9/30/2016	
	Payment schedule	Face value	Payment schedule	Face value
2017	9,939	13,339	15,619	20,498
2018	33,083	66,982	48,450	90,120
2019	56,377	86,508	63,998	101,962
After 2019	152,893	216,467	153,070	312,882
Total	252,292	383,296	281,137	525,462

	Parent Company		Consolidated	
	12/31/2015		12/31/2015	
	Payment schedule	Face value	Payment schedule	Face value
2017	95,194	120,840	109,635	138,671
2018	35,513	45,313	43,839	55,030
2019	33,816	40,269	39,315	46,220
After 2019	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 Múltiplo, Grand Cayman Branch. In addition, aiming at mitigating 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 applied to reinforce cash and carry on the Company’s expansion plan.

17. PAYROLL AND RELATED TAXES

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Payroll	1,639	1,364	17,817	16,108
Accrued vacation pay	3,049	2,734	20,298	16,590
Accrued Christmas bonus	1,565	-	25,369	-
Social security tax (INSS)	598	545	8,872	7,784
Severance pay fund (FGTS)	155	192	2,205	2,620
Variable remuneration	-	2,199	-	2,707
Other	48	63	550	549
Total	7,054	7,097	75,111	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

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Withholding income tax (IRRF)	593	688	6,352	8,121
Service tax (ISS)	19	15	1,733	1,706
Taxes on revenue (PIS and COFINS)	81	188	623	719
Other	11	10	754	144
Total	704	901	9,462	10,690

19. ADVANCES FROM CUSTOMERS

	Consolidated	
	9/30/2016	12/31/2015
Advances from students (a)	15,887	13,085
Customer prebilling (b)	10,564	3,827
Research projects (c)	2,041	3,563
Subscribers for future delivery	60	547
Other	631	20
Total	29,183	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 six-month period to the subsidiaries MGE, IMEC, Unimonte, USJT, Sociesc and FACEB, 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	
	9/30/2016	12/31/2015
FAPEMIG	358	1,725
CEMIG	1,067	1,229
British embassy	405	405
Petrocoque	151	151
Settaport	50	50
Other	10	3
Overall Total	2,041	3,563

20. TAXES IN INSTALLMENTS

	Consolidated	
	9/30/2016	12/31/2015
FGTS (a)	2,789	2,847
RFB - PIS payroll	634	685
Other installments	507	35
Total	3,930	3,567
Current liabilities	271	180
Noncurrent liabilities	3,659	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 waiting 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
	9/30/2016
2017	41
2018	314
2019	506
After 2019	2,798
Total	3,659

21. NOTES PAYABLE

	Consolidated
	9/30/2016
Acquisition of Sociesc (a)	31,630
Acquisition of FACEB (b)	21,919
Acquisition of ACAD (c)	1,456
Total	55,005
Current liabilities	5,810
Noncurrent liabilities	49,195

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

(b) Refers to the acquisition of FACEB, whose amounts due will be settled in 10 equal and successive annual installments, adjusted annually for the simple average of the IGPM, IPCA and INPC monetary restatement indices, and one earn-out payment of up to R$8,000 adjusted for the same indices, which may be paid between 2018 and 2023, based on the achievement of financial and operating targets.

(c) Refers to earn-out payments related to the acquisition of ACAD, which may be paid between 2018 and 2021, based on the achievement of financial and operating targets.

Amounts payable in the long term are distributed as follows:

	Consolidated 9/30/2016
2017	775
2018	8,463
2019	6,156
After 2019	33,801
Total	49,195

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			
	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Labor (a)	39	42	10,378	10,699
Tax (b)	-	-	14,942	10,264
Civil (c)	-	-	8,810	6,952
Total	39	42	34,130	27,915

	Provision for risks			
	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Labor provisions (a)	1,442	2,328	33,560	43,844
Tax provisions (b)	-	-	55,872	200
Civil provisions (c)	-	-	7,334	2,048
Total	1,442	2,328	96,766	46,092

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

	12/31/2015	Reversal	Payments	Inflation adjustment	9/30/2016
Labor (a)	2,328	(549)	(421)	84	1,442
Total	2,328	(549)	(421)	84	1,442

The changes in the consolidated provisions were as follows:

	12/31/2015	Addition/Reversal	Business combination (d)	Payments	Inflation adjustment	Offsetting of escrow deposits	Reclassification	9/30/2016
Labor (a)	43,844	(1,344)	2,710	(11,448)	949	(2,094)	943	33,560
Tax (b)	200	4,014	51,900	(242)	-	-	-	55,872
Civil (c)	2,048	4,779	1,859	(891)	-	(461)	-	7,334
Total	46,092	7,449	56,469	(12,581)	949	(2,555)	943	96,766

(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.

(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.

(d) 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, 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. The Company also assumed the risk of possible labor and civil liabilities existing on the acquisition date up to the maximum limit of R$4,096. The treatment to supplement or reverse this provision is the same as the one mentioned above for tax liabilities.

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 "d" above.

	Consolidated	
	9/30/2016	12/31/2015
Labor	6,675	12,836
Tax	147,802	81,723
Civil	13,215	18,059
Total	167,692	112,618

The escrow deposits are disclosed in noncurrent assets and, similarly to the provision for labor, tax, and civil risks, are adjusted by the official indices established for their adjustment.

	12/31/2015	Redemption	Additions	Restatement / Reversal	9/30/2016
Labor	42	(14)	15	(4)	39
Total	42	(14)	15	(4)	39

Changes in the consolidated escrow deposits were as follows:

	12/31/2015	Additions	Business combination	Redemption	Contingency set-off	Restatement / Reversal	Reallocation	9/30/2016
Labor	10,699	2,213	496	(976)	(2,094)	(26)	66	10,378
Tax	10,264	3,586	-	-	-	1,092	-	14,942
Civil	6,952	2,972	266	(1,026)	(461)	173	(66)	8,810
Total	27,915	8,771	762	(2,002)	(2,555)	1,239	-	34,130

23. EQUITY

a) Capital stock

Subscribed and paid-in capital stock, in local legal tender, for the nine-month period ended September 30, 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	
	9/30/2016	12/31/2015
Total outstanding shares	80,040,982	82,592,482
Treasury shares	2,825,389	273,889
Overall total shares	82,866,371	82,866,371

b) Capital reserves

For the nine-month period ended September 30, 2016, the capital reserve balance totaled R$5,861 (R$1,231 as at December 31, 2015). The period changes mainly refer to share-based compensation, as described in Note 30.2.

c) Treasury shares

From January to September 2016, the Company repurchased 2,551,500 common shares totaling R$27,459 at an average cost of R$10.76 to maximize the generation of value to shareholders, as approved by the Board of Directors on December 18, 2015.

At September 30, 2016, the balance of treasury shares was 2,825,389 common shares totaling R$30,608 (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 its 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.

	Parent Company			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Profit (Loss) for the period	5,563	57,282	30,151	69,835
Weighted average of common shares (in thousands)	80,041	81,046	82,866	82,866
Basic earnings (loss) per common share – R$	0.07	0.71	0.36	0.84

(ii) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of outstanding common shares to assume conversion of all potential dilutive common shares. In the nine-month period ended September 30, 2016, the Company had only one instrument with dilutive effect, related to the bonus agreement of up to 900,000 Company shares, subject to the achievement of targets, as described in Note 30.2.

	Parent Company	
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016
Earnings for the period attributable to the Company's shareholders	5,563	57,282
Weighted average number of shares	80,041	81,046
Weighted average number of shares (in thousands) - diluted	900	807
Weighted average number of common shares for diluted earnings per share - thousands	80,941	81,853
Diluted earnings per share - R$	0.07	0.70

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, the subsidiaries MGE, IMEC, Unimonte, USJT, Sociesc and FACEB 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 nine-month period ended September 30, 2016 and 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 revenue disclosed in the income statement for the nine-month period ended September 30, 2016, compared to September 30, 2015 is as follows:

	Parent Company			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Gross revenue from services provided	704	2,114	633	1,900
Taxes on revenue (a)	(74)	(225)	(52)	(157)
Net revenue	630	1,889	581	1,743

	Consolidated			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
			(restated)	(restated)
Gross revenue from services provided	253,642	754,302	200,517	621,563
FIES revenue	90,925	277,163	93,153	284,126
Discounts on monthly tuitions	(100,768)	(296,488)	(79,391)	(240,925)
Taxes on revenue (a)	(5,092)	(15,155)	(4,915)	(14,938)
Commissions (b)	(8,306)	(20,510)	(6,115)	(15,842)
Present value adjustment	770	2,653	-	-
Net revenue	231,171	701,965	203,249	633,984

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

(b) Refers to Pravaler and FIES (FGEDUC and financial agent) financing commissions.

The discounts on monthly tuitions consist mainly of discounts granted by the subsidiaries MGE, IMEC, Unimonte, USJT, Sociesc, FACEB and ACAD, as shown below:

	Consolidated			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
PROUNI gratuity	(54,571)	(159,514)	(43,152)	(126,177)
Scholarships and discounts	(42,291)	(114,011)	(28,428)	(89,429)
Graduate degrees	(920)	(3,318)	(1,644)	(5,378)
Arrangements with companies	(1,030)	(3,431)	(1,074)	(3,498)
Refunding, rebates and other	(1,956)	(16,214)	(5,093)	(16,443)
Total	(100,768)	(296,488)	(79,391)	(240,925)

26. INCOME AND (EXPENSES) BY NATURE

	Parent Company			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Advertising and publicity	(741)	(1,576)	(372)	(724)
Taxes and fees	(303)	(1,035)	(16)	(389)
Provision for labor, tax, and civil risks (Note 22)	151	465	95	(97)
Other operating revenues	926	2,649	576	1,763
Personnel expenses (a)	(2,184)	(5,839)	(2,029)	(6,175)
Outsourced services expenses (b)	(1,046)	(3,179)	(341)	(2,260)
Expenses on leases and occupancy	1	(94)	(109)	(348)
Depreciation expenses (Note 13)	(240)	(672)	(174)	(508)
Amortization expenses (Note 14)	(1,007)	(2,806)	(686)	(1,738)
Maintenance	(38)	(161)	(19)	(26)
Commuting	(228)	(713)	(141)	(609)
Whitney agreement termination	-	-	-	(53,658)
Other expenses	(71)	(347)	140	5
Total	(4,780)	(13,308)	(3,076)	(64,764)
Classified as:				
Cost	(4,479)	(12,591)	(3,340)	(11,030)
Selling expenses	(741)	(1,576)	(372)	(724)
General and administrative expenses	(336)	(1,220)	(19)	(54,287)
Other operating income, net	776	2,079	655	1,277

	Consolidated			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Advertising and publicity	(7,455)	(20,447)	(6,755)	(19,197)
Allowance for doubtful accounts (Note 8)	(8,690)	(28,279)	(15,901)	(29,268)
Taxes and fees	(901)	(2,891)	(764)	(2,014)
Provision for labor, tax, and civil risks (Note 22)	(2,301)	(8,398)	5,930	770
Other operating income	1,203	3,330	781	2,953
Revenue from lease of rooms and stores	1,467	3,230	439	1,646
Personnel expenses (a)	(136,724)	(389,773)	(111,042)	(333,246)
Outsourced services expenses (b)	(13,205)	(39,873)	(8,234)	(26,289)
Expenses on leases and occupancy	(23,463)	(65,651)	(18,055)	(51,117)
Depreciation expenses (Note 13)	(6,383)	(18,162)	(4,531)	(13,268)
Amortization expenses (Note 14)	(3,800)	(10,738)	(3,093)	(8,770)
Maintenance	(3,977)	(10,035)	(2,160)	(6,553)
Commuting	(2,427)	(6,487)	(1,063)	(3,802)
Whitney agreement termination	-	-	-	(53,658)
Other expenses	(10,578)	(27,444)	(6,359)	(19,973)
Total	(217,234)	(621,618)	(170,807)	(561,786)
Classified as:				
Cost	(153,331)	(434,881)	(119,910)	(351,677)
Selling expenses	(16,145)	(48,726)	(22,656)	(48,465)
General and administrative expenses	(47,229)	(133,282)	(34,626)	(164,998)
Other operating income (expenses), net	(529)	(4,729)	6,385	3,354

(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 the outsourced services, maintenance, commuting, occupancy and other expenses lines.

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, USJT, PGP Educação, Sociesc and FACEB, 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 Pronatec, both formal and distance education.

(b) Vertical Management and Technological Innovation - Activity performed by the subsidiaries HSM do Brasil, Sociesc and ACAD 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.

	9/30/2016			
	Consolidated			
	Education	Vertical Management and Technologica l Innovation	Unallocated amount	Total
NET REVENUE	682,615	19,350	-	701,965
COST OF PRODUCTS AND SERVICES	(420,039) -	(14,842)	-	(434,881)
GROSS PROFIT	262,576	4,508	-	267,084
OPERATING INCOME (EXPENSES)				
Selling expenses	(44,687)	(2,422)	-	(47,109)
General and administrative expenses	(80,331)	(10,904)	-	(91,235)
Corporate	-	-	(44,503)	(44,503)
Other operating income (expenses)	(3,822)	(67)	(1)	(3,890)
EARNINGS BEFORE FINANCE INCOME (EXPENSES)	133,736	(8,885)	(44,504)	80,347
Financial result	7,610	(1,276)	(831)	5,503
Corporate finance income (expenses)	-	-	(29,121)	(29,121)
PROFIT (LOSS) BEFORE INCOME TAXES	141,346	(10,161)	(74,456)	56,729
Current and deferred income tax and social contribution	551	2	-	553
PROFIT (LOSS) FOR THE PERIOD	141,897	(10,159)	(74,456)	57,282

	7/1/2016 to 9/30/2016			
	Consolidated			
	Higher Education	Vertical Management and Technological Innovation	Unallocated amount	Total
NET REVENUE	224,644	6,527	-	231,171
COST OF SERVICES RENDERED	(148,288)	(5,043)	-	(153,331)
GROSS PROFIT	76,356	1,484	-	77,840
OPERATING INCOME (EXPENSES)				
Selling expenses	(14,092)	(1,271)	-	(15,363)
General and administrative expenses	(28,205)	(3,939)	-	(32,144)
Corporate	-	-	(16,096)	(16,096)
Other operating income (expenses)	(333)	33	-	(300)
EARNINGS BEFORE FINANCE INCOME (EXPENSES)	33,726	(3,693)	(16,096)	13,937
Financial result	4,231	(620)	(835)	2,776
Corporate finance income (expenses)	-	-	(11,389)	(11,389)
PROFIT (LOSS) BEFORE INCOME TAXES	37,957	(4,313)	(28,320)	5,324
Current and deferred income tax and social contribution	238	1	-	239
PROFIT (LOSS) FOR THE PERIOD	38,195	(4,312)	(28,320)	5,563

	9/30/2015			
	Consolidated			
	Education	Vertical Management and Technological Innovation	Unallocated amount	Total
	(restated)	(restated)	(restated)	(restated)
NET REVENUE	619,426	14,558	-	633,984
COST OF SERVICES RENDERED	(342,998)	(8,679)	-	(351,677)
GROSS PROFIT	276,428	5,879	-	282,307
OPERATING INCOME (EXPENSES)				
Selling expenses	(44,386)	(3,199)	-	(47,585)
General and administrative expenses	(59,094)	(14,832)	(53,727)	(127,653)
Corporate	-	-	(39,219)	(39,219)
Other operating income (expenses)	4,295	54	(1)	4,348
EARNINGS BEFORE FINANCE INCOME (EXPENSES)	177,243	(12,098)	(92,947)	72,198
Financial result	1,794	284	6	2,084
Corporate finance income (expenses)	-	-	(5,843)	(5,843)
PROFIT (LOSS) BEFORE INCOME TAXES	179,037	(11,814)	(98,784)	68,439
Current and deferred income tax and social contribution	1,352	44	-	1,396
PROFIT (LOSS) FOR THE PERIOD	180,389	(11,770)	(98,784)	69,835

	7/1/2015 to 9/30/2015			
	Consolidated			
	Higher Education	Vertical Management and Technological Innovation	Unallocated amount	Total
	(restated)	(restated)	(restated)	(restated)
NET REVENUE	197,327	5,922	-	203,249
COST OF SERVICES RENDERED	(116,261)	(3,649)	-	(119,910)
GROSS PROFIT	81,066	2,273	-	83,339
OPERATING INCOME (EXPENSES)				
Selling expenses	(21,035)	(1,155)	-	(22,190)
General and administrative expenses	(17,971)	(4,445)	-	(22,416)
Corporate	-	-	(12,982)	(12,982)
Other operating income (expenses)	6,789	(98)	-	6,691
EARNINGS BEFORE FINANCE INCOME (EXPENSES)	48,849	(3,425)	(12,982)	32,442
Financial result	311	314	2	627
Corporate finance income (expenses)	-	-	(4,340)	(4,340)
PROFIT (LOSS) BEFORE INCOME TAXES	49,160	(3,111)	(17,320)	28,729
Current and deferred income tax and social contribution	1,332	90	-	1,422
PROFIT (LOSS) BEFORE NON-CONTROLLING INTEREST	50,492	(3,021)	(17,320)	30,151

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

28. FINANCE INCOME (EXPENSES), NET

	Parent Company			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Finance income:				
Income from short-term investments	2,146	9,865	2,762	4,630
Exchange gain variation	-	8	-	1,251
Currency variation on loans	8,579	58,296	-	-
Realized gains on derivatives	-	2,406	-	-
Income from derivatives	7,319	7,319	33,995	35,053
Monetary restatement and present value adjustment	216	572	91	132
Other	2	10	-	149
Total	18,262	78,476	36,848	41,215
Finance expenses:				
Loan interest expense	(13,971)	(37,871)	(6,319)	(10,732)
Expenses with derivatives	-	(52,123)	-	-
Realized losses on derivatives	(8,579)	(8,579)	-	-
Currency variation on loans	(7,319)	(7,319)	-	-
Exchange losses	342	(7)	(33,995)	(35,053)
Tax on financial transactions (IOF)	(3)	(94)	(5)	(188)
Present value adjustment expenses and restatement of notes	-	-	-	(166)
Taxes interest expenses	-	(2)	-	(21)
Banking expenses	(120)	(1,597)	(857)	(872)
Other	(2)	(5)	(12)	(26)
Total	(29,652)	(107,597)	(41,188)	(47,058)
Financial result	(11,390)	(29,121)	(4,340)	(5,843)

	Consolidated			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Finance income:				
Income from short-term investments	7,649	17,650	3,789	9,356
Income from monthly tuition interest rates	3,524	9,502	2,947	7,060
Exchange gain variation	140	161	282	2,291
Currency variation on loans	8,579	58,296	-	-
Realized gains on derivatives	-	2,406	-	-
Income from derivatives	7,319	7,319	34,526	36,022
Monetary restatement and present value adjustment	4,346	14,288	884	2,275
Discounts	423	1,282	-	-
Other	338	791	399	1,289
Total	32,318	111,695	42,827	58,293
Finance expenses:				
Loan interest expense	(17,125)	(46,056)	(8,482)	(17,615)
Interest from Pravaler financing	(4,177)	(9,228)	(1,516)	(3,768)
Financial discounts granted to	(636)	(2,074)	(667)	(1,779)
Expenses with derivatives	(202)	(52,509)	-	-
Realized losses on derivatives	(8,579)	(8,579)	-	-
Currency variation on loans	(7,319)	(7,319)	-	-
Exchange losses	301	(86)	(33,995)	(35,053)
Tax on financial transactions (IOF)	(88)	(348)	(50)	(356)
Expenses with adjustment to present value and inflation adjustments of securities	(2,533)	(6,093)	-	(183)
Taxes interest expenses	(235)	(434)	(60)	(225)
Banking expenses	(194)	(1,711)	(1,008)	(1,073)
Other	(144)	(876)	(762)	(2,000)
Total	(40,931)	(135,313)	(46,540)	(62,052)
Financial result	(8,613)	(23,618)	(3,713)	(3,759)

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, Unimonte and USJT. 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. No amount was paid related to this benefit in the nine-month period ended September 30, 2016 (R$4,532 on September 30, 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 nine-month period ended September 30, 2016, the expenses incurred on this benefit came to R$6,177 (R$5,487 at September 30, 2015).

Health and dental insurance plan - The Company and its subsidiaries 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$6,102 in the nine-month period ended September 30, 2016 (R$3,971 on September 30, 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 nine-month period ended September 30, 2016, scholarships totaling R$14,420 were awarded to employees and their dependents (R$12,781 at September 30, 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. USJT offers its employees 100% of day care center benefits.

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, contracted with Banco Bradesco, 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 nine-month period ended September 30, 2016, the cost of this benefit amounted to R$461.

Life insurance - ACAD offers life insurance to its employees without salary discounts or coinsurance.

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 nine-month period ended September 30, 2016 and in the year ended December 31, 2015, the Company's related-party balances and transactions are as follows:

	Parent Company		
	9/30/2016		
	Assets	Liabilities	Profit (loss)
	Trade receivables	Trade payables	Revenue
MGE	3,410	380	1,571
IMEC	2,276	276	-
AMC	1,950	91	-
Unimonte	920	258	543
HSM Brasil	104	-	-
Other	68	70	-
Total	8,728	1,075	2,114

	Parent Company		
	12/31/2015		
	Assets		Profit (loss)
	Trade receivables	Trade payables	Revenue
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			
	9/30/2016			
	Assets		Liabilities	Profit (loss)
	Trade receivables	Loan	Trade payables	Expenses
Santa Antonieta Gestão Patrimonial (a)	-	-	297	2,592
Instituto UNA	32	72	-	-
Virtual	36	-	-	-
Total	68	72	297	2,592

	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 nine-month period ended September 30, 2016 and the nine-month period ended September 30, 2015 as follows:

	Parent Company		Consolidated	
	9/30/2016	9/30/2015	9/30/2016	9/30/2015
Short-term benefits	2,763	3,576	8,223	9,598
Long-term benefits	-	-	4,622	-

30.2. Share-based compensation

After the acquisition of Sociesc, in order to maintain its main executive, the Company entered into a share bonus agreement subject to the achievement of certain financial, operational, academic performance and people management goals for the next five years, which may result in bonuses of up to 900,000 Company shares (ANIM3).

The shares granted will be settled with equity instruments (Company shares) only, and the Company is under no obligation to change settlement to payment in cash.

As defined in the rules governing the departure of the executive, during the bonus agreement's effective period, the executive is entitled to 450,000 shares, which is why the Company has already recognized the amount corresponding to these shares in profit or loss.

The fair value of the shares granted was determined based on their average price in January 2016, when the agreement was entered into with the executive and the shares for the bonus payment were bought. These shares are held in treasury, at the average price of R$10.27.

The fair value of the shares granted was recognized as an expense, in the "personnel expenses" line, with a counter-entry in equity, in the "capital reserve" line, in the amount of R$4,622 in the nine-month period ended September 30, 2016.

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. Company and its subsidiaries manage the liquidity risk by maintaining proper reserves, bank and other credit facilities to raise new borrowings that they consider appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and 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 September 30, 2016:				
Borrowings and financing (Note 16)	97,326	64,069	217,068	378,463
Derivatives	12,362	-	10,011	22,373
Trade payables (Note 15)	22,491	-	-	22,491
Notes payable (Note 21)	5,810	9,238	39,957	55,005
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:

		Parent Company		Consolidated	
	Notes	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Cash and cash equivalents	7	1,755	1,411	23,423	25,480
Short-term investments	7	20,695	153,482	191,535	159,058
Trade receivables	8	8,728	8,280	303,954	289,252
Sundry advances	9	876	671	36,969	21,984
Credits with related parties	30	-	-	72	12
Total		32,054	163,844	555,953	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 subsidiaries 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 loans 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:

			Parent Company			
Contracting date	Maturity date	Pegged amount (USD thousand)	Contracted Quote	Fair value adjustment (R$ thousand)	Closing Quote	SWAP Rate
8/28/2015	8/17/2017	13,793	3.6250	11,976	3.893% p.a.	CDI + 1.00% p.a.
8/26/2015	8/26/2020	28,090	3.5600	10,011	2.788% p.a.	CDI + 2.40% p.a.
Total		41,883		21,987		
Current liabilities				11,976		
Noncurrent liabilities				10,011		

			Consolidated			
Contracting date	Maturity date	Pegged amount (USD thousand)	Contracted Quote	Fair value adjustment (R$ thousand)	Closing Quote	SWAP Rate
Futures market operations						
3/3/2016	10/14/2016	249	4.1725	227	13.251% p.a.	-
3/3/2016	11/14/2016	175	4.2096	159	12.954% p.a.	-
Total		424		386		
Swap operations						
8/28/2015	8/17/2017	13,793	3.6250	11,976	3.893% p.a.	CDI + 1.00% p.a.
8/26/2015	8/26/2020	28,090	3.5600	10,011	2.788% p.a.	CDI + 2.40% p.a.
Total		41,883		21,987		
Current liabilities				12,362		
Noncurrent liabilities				10,011		

For the nine-month period ended September 30, 2016, the variation between the reference amounts of derivatives contracted and related calculations of fair value were recorded under "finance expenses" totaling R$52,509 and under "finance income" totaling R$7,319 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:

		Consolidated	
	Note	9/30/2016	12/31/2015
Borrowings and financing:			
Interbank Deposit Certificate - CDI	16	361,607	353,989
Derivatives	31	22,373	(22,818)
TJLP and TR	16	3,798	466

Other (i)	16	13,058	-
Notes payable:			
IGPM / INPC / IPCA	21	55,005	-
Total		455,841	331,637

(i) Borrowings and financing with no index.

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 on a consolidated basis 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:

		Parent Company		Consolidated	
	Note	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Loans and borrowings	16	325,674	311,219	378,463	354,455
Derivatives	31.1	21,987	(22,818)	22,373	(22,818)
Cash and cash equivalents	7	(1,755)	(1,411)	(23,423)	(25,480)
Short-term investments	7	(20,695)	(153,482)	(191,535)	(159,058)
Net debt (cash)		325,211	133,508	185,878	147,099
Equity	23	676,571	642,118	676,571	642,118
Financial leverage ratio		48.07%	20.79%	27.47%	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 nine-month period ended September 30, 2016 was 16.10% (16.15% on December 31, 2015).

The estimated fair values are as follows:

		Parent Company			
		9/30/2016		12/31/2015	
	Note	Fair value	Carrying amount	Fair value	Carrying amount
Net financial liabilities					
Loans and borrowings	16	344,534	325,674	288,301	311,219
Derivatives	31.1	21,987	21,987	(22,818)	(22,818)
Total		366,521	347,661	265,483	288,401

		Consolidated			
		9/30/2016		12/31/2015	
	Note	Fair value	Carrying amount	Fair value	Carrying amount
Net financial liabilities					
Loans and borrowings	16	430,949	378,463	331,177	354,455
Derivatives	31.1	22,373	22,373	(22,818)	(22,818)
Notes payable	21	55,005	55,005	-	-
Total		508,327	455,841	308,359	331,637

b) Fair value hierarchy

For the nine-month period ended September 30, 2016 and the fiscal 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:

	Parent Company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Trade receivables				
Counterparties without external credit rating	8,728	8,280	303,954	289,252
	8,728	8,280	303,954	289,252
Cash at bank and short-term bank deposits (i) AAA	75	30	2,064	1,682
Financial investments (i) AAA	22,370	154,859	212,791	182,766
	22,445	154,889	214,855	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% and INPC - 9.15%), taking into account a 12-month time horizon. Additionally, two other scenarios are provided, therefore showing a 25% and 50% stress at the risk variable considered, respectively.

	Parent Company					
	9/30/2016					
				Effect on profit (loss)		
	Index	Risk	Value	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Short-term investments	CDI	CDI increase	(22,370)	(3,161)	(3,951)	(4,741)
Borrowings and financing (domestic currency)	CDI	CDI increase	187,817	26,539	33,173	39,808
Borrowings and financing (foreign currency)	CDI	CDI increase	137,857	19,479	24,349	29,219
Derivatives	CDI	CDI increase	21,987	3,107	3,883	4,660
Net exposure - loss			325,291	45,964	57,454	68,946

	Consolidated					
	9/30/2016					
				Effect on profit (loss)		
	Index	Risk	Value	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Short-term investments	CDI	CDI increase	(212,791)	(30,067)	(37,584)	(45,101)
Borrowings and financing (domestic currency)	CDI	CDI increase	240,606	33,998	42,497	50,996
Borrowings and financing (foreign currency)	CDI	CDI increase	137,857	19,479	24,349	29,219
Derivatives	CDI	CDI increase	22,373	3,161	3,952	4,742
Notes payable	INPC	INPC increase	55,005	5,036	6,294	7,553
Net exposure - loss			243,050	31,607	39,508	47,409

For the nine-month period ended September 30, 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 rates used for the projections described above were based on the CDI - estimate disclosed by Anbima and the INPC estimate disclosed by the Brazilian Institute of Geography and Statistics (IBGE), deemed by Management as independent external and reliable sources.

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. All insurance policies were obtained with Brazilian insurers.

For the nine-month period ended September 30, 2016 and the year ended December 31, 2015, the Company had insurance policies, which cover, but not limited to, fire, floods, occupational accidents, electrical damages, riots, window breaking, electronic equipment, robbery, lightening, explosions, windstorms, and vehicle and plane crashes.

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

For the correct analysis of the statements of cash flows for the nine-month period ended September 30, 2016, it is necessary to appraise the transactions 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.

b) On July 1, 2016, the Company, through its subsidiary Posse Gestão Patrimonial "PGP Gestão", entered into a Private Instrument for the Acquisition of Interest and Other Covenants, whereby it acquired all the rights of FACEB Educação "FACEB". Under the agreement, the subsidiary PGP has disbursed R$16,245 until this moment and has taken over FACEB with a cash balance of R$2,209, with a net effect of R$14,036 with no transfer of funds.

c) On September 1, 2016, the Company, through its subsidiary HSM Brasil, entered into a Private Instrument for the Acquisition of Interest and Other Covenants, whereby it acquired all the rights of ACAD. Under the agreement, the subsidiary HSM Brasil has disbursed R$30 until this moment, receiving a R$180 reimbursement from the vendors related to the difference of net debt assumed, and has taken over ACAD with a cash balance of R$579, with a net effect of R$729 with no transfer of funds.

35. SUBSEQUENT EVENTS

35.1.1. Acquisition of Eurolatino Participações Ltda. and Instituto Politécnico Ltda.

On October 3, 2016, the Company, through its subsidiary Posse Gestão Patrimonial S.A. "PGP Gestão", entered into a Private Instrument for the Acquisition of Interest and Other Covenants, whereby it will acquire all the shares and rights of Eurolatino Participações Ltda. and Instituto Politécnico Ltda. ("Instituto Politécnico"), which control Faculdade Politécnica de Uberlândia and Faculdade Politécnica de Goiás, headquartered in the cities of Uberlândia (Minas Gerais state) and Catalão (Goiás state), respectively. Instituto Politécnico is currently one of the main education institutions in Uberlândia, with around 2,300 students enrolled in 14 on-campus undergraduate courses. Authorized annual places total 2,240, 1,840 of which in the two Uberlândia units and 400 in the Catalão unit.

35.1.2. Consideration to be transferred

The Company will disburse R$24,000 for the business, R$4,500 of which in a single installment that may be adjusted in accordance with the net debt or net cash position on the closing date of the operation, and R$19,500 payable in 74 monthly installments, restated at 12% p.a. plus TR. The transaction did not require approval by the Brazilian antitrust authority (CADE).

35.1.3. Assets acquired, liabilities recognized and goodwill from the acquisition

The Company and its consultants have not yet begun the fair value calculation of the assets and liabilities, and in consequence have not yet determined any possible goodwill or negative goodwill arising from the transaction.

35.2. Cancellation of common shares

On October 21, 2016, the Company approved the cancellation of 1,921,800 common shares with no par value issued by the Company, with no reduction in the capital stock.

The cancelled shares were acquired within the scope of the buyback program approved by the meeting held on October 2, 2015 and amended by the meeting held on October 6, 2016. The shares were held in treasury until that date.

Due to the cancellation of shares, the Company's capital stock will be divided into 80,944,571 book-entry, registered common shares with no par value.

As a result, Article 5 of the Company's Bylaws, which deals with its capital stock, will be adjusted at an Annual Shareholders' Meeting to be called in due course, in order to include the following new wording: "Article 5 - The Company's fully subscribed and paid-in capital stock totals R$496,410,716, divided into 80,944,571 book-entry, registered common shares with no par value."

36. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The Interim Financial Information was approved and authorized for disclosure by the Board of Directors on November 4, 2016.

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

Although the external scenario remains extremely challenging and we are still far from a more consistent economic recovery, we are optimistic about our future. Moments such as this can play an exceptionally useful role in awakening the entrepreneurial spirit, which is absolutely necessary to change the natural course of things, realigning and motivating the teams to pursue another value creation cycle. In the last three months, we revisited all our projects and initiatives in order to create a short list of priorities. This list represents a set of actions with high value creation potential, which are also mostly under our control. After this stage, we reorganized ourselves internally in order to tackle them in a practical and disciplined manner.

The main priority is to resume organic growth. We have been reorganizing our marketing team since the beginning of the year in order to focus on the commercial area. We reinforced both the staff and the management in the area. We have refined our commercial policies and integrated the student financing efforts into the intake process. The first results have begun to show. After two very challenging cycles, we were able to stabilize our organic intake in the mid-year cycle. Including the recent acquisitions, we grew 14% over the same period last year. This represents a first step, albeit in the right direction. Finally, we have centralized all the activities that affect our students' lives, creating an executive area specifically focused on the quality of services, student satisfaction and, consequently, retention.

This year, we accelerated our inorganic growth through three important acquisitions. While Sociesc (February 2016) marked our entry in the South of Brazil (with on-campus operations in Joinville, Florianópolis, Blumenau, Balneário Camboriú and Curitiba), the recent acquisitions of Alis, in Bom Despacho (July 16), and Instituto Politécnico, in Uberlândia (October 2016), represent the consolidation of our expansion strategy into the countryside of the state of Minas Gerais. Together, these institutions added around 22 thousand students to our student base, in addition to increasing our geographic diversification fully in line with our strategy, principles, values and positioning. Having said this, the priority now is to integrate these operations into Anima and to grow from these new regional platforms. Including São Judas, where integration is more advanced, mapped synergies total around R$33 million. All the major milestones have been delivered as planned, confirming that we are on the right track to creating value through these acquisitions.

We have also made substantial progress in the unification of UNA's and Sociesc's distance-learning operations. The teams are fully integrated, preserving the best of each model. We have consolidated the academic operations in Joinville, boosting synergies through an innovative concept of employers' consortium. We are also preserving Sociesc's longer acquired experience in distance learning. As of 2017, the program's curricula will already be unified for both institutions. The next steps include the migration to a new Learning Management System (LMS) and the expansion of our salesforce. We have around 170 new learning centers under approval process, which will be fueled by the creation of a network of more than 400 sales representatives, whom we are internally calling hyperlocal agents. Finally, we are consistently converging towards the use of 20% of distance-learning activities in on-campus programs and developing hybrid programs in order to increasingly incorporate the use of technology into our academic model.

This quarter's results reflect this whole context. We closed 3Q16 with net revenue of R$230.3 million, 13.3% up on 2Q15, while net revenue in the first nine months climbed 10.2%, driven by the acquisitions. Although we have been able to stabilize our intake cycle, we are still absorbing the inertial effect of the previous cycles on our student base. As a result, our margins are impacted both by the consolidation of the recent acquisition and by weaker demand. The results of our initiatives to reduce costs and increase academic efficiency, together with the capture of synergies, are already visible in our operational metrics, anticipating the recovery of financial margins to come.

Financial Performance	3Q16					9M16				
	Consolidated	% YA	Consolidated exclud. Acquisitions	% YA	Acquisitions [1]	Consolidated	% YA	Consolidated exclud. Acquisitions	% YA	Acquisitions [1]
Net Revenue	230.3	13.3%	191.5	-5.8%	38.8	699.2	10.2%	603.0	-5.0%	96.2
Gross Profit (exclud. deprec/amort)	88.9	-1.4%	80.0	-11.3%	8.9	289.8	-2.8%	268.4	-10.0%	21.4
Gross Margin	*38.6%*	*-5.8 p.p.*	*41.8%*	*-2.6 p.p.*	*23.0%*	*41.4%*	*-5.5 p.p.*	*44.5%*	*-2.5 p.p.*	*22.2%*
Adjusted EBITDA	35.7	-21.9%	36.4	-20.3%	-0.7	135.5	-16.7%	133.7	-17.8%	1.8
EBITDA Margin	*15.5%*	*-7.0 p.p.*	*19.0%*	*-3.5 p.p.*	*-1.8%*	*19.4%*	*-6.3 p.p.*	*22.2%*	*-3.5 p.p.*	*1.9%*
Adjusted Net Income	13.6	-58.6%	18.2	-44.6%	-4.6	74.0	-43.6%	80.7	-38.5%	-6.7
Net Margin	*5.9%*	*-10.2 p.p.*	*9.5%*	*-6.6 p.p.*	*-11.8%*	*10.6%*	*-10.1 p.p.*	*13.4%*	*-7.3 p.p.*	*-6.9%*

[1] Acquistions in the last 12 months (Sociesc Feb-16, UNA Bom Despacho Jul-16 and ACAD Sep-16)

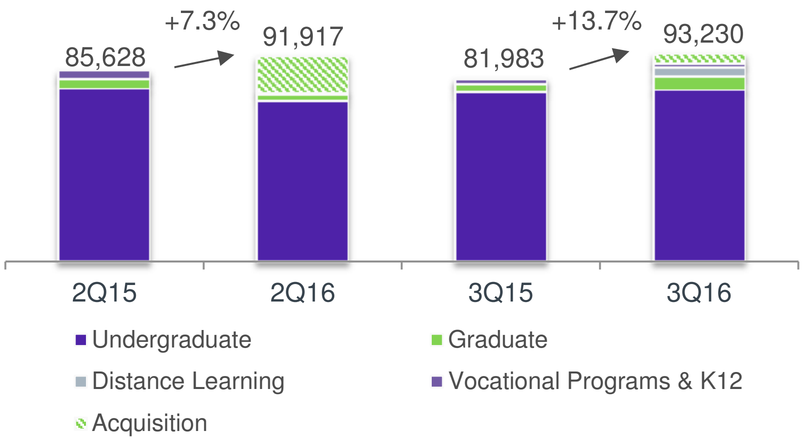
In a quarter when the government once again created noise behind the delay of the amendment of FIES contracts, one of the positive highlights was the free cashflow generation. In addition to the payment of the first installment of the agreement related to PN23, we were able to recover other FIES related accounts receivable. As a result, we closed the quarter with a solid cash position (R$215.0 million) and decreasing net debt (R$244.4 million), which represents a leverage of 1.5x (net debt ÷ adjusted EBITDA), i.e. lower than in 2Q16.

Although we are aware that Brazil's macroeconomic recovery will be gradual, we are confident that the initiatives and projects in progress at Anima will allow us to grow in a consistent manner in order to generate another cycle of growth and productivity gains. That will enable us to continue to deliver quality education to an increasing number of students, achieving our goal of "Transforming the Country through Education".

OPERATIONAL PERFORMANCE

EDUCATION

In the third quarter of 2016, we had 93.2 thousand students, an increase of 13.7% over 3Q15 already including the consolidation of the new acquisitions. Since July 1st, 2016, we have been consolidating the figures from Alis Educacional, which was announced in a Material Fact dated June 28, 2016 (already rebranded as UNA Bom Despacho as of August 19th). Excluding the effect of the new acquisitions (Sociesc and UNA Bom Despacho), our student base totaled 74.2 thousand students, a 9.5% year-on-year decline, mainly due to a reduction of 5.6 thousand undergraduate students and 2.1 thousand Pronatec students.

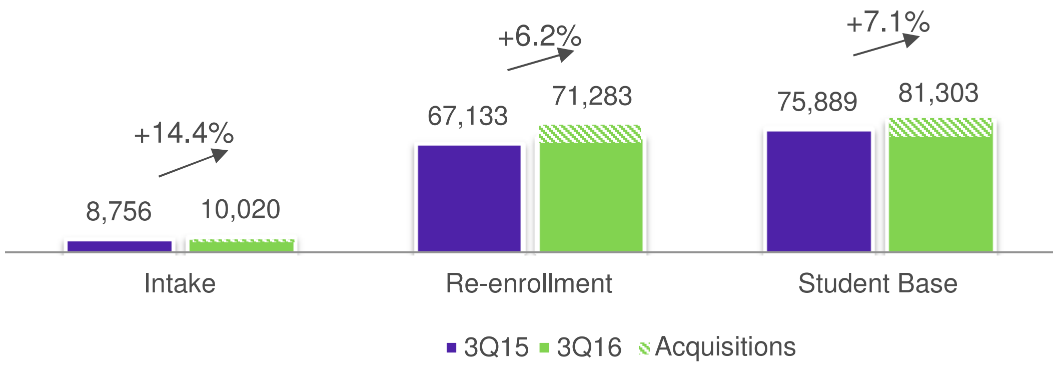


Student Base	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	% 3Q16/3Q15	% 3Q16/2Q16
Undergraduate	82,849	77,485	75,889	72,740	83,027	79,196	81,303	7.1%	2.7%
Graduate	4,154	4,242	3,353	3,427	5,315	5,698	5,954	77.6%	4.5%
Distance Learning	335	384	630	560	4,316	4,443	4,241	573.2%	-4.5%
Vocational Programs & K12	3,628	3,517	2,111	2,093	2,710	2,580	1,732	-18.0%	-32.9%
Total	**90,966**	**85,628**	**81,983**	**78,820**	**95,368**	**91,917**	**93,230**	**13.7%**	**1.4%**

Student Base (Excl. Acquisitions)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	% 3Q16/3Q15	% 3Q16/2Q16
Undergraduate	82,849	77,485	75,889	72,740	75,952	71,852	70,292	-7.4%	-2.2%
Graduate	4,154	4,242	3,353	3,427	3,093	3,116	3,023	-9.8%	-3.0%
Distance Learning	335	384	630	560	879	886	893	41.7%	0.8%
Vocational Programs & K12	3,628	3,517	2,111	2,093	177	0	0	-	-
Total	**90,966**	**85,628**	**81,983**	**78,820**	**80,101**	**75,854**	**74,208**	**-9.5%**	**-2.2%**

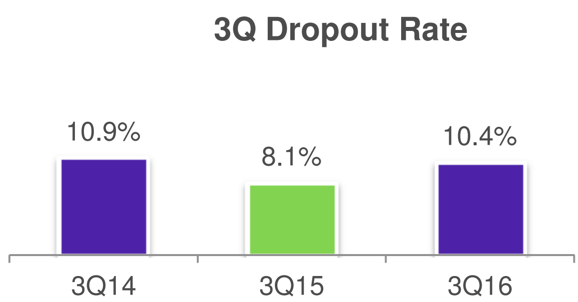
On-campus Undergraduate Student Base

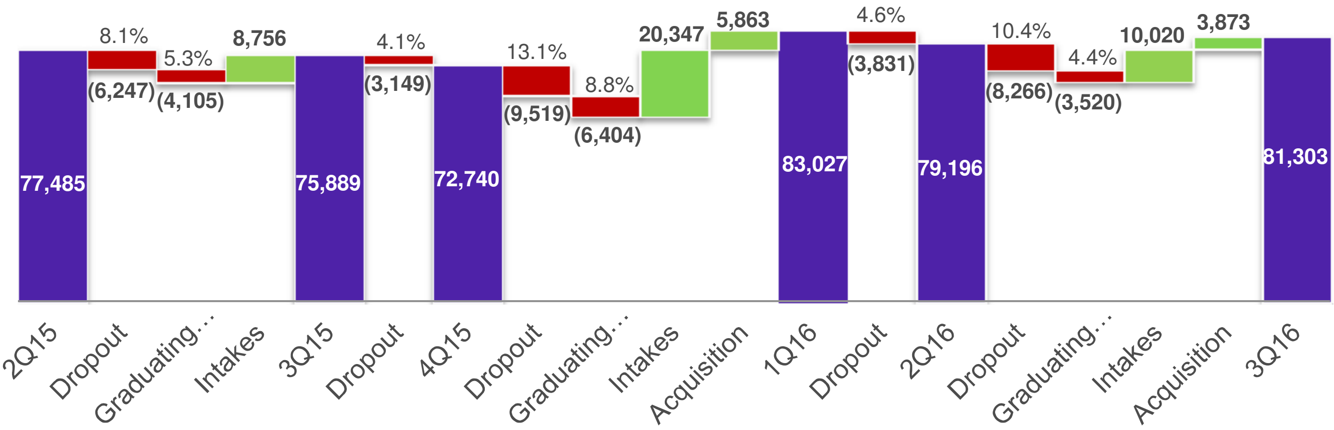
Our on-campus undergraduate student base totaled 81.3 thousand students in 3Q16, 7.1% up on 3Q15, including the consolidation of the recent acquisitions. Excluding this effect, we would have 70.3 thousand students, 7.3% down year on year.



We closed the last intake cycle with 10.0 thousand new students, 14.4% more than in 3Q15. From an organic standpoint, we were able to stabilize our intake, interrupting the decline observed in the previous two cycles, with 8,635 new enrollments for the second semester of 2016, just 121 students behind last year.

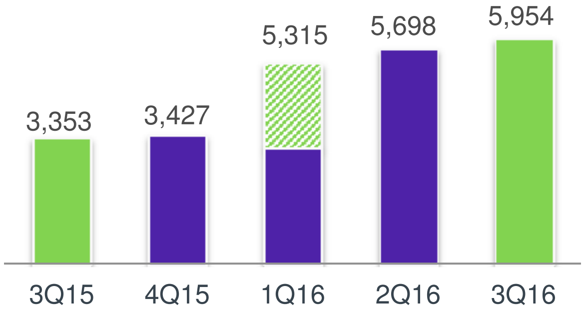
At the turn of the semester, 8.3 thousand students dropped out. This represents a loss of 10.4% of the initial student base, in line with our historical levels for the period. Compared with 3Q15, the dropout rate increased 2.3 pp, given that the 3Q15 figure was lower than our historical average.





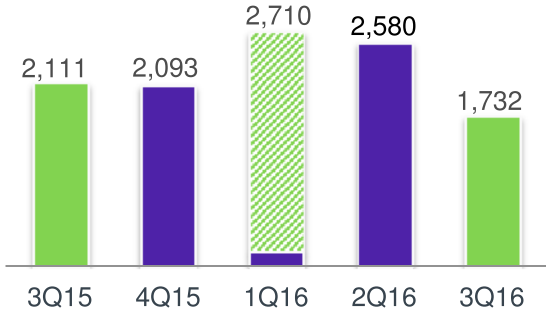
On-campus Graduate Student Base

The number of students enrolled in our on-campus graduate programs came to almost 6.0 thousand in 2Q16, 77.6% higher than in 3Q15.



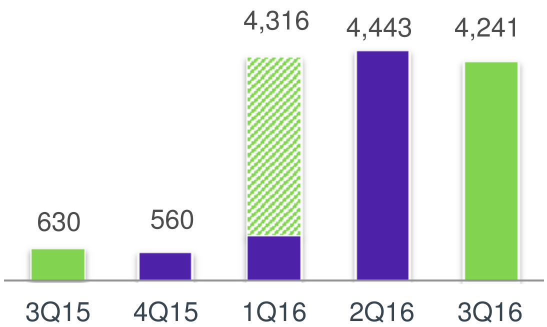
K12 and Vocational Education Student Base

As reported in 2Q16, Anima's Pronatec students have concluded their courses. As a result, we closed the quarter with Sociesc's 1.7 thousand K12 and vocational students, including Escola Técnica Tupy (ETT), Colégio Tupy (COT) and Escola Internacional de Florianópolis, in addition to the remaining Pronatec students, which have the conclusion of their courses in 4Q16.



Distance Learning Student Base

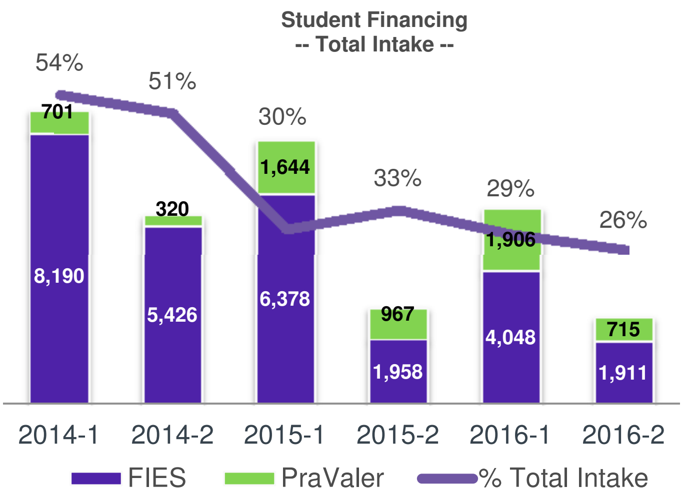
We closed 3Q16 with 4.2 thousand distance-learning students in undergraduate, graduate and vocational programs. As mentioned in 1Q16, the integration with Sociesc represented an important gain of scale compared with the beginning of our operations. The unification of distance-learning operations continues to be one of the priorities of our integration project and is already at an advanced stage.

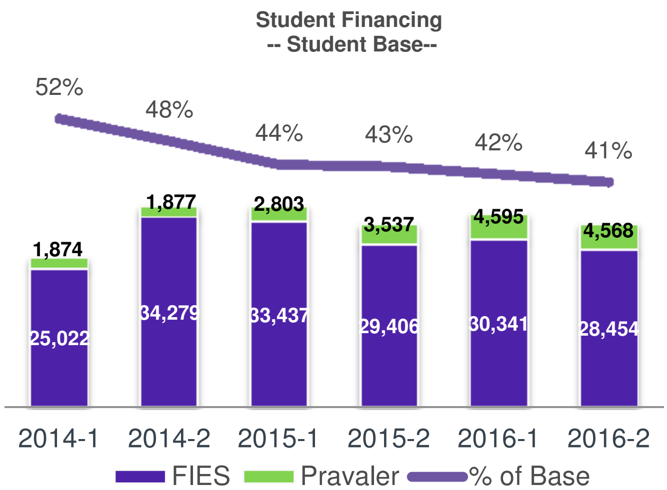


Student Financing

Since the beginning of 2015, when there were drastic changes to the FIES program for the whole educational sector, we have reinforced our strategy of promoting and developing private student financing solutions. We have created the *AMPLIAR* program in order to centralize all public and private student financing processes. In recent intake cycles, we have been able to gradually increase the penetration of private financing in our student base, focusing mainly on the *PraValer* program. At the same time, we continue exploring and testing new alternatives, both internally and through partners. Our purpose in doing so is to give students access to our institutions, while maintaining our quality positioning. It is also worth pointing out that the pursuit of new solutions includes controlled working capital commitments and responsible risk management.

The penetration of students with financing came to 26% of total intake, with FIES at 19.1% and *PraValer* at 7.1%. The number of students with financing (FIES or *PraValer*) totaled 33.0 thousand this semester, representing 41% of our undergraduate base, including Sociesc and UNA Bom Despacho students. This reflects the decline in the penetration of FIES, which fell from 38.7% in 3Q15 to 35.0% in 3Q16. On the other hand, *PraValer* continued to grow, having reached 5.6% of our base in 3Q16, versus 4.7% in 3Q15.





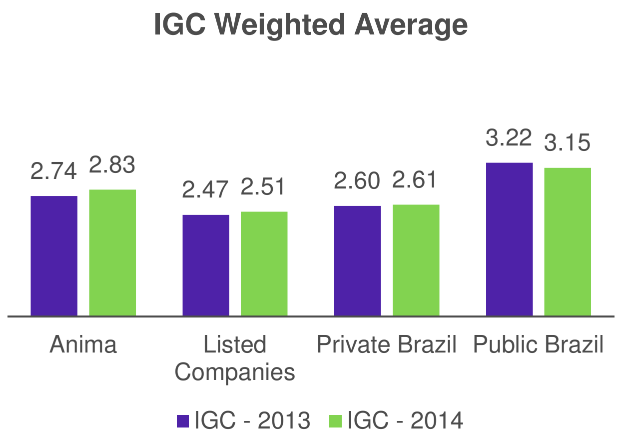
* With São Judas as of 2014.2, Sociesc as of 2016.1 and UNA Bom Despacho as of 2016.2.

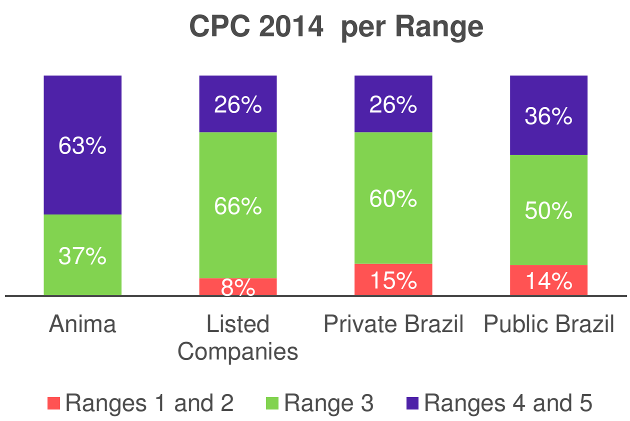
Academic Quality

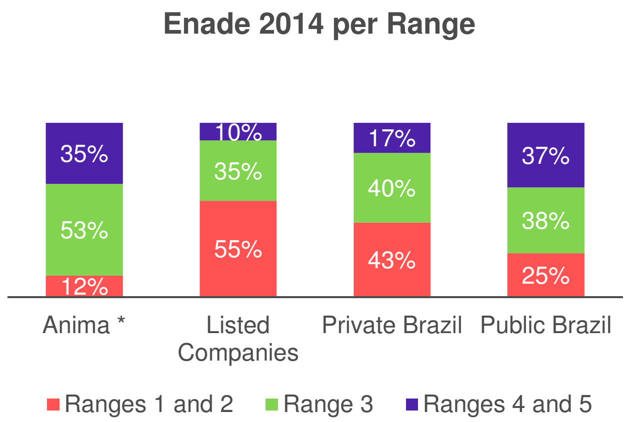
We monitor our academic quality indicators in two dimensions: one external, mainly represented by the MEC's indicators, and the other internal, based on our institutional evaluation process.

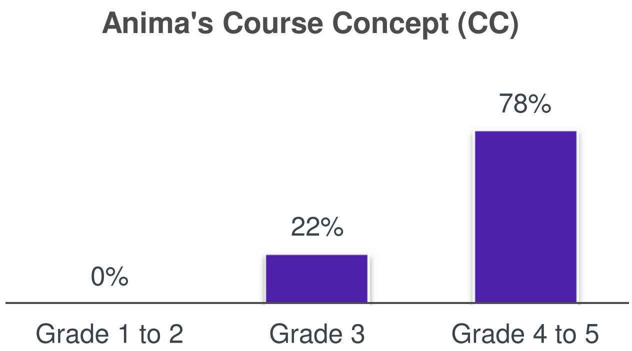
According to the latest result disclosed in 4Q15, we continued to record a consistent improvement in our academic and student satisfaction indicators, reinforcing our confidence in the effectiveness of our academic model and our commitment to remaining focused on constantly improving the quality of the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









* Anima's figures do not include the new acquisitions.

FINANCIAL PERFORMANCE

The Company's financial results are divided into two segments:

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 includes HSM, our management niche brand, and Sociesc's Management and Technology Innovation (MTI) division. 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).

The 3Q16 results include important reclassifications between lines of the income statement. Firstly, we began including in our financial statements the effects of Executive Decree 741, which transferred expenses with FIES financial agents to education institutions. This represents 2% of all tuition fees transferred by the government for all FIES contracts as of the second semester of 2016. This amount is now included in the Discounts, Deductions & Scholarships line of our income statement. Given their similar nature, we are also reclassifying to sales deduction all the amounts related to FGEDUC and *PraValer* contributions, which used to be classified under Other General and Administrative Expenses. For comparison purposes, all the tables and analyses in this report consider this reclassification retrospectively to 2015. The amounts and impacts on the main lines are shown in the table below:

R$ (million)	Consolidated									
	9M15	% Net Revenue	Reclass. [1]	9M15 Adj.	% Net Revenue	9M16	% Net Revenue	Reclass. [1]	9M16 Adj.	% Net Revenue
Discounts, Deductions & Scholarships	(240.9)	-37.0%	(15.8)	(256.8)	-40.5%	(304.9)	-42.9%	(12.2)	(317.1)	-45.3%
Net Revenue	**650.3**	**100.0%**	**(15.8)**	**634.4**	**100.0%**	**711.4**	**100.0%**	**(12.2)**	**699.2**	**100.0%**
Gross Profit (exclud. deprec. /amort.)	**314.0**	**48.3%**	**(15.8)**	**298.1**	**47.0%**	**302.0**	**42.5%**	**(12.2)**	**289.8**	**41.4%**
General & Administrative Expenses	**(79.0)**	**-12.2%**	**15.8**	**(63.2)**	**-10.0%**	**(81.4)**	**-11.4%**	**12.2**	**(69.2)**	**-9.9%**
- Others	(23.1)	-3.6%	15.8	(7.3)	-1.1%	(22.1)	-3.1%	12.2	(9.9)	-1.4%
Operating Result	**198.3**	**30.5%**	**0.0**	**198.3**	**31.3%**	**179.1**	**25.2%**	**0.0**	**179.1**	**25.6%**

R$ (million)	Education									
	9M15	% Net Revenue	Reclass. [1]	9M15 Adj.	% Net Revenue	9M16	% Net Revenue	Reclass. [1]	9M16 Adj.	% Net Revenue
Discounts, Deductions & Scholarships	(240.1)	-37.8%	(15.8)	(255.9)	-41.3%	(304.3)	-44.0%	(12.2)	(316.5)	-46.6%
Net Revenue	**635.7**	**100.0%**	**(15.8)**	**619.9**	**100.0%**	**692.1**	**100.0%**	**(12.2)**	**679.9**	**100.0%**
Gross Profit (exclud. deprec. /amort.)	**308.0**	**48.4%**	**(15.8)**	**292.1**	**47.1%**	**297.2**	**42.9%**	**(12.2)**	**285.0**	**41.9%**
General & Administrative Expenses	**(65.8)**	**-10.3%**	**15.8**	**(49.9)**	**-8.1%**	**(71.0)**	**-10.3%**	**12.2**	**(58.8)**	**-8.6%**
- Others	(22.0)	-3.5%	15.8	(6.1)	-1.0%	(21.0)	-3.0%	12.2	(8.8)	-1.3%
Operating Result	**208.7**	**32.8%**	**0.0**	**208.7**	**33.7%**	**187.2**	**27.1%**	**0.0**	**187.2**	**27.5%**

[1] Reclassification referring to 6M16. Accounting change from 3Q16.

See below the reclassified amounts broken down by quarter:

R$ (million)	Education						
	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
FGEDUC and PraValer Commission	**(3.4)**	**(6.3)**	**(6.1)**	**(5.8)**	**(5.6)**	**(6.6)**	**(6.5)**

3Q16 Results

R$ (million)	3Q16					
	Consolidated	% Net Revenue	Education	% Net Revenue	Others	% Net Revenue
Gross Revenue	**344.6**	**149.6%**	**337.5**	**150.8%**	**7.1**	**108.3%**
Discounts, Deductions & Scholarships	(109.2)	-47.4%	(109.2)	-48.8%	(0.0)	-0.2%
Taxes	(5.1)	-2.2%	(4.6)	-2.0%	(0.5)	-8.1%
Net Revenue	**230.3**	**100.0%**	**223.8**	**100.0%**	**6.5**	**100.0%**
Cash Cost of Services	**(141.4)**	**-61.4%**	**(136.4)**	**-61.0%**	**(4.9)**	**-75.7%**
- Personnel	(102.9)	-44.7%	(101.6)	-45.4%	(1.3)	-19.5%
- Services from Third Parties	(8.7)	-3.8%	(7.1)	-3.2%	(1.6)	-24.2%
- COGS	(0.5)	-0.2%	0.0	0.0%	(0.5)	-7.4%
- Rental & Utilities	(20.6)	-9.0%	(20.1)	-9.0%	(0.5)	-7.8%
- Others	(8.7)	-3.8%	(7.6)	-3.4%	(1.1)	-16.8%
Gross Profit (exclud. deprec. /amort.)	**88.9**	**38.6%**	**87.4**	**39.0%**	**1.6**	**24.3%**
Sales Expenses	**(15.4)**	**-6.7%**	**(14.1)**	**-6.3%**	**(1.3)**	**-19.5%**
- Provision for Doubtful Accounts (PDA)	(8.7)	-3.8%	(8.2)	-3.7%	(0.5)	-7.8%
- Marketing	(6.7)	-2.9%	(5.9)	-2.6%	(0.8)	-11.7%
General & Administrative Expenses	**(25.6)**	**-11.1%**	**(21.8)**	**-9.7%**	**(3.8)**	**-57.8%**
- Personnel	(17.3)	-7.5%	(14.3)	-6.4%	(2.9)	-45.0%
- Third Party Services	(2.8)	-1.2%	(2.6)	-1.2%	(0.2)	-3.7%
- Rental & Utilities	(1.6)	-0.7%	(1.3)	-0.6%	(0.3)	-4.1%
- Others	(3.9)	-1.7%	(3.5)	-1.6%	(0.3)	-5.1%
Other Operating Revenues (Expenses)	**(0.3)**	**-0.1%**	**(0.3)**	**-0.1%**	**0.0**	**0.5%**
- Provisions	(2.5)	-1.1%	(2.5)	-1.1%	(0.0)	0.0%
- Taxes	(0.6)	-0.3%	(0.5)	-0.2%	(0.1)	-1.0%
- Other Operating Revenues	2.7	1.2%	2.6	1.2%	0.1	1.6%
Late Payment Fees	**3.5**	**1.5%**	**3.5**	**1.6%**	**0.0**	**0.0%**
Operating Result	**51.2**	**22.2%**	**54.7**	**24.4%**	**(3.4)**	**-52.5%**
- Corporate Expenses	(15.6)	-6.8%				
Adjusted EBITDA	**35.7**	**15.5%**				
(-) Late Payment Fees	(3.5)	-1.5%				
(-) Non-Recurring Items [1]	(8.0)	-3.5%				
EBITDA	**24.1**	**10.5%**				
Depreciation & Amortization	(10.2)	-4.4%				
EBIT	**13.9**	**6.1%**				
Net Financial Result	(8.6)	-3.7%				
EBT	**5.3**	**2.3%**				
Income Tax and Social Contribution	0.2	0.1%				
Net Income	**5.6**	**2.4%**				
(-) Non-Recurring Items [2]	8.0	3.5%				
Adjusted Net Income	**13.6**	**5.9%**				

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

9M16 Results

R$ (million)	9M16					
	Consolidated	% Net Revenue	Education	% Net Revenue	Others	% Net Revenue
Gross Revenue	**1,031.5**	**147.5%**	**1,010.1**	**148.6%**	**21.3**	**110.2%**
Discounts, Deductions & Scholarships	(317.1)	-45.3%	(316.5)	-46.6%	(0.6)	-3.1%
Taxes	(15.2)	-2.2%	(13.8)	-2.0%	(1.4)	-7.1%
Net Revenue	**699.2**	**100.0%**	**679.9**	**100.0%**	**19.3**	**100.0%**
Cash Cost of Services	**(409.4)**	**-58.6%**	**(394.9)**	**-58.1%**	**(14.6)**	**-75.2%**
- Personnel	(298.4)	-42.7%	(295.3)	-43.4%	(3.1)	-16.0%
- Services from Third Parties	(26.5)	-3.8%	(20.7)	-3.0%	(5.8)	-29.9%
- COGS	(2.0)	-0.3%	0.0	0.0%	(2.0)	-10.2%
- Rental & Utilities	(60.0)	-8.6%	(58.5)	-8.6%	(1.5)	-7.7%
- Others	(22.6)	-3.2%	(20.4)	-3.0%	(2.2)	-11.4%
Gross Profit (exclud. deprec. /amort.)	**289.8**	**41.4%**	**285.0**	**41.9%**	**4.8**	**24.8%**
Sales Expenses	**(47.1)**	**-6.7%**	**(44.7)**	**-6.6%**	**(2.4)**	**-12.5%**
- Provision for Doubtful Accounts (PDA)	(28.3)	-4.0%	(27.5)	-4.0%	(0.8)	-4.1%
- Marketing	(18.8)	-2.7%	(17.2)	-2.5%	(1.6)	-8.4%
General & Administrative Expenses	**(69.2)**	**-9.9%**	**(58.8)**	**-8.6%**	**(10.4)**	**-53.9%**
- Personnel	(47.2)	-6.8%	(39.3)	-5.8%	(7.9)	-40.8%
- Third Party Services	(8.0)	-1.1%	(7.3)	-1.1%	(0.7)	-3.4%
- Rental & Utilities	(4.1)	-0.6%	(3.3)	-0.5%	(0.8)	-4.1%
- Others	(9.9)	-1.4%	(8.8)	-1.3%	(1.1)	-5.5%
Other Operating Revenues (Expenses)	**(3.9)**	**-0.6%**	**(3.8)**	**-0.6%**	**(0.1)**	**-0.3%**
- Provisions	(8.9)	-1.3%	(8.9)	-1.3%	(0.0)	0.0%
- Taxes	(1.8)	-0.3%	(1.5)	-0.2%	(0.3)	-1.6%
- Other Operating Revenues	6.7	1.0%	6.5	1.0%	0.2	1.3%
Late Payment Fees	**9.5**	**1.4%**	**9.5**	**1.4%**	**0.0**	**0.0%**
Operating Result	**179.1**	**25.6%**	**187.2**	**27.5%**	**(8.1)**	**-41.9%**
- Corporate Expenses	(43.6)	-6.2%				
Adjusted EBITDA	**135.5**	**19.4%**				
(-) Late Payment Fees	(9.5)	-1.4%				
(-) Non-Recurring Items [1]	(16.7)	-2.4%				
EBITDA	**109.2**	**15.6%**				
Depreciation & Amortization	(28.9)	-4.1%				
EBIT	**80.3**	**11.5%**				
Net Financial Result	(23.6)	-3.4%				
EBT	**56.7**	**8.1%**				
Income Tax and Social Contribution	0.6	0.1%				
Net Income	**57.3**	**8.2%**				
(-) Non-Recurring Items [2]	16.7	2.4%				
Adjusted Net Income	**74.0**	**10.6%**				

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

FINANCIAL PERFORMANCE – EDUCATION

R$ (million)	Education									
	3Q16	% Net Revenue	3Q15	% Net Revenue	% YA	9M16	% Net Revenue	9M15	% Net Revenue	% YA
Gross Revenue	**337.5**	**150.8%**	**287.0**	**145.5%**	**17.6%**	**1,010.1**	**148.6%**	**889.8**	**143.5%**	**13.5%**
Discounts, Deductions & Scholarships	(109.2)	-48.8%	(85.2)	-43.2%	28.1%	(316.5)	-46.6%	(255.9)	-41.3%	23.7%
Taxes	(4.6)	-2.0%	(4.5)	-2.3%	1.4%	(13.8)	-2.0%	(14.1)	-2.3%	-2.0%
Net Revenue	**223.8**	**100.0%**	**197.3**	**100.0%**	**13.4%**	**679.9**	**100.0%**	**619.9**	**100.0%**	**9.7%**
Cash Cost of Services	**(136.4)**	**-61.0%**	**(109.4)**	**-55.5%**	**24.7%**	**(394.9)**	**-58.1%**	**(327.7)**	**-52.9%**	**20.5%**
- Personnel	(101.6)	-45.4%	(84.9)	-43.0%	19.7%	(295.3)	-43.4%	(256.9)	-41.4%	15.0%
- Services from Third Parties	(7.1)	-3.2%	(3.4)	-1.7%	106.8%	(20.7)	-3.0%	(9.2)	-1.5%	125.5%
- COGS	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
- Rental & Utilities	(20.1)	-9.0%	(15.7)	-7.9%	28.6%	(58.5)	-8.6%	(45.2)	-7.3%	29.5%
- Others	(7.6)	-3.4%	(5.4)	-2.8%	39.3%	(20.4)	-3.0%	(16.5)	-2.7%	23.5%
Gross Profit (exclud. deprec. /amort.)	**87.4**	**39.0%**	**87.9**	**44.5%**	**-0.6%**	**285.0**	**41.9%**	**292.1**	**47.1%**	**-2.4%**
Sales Expenses	**(14.1)**	**-6.3%**	**(13.8)**	**-7.0%**	**2.5%**	**(44.7)**	**-6.6%**	**(37.5)**	**-6.1%**	**19.1%**
- Provision for Doubtful Accounts (PDA)	(8.2)	-3.7%	(8.4)	-4.3%	-2.6%	(27.5)	-4.0%	(21.9)	-3.5%	25.6%
- Marketing	(5.9)	-2.6%	(5.3)	-2.7%	10.5%	(17.2)	-2.5%	(15.6)	-2.5%	10.1%
General & Administrative Expenses	**(21.8)**	**-9.7%**	**(15.6)**	**-7.9%**	**39.4%**	**(58.8)**	**-8.6%**	**(49.9)**	**-8.1%**	**17.7%**
- Personnel	(14.3)	-6.4%	(11.5)	-5.8%	24.8%	(39.3)	-5.8%	(36.3)	-5.9%	8.4%
- Third Party Services	(2.6)	-1.2%	(1.4)	-0.7%	80.1%	(7.3)	-1.1%	(4.8)	-0.8%	51.1%
- Rental & Utilities	(1.3)	-0.6%	(1.0)	-0.5%	29.0%	(3.3)	-0.5%	(2.7)	-0.4%	22.1%
- Others	(3.5)	-1.6%	(1.7)	-0.9%	109.7%	(8.8)	-1.3%	(6.1)	-1.0%	44.2%
Other Operating Revenues (Expenses)	**(0.3)**	**-0.1%**	**(0.5)**	**-0.2%**	**-32.4%**	**(3.8)**	**-0.6%**	**(3.0)**	**-0.5%**	**28.0%**
- Provisions	(2.5)	-1.1%	(1.4)	-0.7%	69.8%	(8.9)	-1.3%	(6.7)	-1.1%	32.8%
- Taxes	(0.5)	-0.2%	(0.3)	-0.2%	69.0%	(1.5)	-0.2%	(0.9)	-0.1%	70.7%
- Other Operating Revenues	2.6	1.2%	1.3	0.6%	109.4%	6.5	1.0%	4.5	0.7%	43.1%
Late Payment Fees	**3.5**	**1.6%**	**2.9**	**1.5%**	**19.9%**	**9.5**	**1.4%**	**7.0**	**1.1%**	**35.3%**
Operating Result	**54.7**	**24.4%**	**61.0**	**30.9%**	**-10.3%**	**187.2**	**27.5%**	**208.7**	**33.7%**	**-10.3%**

Net Revenue

Net revenue totaled R$223.8 million in 3Q16, R$26.5 million or 13.4% higher than in 3Q15. The consolidation of the results of Sociesc (February 16) and UNA Bom Despacho (July 2016) has contributed R$35.4 million to the net revenue increase in the quarter.

Excluding the acquisitions, net revenue fell 4.5%, mainly due to a decline in the undergraduate and Pronatec student bases and an increase in our average discounts, mostly related to the higher share of Prouni students with partial scholarships. Specifically in this quarter, we implemented certain commercial initiatives offering advantages to students who enrolled earlier in the process. These discounts had a direct impact on 3Q16 results, but will be diluted during the semester given that they are not applied to these students' current tuition fees. On the other hand, we continue to benefit from the tuition fees inflation adjustments implemented in the beginning of the year, in addition to having recorded a slight improvement in the program mix.

In 9M16, net revenue totaled R$679.9 million (+R$60 million and +9.7% vs. 9M15). Excluding the R$86.9 million contribution from the acquisitions, net revenue fell 4.3% for similar reasons as mentioned above.

Average Ticket

R$ (million)	Education		
	3Q16	3Q15	% YA
Average Gross Ticket[1]	$ 1,303	$ 1,166	+11.8%
Average Gross Ticket with new acquisitions[1]	$ 1,252	-	+7.4%

[1] Accumulated Gross Revenue (Undergraduate+Graduate) ÷ Average Number of Students

The gross ticket averaged R$1,303 in 3Q16, 11.8% 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 the acquisitions, our weighted average gross ticket was R$1,252, 7.4% higher than in 3Q15.

Total Costs and Gross Profit

Gross profit totaled R$87.4 million in 3Q16, with a gross margin of 39.0%. In the first nine months of 2016, consolidated gross profit came to R$285.0 million, with a gross margin of 41.9%.

In organic terms, therefore eliminating the effects of the acquisitions from the last 12 months, our gross margin fell 2.8% in 3Q16. In 2016, we have been implementing a series of margin recovery measures, focusing on academic efficiency (average number of students per classroom) and infrastructure (campus utilization and rental cost). The third-quarter result already reflected a 1.7pp positive impact from these initiatives, which, however, was more than offset by: i) the increase in our average discounts (a 3.5pp reduction in gross margin), part of which will not impact 4Q16; ii) the transfer of the 2% cost with FIES financial agents from the government to education institutions (R$1.7 million in 3Q16 or a 0.5pp reduction in gross margin); and iii) loss of scale and other effects that represented a decline of 0.4pp in the gross margin.

R$ (million)	3Q16					9M16				
	Education	% YA	Education Ex. Acquisitions [1]	% YA	Acquisitions [1]	Education	% YA	Education Ex. Acquisitions [1]	% YA	Acquisitions [1]
Net Revenue	223.8	13.4%	188.4	-4.5%	35.4	679.9	9.7%	593.0	-4.3%	86.9
Cash Cost of Services	(136.4)	24.7%	(109.7)	0.2%	(26.8)	(394.9)	20.5%	(329.2)	0.4%	(65.7)
Gross Profit (exclud. deprec. /amort.)	87.4	-0.6%	78.7	-10.4%	8.6	285.0	-2.4%	263.8	-9.7%	21.2
% Gross Margin	39.0%	-5.5 p.p.	41.8%	-2.8 p.p.	24.4%	41.9%	-5.2 p.p.	44.5%	-2.6 p.p.	24.4%

[1] Acquistions in the last 12 months (Sociesc Feb-16 and UNA Bom Despacho Jul-16)

As we had already mentioned in the first six months of this year, the recent acquisitions (especially Sociesc) initially dilute our margins. This represented a gross margin reduction of 2.7pp in 3Q16 and 2.6pp in 9M16.

See the breakdown by institution below:

R$ (million)	9M16									
	UNA	% YA	UNIBH	% YA	UNIMONTE	% YA	SÃO JUDAS	% YA	Acquisitions [1]	% YA
Net Revenue	199.9	-10.1%	173.9	-4.6%	38.4	2.7%	180.7	1.6%	86.9	n.a.
Cash Cost of Services	(115.2)	-4.5%	(83.8)	-2.4%	(21.7)	2.4%	(108.5)	8.4%	(65.7)	n.a.
Gross Profit (exclud. deprec. /amort.)	84.7	-16.8%	90.1	-6.5%	16.8	3.2%	72.2	-7.1%	21.2	n.a.
% Gross Margin	42.4%	-3.4 pp	51.8%	-1.1 pp	43.6%	0.2 pp	40.0%	-3.8 pp	24.4%	n.a.

[1] Acquistions in the last 12 months (Sociesc Feb-16 and UNA Bom Despacho Jul-16)

Operating Result

Selling Expenses

Selling expenses totaled R$14.1 million (+2.5% vs. 3Q15), or 6.3% of net revenue. While marketing expenses were virtually in line with the same period last year, our provision for doubtful accounts (PDA) improved by 0.6pp. It is worth noting that we have been using a more conservative approach for the provisioning of each aging level of our accounts receivable since 3Q15.

Year-to-date selling expenses totaled R$44.7 million (+19.1% vs. 9M15), or 6.6% of net revenue, (0.5pp worst vs. 9M15). This increase was due to the change in the provisioning criteria, as mentioned above.

General and Administrative Expenses

General and administrative expenses totaled R$21.8 million (+39.4% vs. 3Q15), or 9.7% of net revenue (1.8pp worst vs. 3Q15). This increase was due to the consolidation of the new acquisitions.

In 9M16, general and administrative expenses came to R$58.8 million (+17.7% vs. 9M15), or 8.6% of net revenue (0.5pp worst vs. 9M15). This increase was also due to the consolidation of the new acquisitions.

Other Operating Revenues (Expenses)

In 3Q16, other operating expenses stood at R$0.3 million (-32.4% versus 3Q15), or 0.1% of net revenue (0.1pp improvement vs. 3Q15).

In 9M15, other operating expenses came to R$3.8 million (+28.0% versus 9M15), or 0.6% of net revenue (0.1pp worst vs. 9M15).

FINANCIAL PERFORMANCE – Other Businesses

R$ (million)	Others									
	3Q16	% Net Revenue	3Q15	% Net Revenue	% YA	9M16	% Net Revenue	9M15	% Net Revenue	% YA
Gross Revenue	**7.1**	**108.3%**	**6.6**	**111.9%**	**6.7%**	**21.3**	**110.2%**	**16.3**	**112.0%**	**30.8%**
Discounts, Deductions & Scholarships	(0.0)	-0.2%	(0.3)	-4.8%	-95.6%	(0.6)	-3.1%	(0.9)	-5.9%	-31.1%
Taxes	(0.5)	-8.1%	(0.4)	-7.0%	27.2%	(1.4)	-7.1%	(0.9)	-6.1%	56.0%
Net Revenue	**6.5**	**100.0%**	**5.9**	**100.0%**	**10.2%**	**19.3**	**100.0%**	**14.6**	**100.0%**	**32.9%**
Cash Cost of Services	**(4.9)**	**-75.7%**	**(3.6)**	**-61.0%**	**36.6%**	**(14.6)**	**-75.2%**	**(8.6)**	**-59.0%**	**69.3%**
- Personnel	(1.3)	-19.5%	(0.0)	0.0%	-	(3.1)	-16.0%	(0.0)	-0.1%	-
- Services from Third Parties	(1.6)	-24.2%	(1.6)	-26.4%	1.2%	(5.8)	-29.9%	(4.1)	-28.3%	40.8%
- COGS	(0.5)	-7.4%	(0.2)	-2.6%	209.0%	(2.0)	-10.2%	(0.5)	-3.7%	268.7%
- Rental & Utilities	(0.5)	-7.8%	(0.9)	-14.5%	-40.9%	(1.5)	-7.7%	(1.7)	-11.9%	-14.3%
- Others	(1.1)	-16.8%	(1.0)	-17.5%	6.0%	(2.2)	-11.4%	(2.2)	-15.1%	0.2%
Gross Profit (exclud. deprec. /amort.)	**1.6**	**24.3%**	**2.3**	**39.0%**	**-31.2%**	**4.8**	**24.8%**	**6.0**	**41.0%**	**-19.6%**
Sales Expenses	**(1.3)**	**-19.5%**	**(1.2)**	**-19.5%**	**10.0%**	**(2.4)**	**-12.5%**	**(3.2)**	**-22.0%**	**-24.3%**
- Provision for Doubtful Accounts (PDA)	(0.5)	-7.8%	(0.2)	-3.6%	136.7%	(0.8)	-4.1%	(0.5)	-3.5%	55.5%
- Marketing	(0.8)	-11.7%	(0.9)	-15.9%	-18.8%	(1.6)	-8.4%	(2.7)	-18.5%	-39.4%
General & Administrative Expenses	**(3.8)**	**-57.8%**	**(4.2)**	**-71.2%**	**-10.5%**	**(10.4)**	**-53.9%**	**(13.2)**	**-91.0%**	**-21.3%**
- Personnel	(2.9)	-45.0%	(3.4)	-56.6%	-12.5%	(7.9)	-40.8%	(10.7)	-73.3%	-26.0%
- Third Party Services	(0.2)	-3.7%	(0.2)	-2.7%	53.7%	(0.7)	-3.4%	(0.4)	-2.7%	72.4%
- Rental & Utilities	(0.3)	-4.1%	(0.4)	-5.9%	-24.5%	(0.8)	-4.1%	(1.0)	-7.2%	-24.7%
- Others	(0.3)	-5.1%	(0.4)	-6.0%	-6.8%	(1.1)	-5.5%	(1.1)	-7.9%	-7.0%
Other Operating Revenues (Expenses)	**0.0**	**0.5%**	**(0.1)**	**-1.7%**	**-134.0%**	**(0.1)**	**-0.3%**	**0.1**	**0.4%**	**-224.7%**
- Provisions	(0.0)	0.0%	(0.0)	0.0%	-59.0%	(0.0)	0.0%	0.3	1.8%	-100.3%
- Taxes	(0.1)	-1.0%	(0.2)	-4.0%	-71.2%	(0.3)	-1.6%	(0.6)	-3.8%	-43.8%
- Other Operating Revenues	0.1	1.6%	0.1	2.4%	-27.8%	0.2	1.3%	0.3	2.4%	-29.5%
Late Payment Fees	**0.0**	**0.0%**	**0.0**	**0.0%**	**-100.0%**	**0.0**	**0.0%**	**0.0**	**0.0%**	**-100.0%**
Operating Result	**(3.4)**	**-52.5%**	**(3.2)**	**-53.4%**	**8.3%**	**(8.1)**	**-41.9%**	**(10.4)**	**-71.6%**	**-22.2%**

As of 1Q16, we began consolidating HSM and Sociesc's Management and Technological Innovation (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 promotes continued education and professional development for executives and managers from all over Brazil, through customized products that foster learning, the exchange of experience and networking. HSM Educação Executiva is made up of three business units: Events, Business School and Publishing.

In order to accelerate and expand the scope of Executive Education activities (HSM's Business School), in September we integrated the operations of Academia da Estratégia – ACAD. ACAD is a company with great expertise on in-company courses and training programs, focused on middle and senior management of large companies. ACAD has approximately 70 employees and recorded net revenue of R$11.8 million and adjusted EBITDA of R$1.3 million in 2015. At the moment of acquisition, the company expected to post net revenue of approximately R$8.0 million and a breakeven EBITDA margin in 2016. The acquisition price was R$3.0 million through debt assumption, that was immediately prepaid after the closing. The transaction also includes a possible earn out, payable between 2018 and 2021, which represents R$1.2 million at net present value, upon the achievement of certain financial and operational goals.

The results for the first nine months of the year still reflected the challenges of the macroeconomic scenario, but we were already able to see the positive effects of HSM's restructuring at the end of

2015. As a result, we recorded net revenue of R$19.3 million in 9M16 (+R$4.8 million vs. in 9M15) and a still negative operating result of R$8.1 million, which represents a R$2.3 million improvement over the same period last year.

R$ (million)	3Q16					9M16				
	Total	% YA	HSM	% YA	Acquisitions [1]	Total	% YA	HSM	% YA	Acquisitions [1]
Net Revenue	**6.5**	**10.2%**	**3.1**	**-47.4%**	**3.4**	**19.3**	**32.9%**	**10.0**	**-31.2%**	**9.3**
Cash Cost of Services	(4.9)	36.6%	(1.8)	-50.2%	(3.1)	(14.6)	69.3%	(5.4)	-36.7%	(9.1)
Gross Profit (exclud. deprec. /amort.)	**1.6**	**-31.2%**	**1.3**	**-43.2%**	**0.3**	**4.8**	**-19.6%**	**4.6**	**-23.2%**	**0.2**
% Gross Margin	**24.3%**	**-14.7pp**	**42.2%**	**3.2pp**	**8.1%**	**24.8%**	**-16.2pp**	**45.7%**	**4.7pp**	**2.3%**

[1] Acquistions in the last 12 months (Sociesc Feb-16 and ACAD Sep-16)

It is worth noting that seasonal trends strongly affect the fourth quarter results of this segment, as HSM Expo Management is held in the first half of November. As seen in previous years, this event accounts for a large share of the segment's annual net revenue and operating result.

CONSOLIDATED PERFORMANCE

R$ (million)	Consolidated Ânima									
	3Q16	% Net Revenue	3Q15	% Net Revenue	% YA	9M16	% Net Revenue	9M15	% Net Revenue	% YA
Gross Revenue	**344.6**	**149.6%**	**293.7**	**144.5%**	**17.3%**	**1,031.5**	**147.5%**	**906.2**	**142.8%**	**13.8%**
Discounts, Deductions & Scholarships	(109.2)	-47.4%	(85.5)	-42.1%	27.7%	(317.1)	-45.3%	(256.8)	-40.5%	23.5%
Taxes	(5.1)	-2.2%	(4.9)	-2.4%	3.6%	(15.2)	-2.2%	(14.9)	-2.4%	1.4%
Net Revenue	**230.3**	**100.0%**	**203.2**	**100.0%**	**13.3%**	**699.2**	**100.0%**	**634.4**	**100.0%**	**10.2%**
Cash Cost of Services	**(141.4)**	**-61.4%**	**(113.1)**	**-55.6%**	**25.1%**	**(409.4)**	**-58.6%**	**(336.3)**	**-53.0%**	**21.7%**
- Personnel	(102.9)	-44.7%	(84.9)	-41.8%	21.2%	(298.4)	-42.7%	(256.9)	-40.5%	16.2%
- Services from Third Parties	(8.7)	-3.8%	(5.0)	-2.5%	73.7%	(26.5)	-3.8%	(13.3)	-2.1%	99.3%
- COGS	(0.5)	-0.2%	(0.2)	-0.1%	209.0%	(2.0)	-0.3%	(0.5)	-0.1%	267.1%
- Rental & Utilities	(20.6)	-9.0%	(16.5)	-8.1%	25.0%	(60.0)	-8.6%	(46.9)	-7.4%	27.8%
- Others	(8.7)	-3.8%	(6.5)	-3.2%	33.9%	(22.6)	-3.2%	(18.7)	-2.9%	20.8%
Gross Profit (exclud. deprec. /amort.)	**88.9**	**38.6%**	**90.2**	**44.4%**	**-1.4%**	**289.8**	**41.4%**	**298.1**	**47.0%**	**-2.8%**
Sales Expenses	**(15.4)**	**-6.7%**	**(14.9)**	**-7.3%**	**3.0%**	**(47.1)**	**-6.7%**	**(40.7)**	**-6.4%**	**15.7%**
- Provision for Doubtful Accounts (PDA)	(8.7)	-3.8%	(8.6)	-4.2%	0.8%	(28.3)	-4.0%	(22.4)	-3.5%	26.3%
- Marketing	(6.7)	-2.9%	(6.3)	-3.1%	6.1%	(18.8)	-2.7%	(18.3)	-2.9%	2.8%
General & Administrative Expenses	**(25.6)**	**-11.1%**	**(19.8)**	**-9.8%**	**28.8%**	**(69.2)**	**-9.9%**	**(63.2)**	**-10.0%**	**9.5%**
- Personnel	(17.3)	-7.5%	(14.8)	-7.3%	16.4%	(47.2)	-6.8%	(47.0)	-7.4%	0.6%
- Third Party Services	(2.8)	-1.2%	(1.6)	-0.8%	77.5%	(8.0)	-1.1%	(5.2)	-0.8%	52.7%
- Rental & Utilities	(1.6)	-0.7%	(1.4)	-0.7%	15.3%	(4.1)	-0.6%	(3.7)	-0.6%	9.0%
- Others	(3.9)	-1.7%	(2.0)	-1.0%	89.5%	(9.9)	-1.4%	(7.3)	-1.1%	36.1%
Other Operating Revenues (Expenses)	**(0.3)**	**-0.1%**	**(0.6)**	**-0.3%**	**-49.3%**	**(3.9)**	**-0.6%**	**(2.9)**	**-0.5%**	**32.6%**
- Provisions	(2.5)	-1.1%	(1.4)	-0.7%	69.6%	(8.9)	-1.3%	(6.4)	-1.0%	38.2%
- Taxes	(0.6)	-0.3%	(0.5)	-0.3%	8.2%	(1.8)	-0.3%	(1.4)	-0.2%	25.5%
- Other Operating Revenues	2.7	1.2%	1.4	0.7%	95.5%	6.7	1.0%	4.9	0.8%	37.9%
Late Payment Fees	**3.5**	**1.5%**	**2.9**	**1.4%**	**19.8%**	**9.5**	**1.4%**	**7.0**	**1.1%**	**35.2%**
Operating Result	**51.2**	**22.2%**	**57.8**	**28.4%**	**-11.3%**	**179.1**	**25.6%**	**198.3**	**31.3%**	**-9.7%**
- Corporate Expenses	(15.6)	-6.8%	(12.1)	-6.0%	28.3%	(43.6)	-6.2%	(35.7)	-5.6%	22.3%
Adjusted EBITDA	**35.7**	**15.5%**	**45.7**	**22.5%**	**-21.9%**	**135.5**	**19.4%**	**162.6**	**25.6%**	**-16.7%**
(-) Late Payment Fees	(3.5)	-1.5%	(2.9)	-1.4%	19.8%	(9.5)	-1.4%	(7.0)	-1.1%	35.2%
(-) Non-Recurring Items [1]	(8.0)	-3.5%	(2.7)	-1.3%	0.0%	(16.7)	-2.4%	(61.4)	-9.7%	0.0%
EBITDA	**24.1**	**10.5%**	**40.1**	**19.7%**	**-39.8%**	**109.2**	**15.6%**	**94.2**	**14.9%**	**15.9%**
Depreciation & Amortization	(10.2)	-4.4%	(7.6)	-3.8%	33.6%	(28.9)	-4.1%	(22.0)	-3.5%	31.1%
EBIT	**13.9**	**6.1%**	**32.4**	**16.0%**	**-57.0%**	**80.3**	**11.5%**	**72.2**	**11.4%**	**11.3%**
Net Financial Result	(8.6)	-3.7%	(3.7)	-1.8%	132.0%	(23.6)	-3.4%	(3.8)	-0.6%	528.3%
EBT	**5.3**	**2.3%**	**28.7**	**14.1%**	**-81.5%**	**56.7**	**8.1%**	**68.4**	**10.8%**	**-17.1%**
Income Tax and Social Contribution	0.2	0.1%	1.4	0.7%	-83.3%	0.6	0.1%	1.4	0.2%	-60.4%
Net Income Before Non-Controlling Interest	**5.6**	**2.4%**	**30.2**	**14.8%**	**-81.6%**	**57.3**	**8.2%**	**69.8**	**11.0%**	**-18.0%**
Non-Controlling Interest	0.0	0.0%	0.0	0.0%		0.0	0.0%	0.0	0.0%	
Net Income	**5.6**	**2.4%**	**30.2**	**14.8%**	**-81.6%**	**57.3**	**8.2%**	**69.8**	**11.0%**	**-18.0%**
(-) Non-Recurring Items [2]	8.0	3.5%	2.7	1.3%	0.0%	16.7	2.4%	61.4	9.7%	0.0%
Adjusted Net Income	**13.6**	**5.9%**	**32.8**	**16.1%**	**-58.6%**	**74.0**	**10.6%**	**131.2**	**20.7%**	**-43.6%**

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

Corporate Expenses

Corporate expenses totaled R$15.6 million in 3Q16, representing 6.8% of net revenue (28.3% and -0.8pp vs. 3Q15), while in 9M16, corporate expenses came to R$43.6 million, or 6.2% of net revenue (22.3% and -0.6pp vs. 9M15). In addition to the usual inflationary adjustment of salaries, as of 1Q16 we reclassified some personnel expenses related to corporate directors that are also legal entity representatives of our subsidiaries that were previously being accounted at the education segment level. The table below shows the comparison of pro-forma corporate expenses, reflecting this reclassification retrospectively:

R$ (million)	Consolidated											
	3Q16	% Net Revenue	3Q15 Adj	% Net Revenue	Adj	3Q15 Actual	9M16	% Net Revenue	9M15 Adj	% Net Revenue	Adj	9M15 Actual
- Corporate Expenses	(15.6)	-6.8%	(13.4)	-6.6%	(1.3)	(12.1)	(43.6)	-6.2%	(40.4)	-6.4%	(4.7)	(35.7)

Adjusted EBITDA

Adjusted EBITDA totaled R$35.7 million in 3Q16 (-21.9% vs. 3Q15), with a margin of 15.5% (7.0pp worst vs. 3Q15). The consolidation of the acquisitions, which still run with lower margins than our other units, represented a 3.5pp margin dilution this quarter. Excluding this effect, our adjusted EBITDA margin fell 3.5pp, mainly due to the gross margin loss caused by specific factors, as described previously.

In 9M16, adjusted EBITDA totaled R$135.5 million (-16.7% vs. 9M15), with a margin of 19.4% (down 6.3pp vs. 9M15). Excluding the effects of the acquisitions, adjusted EBITDA totaled R$133.7 million (-17.8% vs. 9M15), with a margin of 22.2% (-3.5pp vs. 9M15).

Non-Recurring Items

R$ (million)	EBITDA	
	3Q16	9M16
Restructuring Expenses	(8.9)	(14.9)
Account Receivables Adjustments - FIES	0.9	2.7
Stock Options	0.0	(4.6)
Total Non Recurring Items	**(8.0)**	**(16.7)**

Restructuring Expenses. This quarter, non-recurring restructuring expenses totaled R$8.9 million, including: i) R$3.9 million from the increase in severance pay of professors and administrative staff resulting from the reduction in our student base; ii) R$2.2 million from the integration of the recent acquisitions, specially from Sociesc; and iii) R$2.7 million related to the Catalão Campus shutdown, being R$1.6 million noncash fixed asset write-offs.

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 accounts receivable 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. This quarter, we excluded the positive impact of this adjustment, which represented net revenue of R$0.9 million in 3Q16 (R$2.7 million in 9M16), also non cash.

Share-based compensation. In accordance with the structure of Sociesc's acquisition, which included a potential bonus of up to 900 thousand Anima Educação shares subject to the achievement of certain goals, in 2Q16, we recognized a non-cash provision equivalent to 50% of this possible bonus. This represented an impact of R$4.6 million, which we excluded from our adjusted EBITDA because it is a non-recurring amount related to the transaction's structure.

Income Tax and Social Contribution

We continue benefiting from Prouni, which guarantees income tax and social contribution exemption for most of our business. In 3Q16, we recorded income tax and social contribution credits of R$0.2 million.

Financial Result

R$ (million)	Consolidated Ânima			
	3Q16	3Q15	9M16	9M15
(+) Financial Revenue	**16.5**	**7.8**	**43.2**	**23.2**
Late Payment Fees	3.5	2.9	9.5	7.0
Interest on Financial Investments	8.1	3.8	18.4	9.4
Inflation Adjustment - PN23 FIES Acc. Rec.	3.2	0.0	12.0	0.0
Other Financial Revenues	1.6	1.0	3.4	6.9
(-) Financial Expense	**(25.1)**	**(11.5)**	**(66.8)**	**(27.0)**
Financial debt interest expense	(17.1)	(8.5)	(46.1)	(17.6)
Tax debt interest expenses	(0.2)	(0.1)	(0.4)	(0.2)
PraValer interest expenses	(4.2)	(1.5)	(9.2)	(3.8)
Other Financial Expenses	(3.6)	(1.4)	(11.1)	(5.4)
Financial Result	**(8.6)**	**(3.7)**	**(23.6)**	**(3.8)**

The net financial result came to a negative R$8.6 million in 3Q16 versus a negative R$3.7 million in the same period of 2015. Financial revenue moved up this quarter, due to the increase in interest on financial investments and late payment fees, in addition to the recognition of the restatement of FIES accounts receivable, in the amount of R$3.2 million. It is worth noting that this amount refers to the effective inflation adjustment of FIES accounts receivable related to the PN23 agreement. Differently from the impacts of the present value adjustment on accounts receivable and gross revenue, which are being excluded as non-recurring items from our results, this adjustment of the FIES balance in accordance with the IPCA (Inflation Index) represents an effective net income gain and has been positively affecting the cash position as the government pays the installments of the agreement. We are not, however, considering these effects in our adjusted EBITDA.

Similarly, our financial expense with interest on bank loans was higher in the period due to the new loans raised in 2015 and early 2016. In addition, expenses with interest subsidy for our students enrolled in the *PraValer* private financing program moved up, due to the increased penetration of this program in our student base.

In the first nine months, financial revenue totaled R$43.2 million, while the financial expense came to R$66.8 million, giving a negative net financial result of R$23.6 million.

Adjusted Net Income

Adjusted net income totaled R$13.6 million in 3Q16, with a margin of 5.9%. In 9M16, adjusted net income came to R$74.0 million, with a margin of 10.6%.

Cash and Net Debt

R$ (million)	Consolidated Ânima		
	SEP 16	JUN 16	SEP 15
(+) Cash and Cash Equivalents	**215.0**	**201.8**	**242.7**
Cash	23.4	22.5	18.9
Financial Investments	191.5	179.3	223.8
(-) Loans and Financing [1]	**400.5**	**463.9**	**367.2**
Short Term	109.3	109.2	126.8
Long Term	291.1	354.7	240.4
(=) Net (Debt) Cash [2]	**(185.5)**	**(262.1)**	**(124.5)**
(-) Other Short and Long Term Obligations	58.9	34.3	3.5
(=) Net (Debt) Cash [3]	**(244.4)**	**(296.4)**	**(128.1)**

[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 9M16, cash and cash equivalents totaled R$215.0 million and net debt came to R$244.4 million. In relation to June 2016, the balance of loans and financing fell by R$63.4 million due to the settlement of two short-term bank loans totaling R$50.0 million taken out in 3Q15 and the recurring amortization of other loans.

On the other hand, the other short- and long-term obligations, which includes both acquisitions payables and tax-debt installments, moved up to R$58.9 million mainly due to the acquisition of Alis Educacional (UNA Bom Despacho). It is worth noting that this net debt represented a leverage of 1.5x (net debt ÷ LTM adjusted EBITDA), a reduction compared to the leverage of 1.7x reported in June.

Accounts Receivable and Days Sales Outstanding (DSO)

We ended 3Q16 with net accounts receivable of R$304.0 million. For management and DSO calculation purposes, we are adjusting the accounts receivable balance by R$5.1 million, comprising the R$7.8 million adjustment recorded in 4Q15 less the R$2.7 million that have already been recognized in our 9M16 results.

Therefore, adjusted accounts receivable totaled R$309.0 million, an increase of R$36.4 million compared with 3Q15, but slightly lower than in the last two quarters. Despite the delays by the government in the amendment of FIES agreements for the second semester of 2016, we were able to reduce our FIES accounts receivable balance by R$75.9 million, mainly due to the payment of the first installment of the agreement related to PN23.

	3Q16 *	2Q16 *	1Q16 *	4Q15	3Q15	2Q15	
	Total	Total	Total	Total	Total	Total	∆ 3Q16 / 3Q15
Net Accounts Receivable	304.0	381.9	386.8	289.3	272.6	274.2	31.3
Adjusted Accounts Receivable FIES	(5.1)	(5.9)	(6.9)	(7.8)	0.0	0.0	(5.1)
Adjusted Net Accounts Receivable	309.0	387.8	393.6	297.1	272.6	274.2	36.4
to mature	258.5	330.5	338.9	239.1	226.7	220.5	31.8
until 180 days	37.7	43.5	42.1	40.9	32.4	43.4	5.3
between 180 and 360 days	8.7	9.7	9.3	14.4	9.8	6.5	(1.1)
between 361 and 720 days	4.0	4.2	3.3	2.7	3.7	3.9	0.4
for more than 721 days	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0

As a result, we closed 3Q16 with a DSO (Days of Sales Outstanding) of 118 days, virtually in line with the same period last year and a decline of 30 days compared with 2Q16.

Breaking down our accounts receivable, in 3Q16 we recorded a DSO of 224 days for FIES receivables, a year-on-year reduction of 78 days. For non-FIES receivables, our DSO stood at 54 days, a year-on-year reduction of seven days and a quarter-on-quarter decline of one day. Finally, we closed the quarter with a DSO of 83 days in the other businesses line.

	3Q16 *	2Q16 *	1Q16 *	4Q15	3Q15	2T15	
Total	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Δ 3Q16 / 3Q15**
Net Accounts Receivable	304.0	381.9	386.8	289.3	272.6	274.2	31.3
Adjusted Accounts Receivable FIES	(5.1)	(5.9)	(6.9)	(7.8)	0.0	0.0	(5.1)
Adjusted Net Accounts Receivable	309.0	387.8	393.6	297.1	272.6	274.2	36.4
Net Revenue (accumulative)	699.2	468.9	228.7	843.2	634.5	431.2	64.8
DSO	118	148	152	127	116	115	2

	3Q16 *	2Q16 *	1Q16 *	4Q15	3Q15	2T15	
FIES	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Δ 3Q16 / 3Q15**
Net Accounts Receivable	210.4	285.4	287.0	207.3	188.8	176.7	21.6
Adjusted Accounts Receivable FIES	(5.1)	(5.9)	(6.9)	(7.8)	0.0	0.0	(5.1)
Adjusted Net Accounts Receivable	215.5	291.3	293.9	215.1	188.8	176.7	26.7
Net Revenue (accumulative)	258.4	172.8	83.9	350.6	264.8	178.7	(6.4)
DSO	224	303	316	221	192	178	32

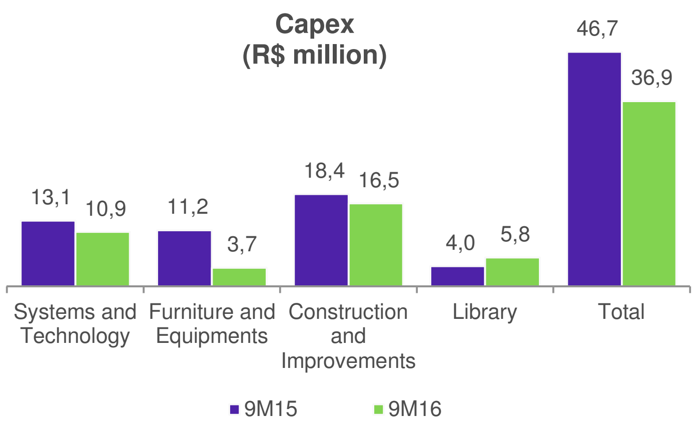
	3Q16 *	2Q16 *	1Q16 *	4Q15	3Q15	2T15	
Non FIES	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Δ 3Q16 / 3Q15**
Net Accounts Receivable	85.0	84.5	86.6	78.3	77.3	89.7	7.6
Net Revenue (accumulative)	415.8	277.6	135.3	448.9	344.9	236.2	70.9
DSO	54	55	56	63	61	69	-7

	3Q16 *	2Q16 *	1Q16 *	4Q15	3Q15	2T15	
Others	**Total**	**Total**	**Total**	**Total**	**Total**	**Total**	**Δ 3Q16 / 3Q15**
Net Accounts Receivable	8.6	12.0	13.1	3.6	6.5	7.7	2.1
Net Revenue (accumulative)	25.0	18.5	9.5	43.7	24.7	16.3	0.3
DSO	83	102	92	30	71	85	12

* Weighted DSO, considering LTM acquisitions

Investments (CAPEX)

In 9M16, CAPEX totaled R$36.9 million, or 5.2% of net revenue, down from R$46.7 million, or 7.4% of net revenue, in 9M15. This figure includes investments in our campuses and amounts allocated to the development of education systems and technology.



Cash Flow

	3Q16	3Q15	9M16	9M15
Net Income	**5.6**	**30.2**	**57.3**	**69.8**
Non-Controlling Interest	0.0	0.0	0.0	0.0
Net Income before Non-Controlling Interest	**5.6**	**30.2**	**57.3**	**69.8**
Depreciation & Amortization	10.2	7.6	28.9	22.0
Interest expenses/revenues	7.7	5.4	19.6	9.6
Provisions for labor, tax and civil risks	1.6	(12.2)	7.2	(8.0)
Other non-cash adjustments	1.4	(0.6)	7.5	(0.6)
Contract Cancelation Whitney - Account Impact	0.0	0.0	0.0	53.7
Operating Cash Flow	**26.4**	**30.3**	**120.4**	**146.5**
Δ Accounts receivable/PDA	86.7	1.6	17.6	(115.4)
Δ Other assets/liabilities	5.0	6.7	(8.8)	20.3
Working Capital Variance	**91.7**	**8.3**	**8.7**	**(95.1)**
Free Cash Flow before CAPEX	**118.0**	**38.6**	**129.2**	**51.4**
CAPEX - Fixed and Intangible	(10.2)	(11.9)	(36.9)	(46.7)
Free Cash Flow	**107.8**	**26.7**	**92.3**	**4.7**
Financing/Investments activities	(80.5)	180.5	(9.5)	193.7
Shares held in treasury	0.0	0.0	(27.5)	0.0
Acquisitions	(14.2)	0.0	(9.8)	(6.2)
Dividends	0.0	(0.0)	(15.2)	(39.2)
IPO proceeds	0.0	0.0	0.0	0.0
Contract Cancelation Whitney - Cash Impact	0.0	0.0	0.0	53.7
Net Cash Flow from Financing Activities	**(94.7)**	**180.5**	**(62.1)**	**102.2**
Net Increase (Reduction) of Cash and Cash Equivalents	**13.1**	**207.2**	**30.2**	**106.8**
Cash at the begging of the period	201.8	35.5	184.5	135.9
Cash at the end of the period	215.0	242.7	215.0	242.7

We closed 3Q16 with cash and financial investments of R$215.0 million. Operating cash flow before working capital and CAPEX came to R$26.4 million in 3Q16. This amount, combined with the partial recovery of FIES receivables, led to the generation of free cash flow of R$107.8 million after CAPEX.

Financing activities consumed R$80.5 million in 3Q16, mainly due to the settlement of two short-term bank loans totaling R$50.0 million taken out in 3Q15 and the amortization of other loans in accordance with their respective payment schedules. We also paid R$14.2 million related to the acquisitions of Sociesc and UNA Bom Despacho.

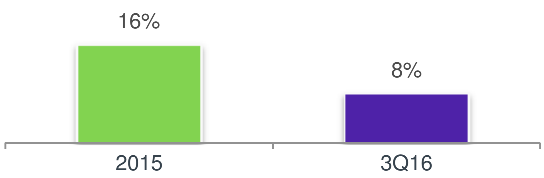
In 9M16, operating cash flow totaled R$120.4 million, while free cash flow came to R$92.3 million after CAPEX of R$36.9 million. As a result, we closed 9M16 with R$30.2 million more than at the beginning of the year.

Return on Invested Capital (ROIC)

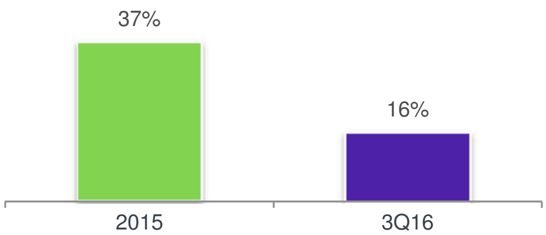
We monitor our financial performance through our return on invested capital (ROIC), among other metrics. At the end of 3Q16, our ROIC for the P12M stood at 8%. The decline in our ROIC has been caused by a combination of a lower NOPAT and an increased invested capital. We see 3 major initiatives to recover our returns, being: i) resume top line growth and margin expansion of our base business, ii) deliver the synergies of the recently acquired companies (as they are currenly adding to the invested capital base with still a marginal contribution to our NOPAT); and iii) the expected reduction of FIES receivables through 2017 and 2018.

Excluding non-amortized intangible assets from the total invested capital, we report a return of 16% in 3Q16. We believe that the ROIC analysis, using both approaches, provides a complementary perspective to track our business performance in a more comprehensive manner.

ROIC[1]



ROIC excluding non-amortized intangible assets[1]



[1] ROIC = LTM EBIT (adjusted for Whitney's non-recurring termination in 2015) * (1- effective income and social contribution tax rate) ÷ avg. invested capital.
Invested Capital = net working capital + long-term FIES accounts receivable + net fixed assets

APPENDIX 1 – Reconciliation of the 3Q16 Income Statement

Ânima Consolidated R$ (million)	3Q16					
	Release Income Statement	Depreciation & Amortization	Corporate Expenses	Late Payment Fees	Non-Recurring Items	IFRS Income Statement
Gross Revenue	**344.6**				0.9	**345.4**
Discounts, Deductions & Scholarships	(109.2)					(109.2)
Taxes	(5.1)					(5.1)
Net Revenue	**230.3**				**0.9**	**231.2**
Cash Cost of Services	**(141.4)**	**(6.2)**	**0.0**	**0.0**	**(5.8)**	**(153.3)**
- Personnel	(102.9)				(4.6)	(107.5)
- Services from Third Parties	(8.7)					(8.7)
- COGS	(0.5)					(0.5)
- Rental & Utilities	(20.6)				(1.0)	(21.7)
- Others	(8.7)	(6.2)			(0.1)	(15.0)
Gross Profit (exclud. deprec. /amort.)	**88.9**	**(6.2)**	**0.0**	**0.0**	**(4.9)**	**77.8**
Sales Expenses	**(15.4)**		**(0.8)**		**0.0**	**(16.1)**
- Provision for Doubtful Accounts (PDA)	(8.7)		0.0			(8.7)
- Marketing	(6.7)		(0.8)			(7.5)
General & Administrative Expenses	**(25.6)**	**(4.0)**	**(15.5)**	**0.0**	**(2.2)**	**(47.2)**
- Personnel	(17.3)		(11.4)		(0.5)	(29.2)
- Third Party Services	(2.8)		(1.7)			(4.5)
- Rental & Utilities	(1.6)		(0.2)			(1.8)
- Others	(3.9)	(4.0)	(2.1)		(1.7)	(11.7)
Other Operating Revenues (Expenses)	**(0.3)**	**0.0**	**(0.2)**	**0.0**	**0.0**	**(0.5)**
- Provisions	(2.5)		0.2			(2.3)
- Taxes	(0.6)		(0.3)			(0.9)
- Other Operating Revenues	2.7		(0.1)			2.7
Late Payment Fees	**3.5**			**(3.5)**		**0.0**
Operating Result	**51.2**	**(10.2)**	**(16.5)**	**(3.5)**	**(7.1)**	**13.9**
- Corporate Expenses	(15.6)		16.5		(0.9)	0.0
Adjusted EBITDA	**35.7**	**(10.2)**	**0.0**	**(3.5)**	**(8.0)**	**13.9**
(-) Late Payment Fees	(3.5)			3.5		0.0
(-) Non-Recurring Items [1]	(8.0)				8.0	0.0
EBITDA	**24.1**	**(10.2)**	**0.0**	**0.0**	**0.0**	**13.9**
Depreciation & Amortization	(10.2)	10.2				0.0
EBIT	**13.9**	**0.0**	**0.0**	**0.0**	**0.0**	**13.9**
Net Financial Result	(8.6)					(8.6)
EBT	**5.3**	**0.0**	**0.0**	**0.0**	**0.0**	**5.3**
Income Tax and Social Contribution	0.2					0.2
Net Income Before Non-Controlling Interest	**5.6**	**0.0**	**0.0**	**0.0**	**0.0**	**5.6**
Non-Controlling Interest	0.0					0.0
Net Income	**5.6**	**0.0**	**0.0**	**0.0**	**0.0**	**5.6**
(-) Non-Recurring Items [2]	8.0				(8.0)	0.0
Adjusted Net Income	**13.6**	**0.0**	**0.0**	**0.0**	**(8.0)**	**5.6**

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

APPENDIX 2 – Reconciliation of the 9M16 Income Statement

Consolidated Ânima R$ (million)	9M16					
	Release Income Statement	Depreciation & Amortization	Corporate Expenses	Late Payment Fees	Non-Recurring Items	IFRS Income Statement
Gross Revenue	**1,031.5**				**2.7**	**1,034.2**
Discounts, Deductions & Scholarships	(317.1)					(317.1)
Taxes	(15.2)					(15.2)
Net Revenue	**699.2**				**2.7**	**702.0**
Cash Cost of Services	**(409.4)**	**(16.8)**	**0.0**	**0.0**	**(8.6)**	**(434.9)**
- Personnel	(298.4)				(7.5)	(305.9)
- Services from Third Parties	(26.5)					(26.5)
- COGS	(2.0)					(2.0)
- Rental & Utilities	(60.0)				(1.0)	(61.0)
- Others	(22.6)	(16.8)			(0.1)	(39.5)
Gross Profit (exclud. deprec. /amort.)	**289.8**	**(16.8)**	**0.0**	**0.0**	**(5.9)**	**267.1**
Sales Expenses	**(47.1)**		**(1.6)**		**0.0**	**(48.7)**
- Provision for Doubtful Accounts (PDA)	(28.3)		0.0			(28.3)
- Marketing	(18.8)		(1.6)			(20.4)
General & Administrative Expenses	**(69.2)**	**(12.1)**	**(42.6)**	**0.0**	**(9.5)**	**(133.3)**
- Personnel	(47.2)		(30.2)		(6.5)	(83.9)
- Third Party Services	(8.0)		(5.4)			(13.4)
- Rental & Utilities	(4.1)		(0.6)			(4.6)
- Others	(9.9)	(12.1)	(6.4)		(3.0)	(31.4)
Other Operating Revenues (Expenses)	**(3.9)**	**0.0**	**(0.8)**	**0.0**	**0.0**	**(4.7)**
- Provisions	(8.9)		0.5			(8.4)
- Taxes	(1.8)		(1.1)			(2.9)
- Other Operating Revenues	6.7		(0.2)			6.6
Late Payment Fees	**9.5**			**(9.5)**		**0.0**
Operating Result	**179.1**	**(28.9)**	**(45.0)**	**(9.5)**	**(15.4)**	**80.3**
- Corporate Expenses	(43.6)		45.0		(1.4)	(0.0)
Adjusted EBITDA	**135.5**	**(28.9)**	**0.0**	**(9.5)**	**(16.7)**	**80.3**
(-) Late Payment Fees	(9.5)			9.5		0.0
(-) Non-Recurring Items [1]	(16.7)				16.7	0.0
EBITDA	**109.2**	**(28.9)**	**0.0**	**0.0**	**0.0**	**80.3**
Depreciation & Amortization	(28.9)	28.9				0.0
EBIT	**80.3**	**0.0**	**0.0**	**0.0**	**0.0**	**80.3**
Net Financial Result	(23.6)					(23.6)
EBT	**56.7**	**0.0**	**0.0**	**0.0**	**0.0**	**56.7**
Income Tax and Social Contribution	0.6					0.6
Net Income Before Non-Controlling Interest	**57.3**	**0.0**	**0.0**	**0.0**	**0.0**	**57.3**
Non-Controlling Interest	0.0					0.0
Net Income	**57.3**	**0.0**	**0.0**	**0.0**	**0.0**	**57.3**
(-) Non-Recurring Items [2]	16.7				(16.7)	0.0
Adjusted Net Income	**74.0**	**0.0**	**0.0**	**0.0**	**(16.7)**	**57.3**

[1] Non-Recurring Items impacting EBITDA

[2] Non-Recurring Items impacting Net Income

APPENDIX 3 – Income Statement – IFRS

	3Q16	3Q15	9M16	9M15
Net Revenue	**231.2**	**203.2**	**702.0**	**634.0**
COST OF SERVICES	(153.3)	(119.9)	(434.9)	(351.7)
Gross (Loss) Profit	**77.8**	**83.3**	**267.1**	**282.3**
OPERATING (EXPENSES) / INCOME	(63.9)	(50.9)	(186.7)	(210.1)
Commercial	(16.1)	(22.7)	(48.7)	(48.5)
General and administrative	(47.2)	(34.6)	(133.3)	(165.0)
Equity income	-	-	-	-
Other operating (expenses) revenues	(0.5)	6.4	(4.7)	3.4
Income before Financial Result	**13.9**	**32.4**	**80.3**	**72.2**
Financial interest income	40.8	42.8	108.5	58.3
Financial interest expenses	(49.4)	(46.5)	(132.1)	(62.1)
Net (Loss) Income before Taxes	**5.3**	**28.7**	**56.7**	**68.4**
Income tax and social contribution, current and deferred	0.2	1.4	0.6	1.4
Net Income or Loss before Non-Controlling Interest	**5.6**	**30.2**	**57.3**	**69.8**
Non-Controlling Interest	-	-	-	-
Net Income or Loss for the Period	**5.6**	**30.2**	**57.3**	**69.8**

APPENDIX 4 – Balance Sheet - IFRS

Assets	SEP 16	SEP 15	JUN 16
Current Assets	**476.6**	**567.8**	**499.3**
Cash and cash equivalents	23.4	18.9	22.5
Cash & financial investments	191.5	223.8	179.3
Accounts receivable	215.2	272.5	250.1
Prepaid expenses	24.8	9.9	27.1
Recoverable taxes	9.7	10.3	9.5
Derivatives	-	19.2	-
Other current assets	12.1	13.2	10.7
Non-Current Assets	**947.0**	**657.8**	**942.9**
Accounts receivable	88.8	0.2	131.8
Prepaid expenses	12.2	2.7	12.1
Judicial deposits	34.1	29.0	31.7
Credit with related parties	0.1	0.0	0.0
Recoverable taxes	6.8	5.9	6.4
Derivatives	-	16.8	-
Other non-current assets	15.9	8.7	15.4
Fixed	216.8	144.8	214.2
Intangible	572.3	449.7	531.3
Total Assets	**1,423.6**	**1,225.6**	**1,442.2**

Liabilities	SEP 16	SEP 15	JUN 16
Current Liabilities	**252.7**	**253.1**	**235.2**
Supplier	22.5	22.1	21.9
Loans	97.3	126.8	101.0
Personnel	75.1	63.9	68.0
Taxes payable	9.5	9.2	8.9
Advances from clients	29.2	30.0	23.1
Tax debt installments	0.3	0.2	0.2
Accounts payables	5.8	-	3.3
Dividends payables	0.0	0.0	0.0
Derivatives	12.4		8.4
Other current liabilities	0.6	0.8	0.6
Non-Current Liabilities	**494.4**	**306.3**	**536.0**
Loans	281.1	240.4	333.6
Accounts payables	49.2	-	27.5
Tax debt installments	3.7	3.3	3.3
Deferred income tax and social contribution	53.2	15.3	53.5
Provisions for risks	96.8	46.6	96.6
Derivatives	10.0		21.1
Other non-current liabilities	0.4	0.7	0.4
Shareholder Equity	**676.6**	**666.1**	**671.0**
Capital Stock	496.4	496.4	496.4
Capital reserve	5.9	1.2	5.9
Earnings reserve	217.2	168.2	217.2
Shares in treasury	(30.6)	(0.0)	(30.6)
Goodwill on capital transactions	-	(69.6)	-
Asset valuation adjustment	(69.6)	-	(69.6)
Retained earnings	57.3	69.8	51.7
Total Liabilities and Shareholder Equity	**1,423.6**	**1,225.6**	**1,442.2**

APPENDIX 5 – Cash Flow – IFRS

	3Q16	3Q15	9M16	9M15
Net Income for the period	5.6	30.2	57.3	69.8
Adjustments for				
Provision for doubtful accounts	8.7	15.9	28.3	29.3
Legal deposits update	(0.7)	(0.7)	(1.2)	(1.8)
Depreciation and amortization	10.2	7.6	28.9	22.0
Decrease in residual value of fixed and intangible assets	1.6	0.8	3.3	0.8
Interest on loans, financing and tax installments	17.2	8.5	46.2	17.7
Constitution, reversal and update of provision for labor, tax and civil risks	2.3	(5.9)	8.4	(0.8)
Present value adjustments to accounts payable	2.5	-	6.1	0.2
FIES revenues regarding present value adjustments and monetary restatement	(4.0)	-	(14.7)	-
Share repurchase program bonuses	0.0	-	4.6	-
Deferred income tax and social contribution	(0.2)	(1.4)	(0.6)	(1.4)
Losses with investments	-	-	0.0	-
	43.1	54.9	166.7	136.0
Change in operating assets and liabilities				
(Increase) decrease in accounts receivable	78.0	(14.3)	(10.7)	(144.7)
Decrease in other prepaid expenses	2.6	7.2	(12.5)	14.7
Increase in legal deposits	(2.2)	(2.7)	(6.8)	(7.2)
Decrease in taxes and recoverable contributions	(0.4)	(0.5)	0.3	1.3
Decrease in other assets	(1.7)	(3.5)	(2.6)	(7.2)
Decrease in suppliers	(0.3)	(2.9)	(0.1)	5.6
Decrease in tax, social security and labor obligations	4.2	2.7	20.3	17.1
Increase in advances from clients	4.5	2.2	5.6	3.8
Decrease in tax installments and other contributions	0.3	(0.2)	0.1	(0.5)
(Decrease) in provision for labor, tax and civil risks	(1.9)	(1.1)	(12.6)	(5.5)
(Decrease) Increase in other liabilities	0.0	(0.2)	(0.3)	(0.3)
Cash from operations	83.3	(13.4)	(19.2)	(122.9)
Interest paid	(16.0)	(3.9)	(31.7)	(10.7)
Income tax and social contribution paid	(0.0)	-	(0.3)	-
Net cash flow from operating activities	110.4	37.7	115.6	2.3
Cash Flow from Investment Activities				
Acquisitions net of cash and equivalents	(13.3)	-	(8.1)	-
Decrease (Increase) in financial assets	(4.2)	(199.9)	(14.3)	(95.4)
Income from financial assets	(8.1)	(3.2)	(18.0)	(8.4)
Fixed asset purchase	(8.4)	(2.9)	(27.7)	(37.6)
Intangible asset purchase	(1.8)	(9.1)	(9.2)	(9.1)
Net cash flow (applied) from investment activities	(35.8)	(215.0)	(77.2)	(150.5)
Cash Flow from Financial Activities				
Loans and financing				
Funding	-	200.0	143.0	230.0
Amortizations	(73.7)	(18.6)	(140.7)	(39.6)
Shares held in treasury	-	-	(27.5)	-
Dividends paid	-	(0.0)	(15.2)	(39.2)
Net cash (applied to) flow from financing activities	(73.7)	181.4	(40.4)	151.2
Cash (Applied) Flow for the Period	0.9	4.2	(2.1)	3.0
Change in Cash and Cash Equivalents				
Cash and cash equivalents at the beginning of the period	-	(0.0)	25.5	15.9
Cash and cash equivalents at the end of the period	0.9	4.1	23.4	18.9
Increase (Decrease) of Cash and Cash Equivalents	0.9	4.1	(2.1)	3.0