(Convenience Translation into English from the Original Previously Issued in Portuguese)

Kroton Educacional S.A. and Subsidiaries

Individual and Consolidated Interim Financial Information for the Quarter Ended March 31, 2013 and Report on Review of Interim Financial Information

Deloitte Touche Tohmatsu Auditores Independentes

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Management and of Shareholders of
Kroton Educacional S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Kroton Educational S.A. (the "Company"), identified as Company and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2013, which comprises the balance sheet as at March 31, 2013 and the related income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for quarter then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21 (R1) and 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 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, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

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Conclusion on the consolidated interim financial information

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

Other matters

Interim statements of value added

We have also reviewed the individual and consolidated interim statements of value added (DVA), for the nine-month period ended March 31, 2013, prepared by Management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR), and considered supplemental information by the International Financial Reporting Standards ("IFRS"), which do not require the presentation of a 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 are not prepared, in all material respects, in relation to the individual and consolidated interim financial information in accordance with CPC 21 (R1), taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 14, 2013

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Ismar de Moura
Engagement Partner

The sheets related to the Interim Financial Information (ITR) reviewed by us are marked for identification purpose only.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

KROTON EDUCACIONAL S.A. AND SUBSIDIARIES

BALANCE SHEET AS AT MARCH 31, 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS and BR GAAP)	
ASSETS	3/31/2013	12/31/2012	3/31/2013	12/31/2012
CURRENT ASSETS				
Cash and cash equivalents:				
Cash and banks	6	33	54,138	132,226
Short-term investments	1,478	1,719	256,890	83,394
Trade receivables	-	-	303,303	245,104
Inventories	-	-	9,266	15,903
Advances	99	-	19,391	27,443
Recoverable taxes	1,119	1,107	29,677	25,555
Dividends receivable	60,000	45,639	-	-
Other receivables	78	-	18,782	10,918
Total current assets	62,780	48,498	691,447	540,543
NONCURRENT ASSETS				
Securities	-	-	3,863	3,840
Trade receivables	-	-	13,745	14,402
Deferred income tax and social contribution	-	-	1,498	1,546
Escrow deposits	-	-	9,387	8,646
Advances	-	-	7,965	8,777
Recoverable taxes	-	-	6,093	9,811
Contingencies' guarantees	-	-	156,542	159,098
Other receivables	-	-	3,091	3,022
Advance for future capital increase	3,930	3,930	-	-
Investments:				
In subsidiaries	2,346,848	2,186,232	-	-
Other	-	-	1,600	1,600
Property, plant and equipment	-	-	396,913	371,852
Intangible assets	59,450	59,450	2,643,864	2,660,783
Total noncurrent assets	2,410,228	2,249,612	3,244,561	3,243,377
TOTAL ASSETS	2,473,008	2,298,110	3,936,008	3,783,920

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

KROTON EDUCACIONAL S.A. AND SUBSIDIARIES

BALANCE SHEET AS AT MARCH 31, 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS and BR GAAP)	
LIABILITIES AND EQUITY	3/31/2013	12/31/2012	3/31/2013	12/31/2012
CURRENT LIABILITIES				
Trade payables	252	300	78,478	72,666
Borrowings and financing	-	-	3,782	4,706
Debentures	-	-	13,448	1,698
Payroll and related taxes	18	18	98,617	100,538
Income tax and social contribution	-	-	5,729	4,993
Taxes payable	381	381	17,859	17,353
Advances from customers	-	-	23,826	36,307
Taxes in installments	-	-	7,303	7,764
Payables - acquisitions	-	-	54,187	54,823
Dividends payable	60,000	44,803	60,000	44,803
Other payables	-	-	2,974	22,906
Total current liabilities	60,651	45,502	366,203	368,557
NONCURRENT LIABILITIES				
Borrowings and financing	-	-	6,165	6,926
Debentures	-	-	542,440	542,111
Provision for tax, labor and civil risks	6,509	6,404	241,780	244,574
Taxes in installments	-	-	40,064	42,443
Payables - acquisitions	-	-	174,262	171,523
Deferred taxes	-	-	156,908	159,312
Other payables	-	-	2,338	2,270
Total noncurrent liabilities	6,509	6,404	1,163,957	1,169,159
EQUITY				
Capital	1,867,228	1,867,228	1,867,228	1,867,228
Capital reserves	244,264	242,171	244,264	242,171
Treasury shares	(6,602)	(7,037)	(6,602)	(7,037)
Earnings reserves	128,645	143,842	128,645	143,842
Retained earnings	172,313	-	172,313	-
Total equity	2,405,848	2,246,204	2,405,848	2,246,204
TOTAL LIABILITIES AND EQUITY	2,473,008	2,298,110	3,936,008	3,783,920

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

KROTON EDUCACIONAL S.A. AND SUBSIDIARIES

INTERIM INCOME STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2013
(In thousands of Brazilian reais - R$, except earnings per share)

	Parent (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
NET REVENUE FROM SALES AND SERVICES	-	-	499,710	340,597
COST OF SALES AND SERVICES				
Cost of sales	-	-	(11,047)	(11,521)
Cost of services	-	-	(192,326)	(142,839)
	-	-	(203,373)	(154,360)
GROSS PROFIT	-	-	296,337	186,237
OPERATING INCOME (EXPENSES)				
Selling	-	-	(46,530)	(30,664)
General and administrative	(2,691)	(4,189)	(67,848)	(62,721)
Other operating income	-	-	-	25
Other operating expenses	-	-	(1,463)	(155)
Equity in subsidiaries- Equity method	174,977	87,800	-	-
INCOME FROM OPERATIONS BEFORE FINANCE INCOME (COSTS)	172,286	83,611	180,496	92,722
FINANCE INCOME (COSTS)				
Finance income	27	656	14,572	21,031
Finance costs	-	(3)	(19,524)	(24,095)
OPERATING INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	172,313	84,264	175,544	89,658
INCOME TAX AND SOCIAL CONTRIBUTION				
Current	-	-	(5,587)	(7,250)
Deferred	-	514	2,356	2,370
	-	514	(3,231)	(4,880)
PROFIT FOR THE QUARTER	172,313	84,778	172,313	84,778
ATTRIBUTABLE TO				
Company owners			172,313	84,778
Noncontrolling interests			-	-
Basic earnings per common share (ON) - R$	0.64	0.15	0.64	0.15
Diluted earnings per common share (ON) - R$	0.64	0.15	0.64	0.15

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

KROTON EDUCACIONAL S.A. AND SUBSIDIARIES

INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
PROFIT FOR THE QUARTER	172,313	84,778	172,313	84,778
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	172,313	84,778	172,313	84,778
ATTRIBUTABLE TO				
Company owners			172,313	84,778
Noncontrolling interests			-	-

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

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KROTON EDUCACIONAL S.A. AND SUBSIDIARIES

INTERIM STATEMENT OF CHANGES IN EQUITY (PARENT AND CONSOLIDATED)
FOR THE QUARTER ENDED MARCH 31, 2013
(In thousands of Brazilian reais - R$, except earnings per share)

		Capital reserves			Earnings reserves			Retained earnings	
	Capital	Capital reserves	Equity instruments arising from business combination	Treasury shares	Legal reserve	Proposed additional dividends	Investment reserve	(accumulated losses)	Total equity
BALANCE AT DECEMBER 31, 2011	1,254,061	(1,219)	260,000	(24,112)	-	-	-	(13,399)	1,475,331
Capital increase	597,040	-	-	-	-	-	-	-	597,040
Share issuance costs	-	(5,091)	-	-	-	-	-	-	(5,091)
Treasury shares sold	-	-	-	4,122	-	-	-	-	4,122
Options granted recognized	-	742	-	-	-	-	-	-	742
Gain on sale of treasury shares	-	1,523	-	-	-	-	-	-	1,523
Share options exercised	-	(1,973)	-	-	-	-	-	-	(1,973)
Profit for the quarter	-	-	-	-	-	-	-	84,778	84,778
BALANCE AT MARCH 31, 2012	1,851,101	(6,018)	260,000	(19,990)	-	-	-	71,379	2,156,472
BALANCE AT DECEMBER 31, 2012	1,867,228	(1,702)	243,873	(7,037)	9,432	15,197	119,213	-	2,246,204
Treasury shares sold	-	-	-	435	-	-	-	-	435
Options granted recognized	-	2,528	-	-	-	-	-	-	2,528
Loss on sale of treasury shares	-	(199)	-	-	-	-	-	-	(199)
Share options exercised	-	(236)	-	-	-	-	-	-	(236)
Profit for the quarter	-	-	-	-	-	-	-	172,313	172,313
Dividend distribution (R$0.223938 per share)	-	-	-	-	-	(15,197)	-	-	(15,197)
BALANCE AT MARCH 31, 2013	1,867,228	391	243,873	(6,602)	9,432	-	119,213	172,313	2,405,848

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

KROTON EDUCACIONAL S.A. AND SUBSIDIARIES

INTERIM STATEMENT OF CASH FLOWS.
FOR THE QUARTER ENDED MARCH 31, 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax and social contribution	172,313	84,264	175,544	89,658
Adjustment to reconcile profit before income tax and social contribution to net cash (used in) generated by operating activities:				
Depreciation and amortization	-	1,134	24,753	18,224
Allowance for doubtful accounts	-	-	23,088	15,900
Provision for tax, labor and civil risks	105	-	425	4,777
(Reversal) recognition of allowance for inventory losses	-	-	(382)	1,648
Financial charges on borrowings and debentures	-	-	12,263	17,211
Financial charges on acquisitions	-	-	3,419	3,599
Income from securities	(27)	-	(3,473)	(12,333)
Grant of stock options	2,528	742	2,528	742
Gain on sale or write-off of noncurrent assets	-	-	673	130
Equity in subsidiaries	(174,977)	(87,800)	-	-
Changes in operating assets and liabilities:				
(Increase) in trade receivables	-	-	(80,630)	(81,253)
Decrease in inventories	-	-	10,708	5,873
(Increase) decrease in advances	(99)	(4)	8,864	5,635
(Increase) decrease in recoverable taxes	(12)	(468)	4,897	(6,897)
(Increase) decrease in escrow deposits	-	-	(741)	334
Decrease in other assets	(78)	-	(7,933)	(5,400)
Increase (decrease) in trade payables	(48)	519	5,812	4,743
Increase (decrease) in payroll and related taxes	-	414	(1,921)	386
Increase (decrease) in taxes	-	-	(4,345)	1,112
Increase in advances form customers	-	-	(12,481)	(9,403)
(Decrease) in taxes in installments	-	-	(2,840)	(1,355)
(Decrease) in provision for tax, labor and civil risks	-	-	(663)	(988)
Increase (decrease) in other liabilities	-	-	(19,864)	535
Cash (used in) generated by operating activities	(295)	(1,199)	137,701	52,878
Income tax and social contribution paid	-	-	(5,301)	(2,976)
Interest on borrowings and debentures	-	-	(151)	(539)
Net cash (used in) generated by operating activities	(295)	(1,199)	132,249	49,363
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of securities	27	-	3,450	12,297
Increase in property, plant and equipment	-	-	(35,400)	(16,053)
Increase in intangible assets	-	-	(1,857)	(2,334)
Acquisition of control net of cash acquired	-	-	(1,316)	(260,698)
Proceeds from sale of noncurrent asset	-	-	-	25
Net cash generated by (used in) investing activities	27	-	(35,123)	(266,763)
CASH FLOWS FROM FINANCING ACTIVITIES				
Sales of treasury shares	-	3,672	-	3,672
Capital increase, net of issuance costs	-	6,671	-	597,040
Issuance of CCB, net of issuance costs	-	-	-	(242)
Borrowings and financing	-	-	639	-
Repayments of borrowings and financing	-	-	(2,357)	(3,037)
Settlement of intragroup loans	-	(1,884)	-	-
Net cash generated by (used in) financing activities	-	8,459	(1,718)	597,433
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS, NET	(268)	7,260	95,408	380,033
Cash and cash equivalents at the beginning of the quarter	1,752	4,595	215,620	151,347
Cash and cash equivalents at the end of the quarter	1,484	11,855	311,028	531,380
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS, NET	(268)	7,260	95,408	380,033

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

KROTON EDUCACIONAL S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE QUARTER ENDED MARCH 31, 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
REVENUE				
Higher education	-	-	437,427	282,577
K-12 education	-	-	73,996	66,449
Other income	-	-	-	-
Recognition of allowance for doubtful accounts	-	-	(23,088)	(15,900)
INPUTS PURCHASED FROM THIRD PARTIES				
Cost of products and services	-	-	(11,047)	(39,505)
Materials, power, outside services and other	(51)	(1,056)	(68,279)	(32,676)
GROSS VALUE ADDED	(51)	(1,056)	409,009	260,945
Depreciation and amortization	-	(1,134)	(24,753)	(18,224)
WEALTH CREATED	(51)	(2,190)	384,256	242,721
WEALTH RECEIVED IN TRANSFER				
Equity in subsidiaries	174,977	87,800	-	-
Finance income	27	656	14,572	21,031
WEALTH FOR DISTRIBUTION	174,953	86,266	398,828	263,752
WEALTH DISTRIBUTED	174,953	86,266	398,828	263,752
Personnel:				
Salaries and wages	2,528	283	115,987	95,753
Benefits	-	1,471	5,849	14,791
Severance pay fund (FGTS)	-	56	12,576	8,404
Taxes and fees:				
Federal	111	(330)	34,266	6,731
State	1	1	165	238
Municipal	-	4	11,167	7,747
Interest on debt:				
Interest	-	3	19,524	24,095
Leases	-	-	23,571	18,725
Copyrights	-	-	3,411	2,490
Shareholders	172,313	84,778	172,313	84,778

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

1. GENERAL INFORMATION

Kroton Educacional S.A., headquartered at Rua Santa Madalena Sofia, 25, in the City of Belo Horizonte - MG, and its subsidiaries ("Company" or "Kroton") are engaged mainly in offering in-class and distance-learning higher education and post-graduate courses; managing child, K-12 and high school teaching activities; selling textbooks and handouts, and licensing teaching and pedagogic products.

The Company conducts is operating activities through its direct subsidiary: Editora e Distribuidora Educacional S.A. - EDE.

The Company is listed at the BM&FBovespa S.A. - Bolsa de Valores, Mercadorias e Futuros and, under the special listing segment called "Novo Mercado" ("New Market"), under the ticker symbol KROT3, where it trades its common shares.

The Company's direct and indirect subsidiaries are listed in note 4.

Comparability

The income statements for the quarter ended March 31, 2012 do not include the profit (loss) of subsidiaries Assevim, Fameg, Famelages, Famesul, Pós EAD, Pós Uniasselvi, Uniasselvi and LDV, consolidated beginning June 1, 2012, and subsidiary Unirondon, consolidated beginning August 1, 2012.

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

Seasonality

The Company expects to reach higher revenue and profitability levels in the first and third quarters of the year.

The sale of elementary education textbooks peaks in the first quarter. For college degrees, enrollments for each semester are made in the first and third quarters, which generate revenue peaks in these quarters. As a result, this seasonality tends to produce changes in the quarterly and annual results of the Company's operations.

Business combinations conducted in the first quarter of 2013:

Merger of subsidiaries

The Company merged some of its subsidiaries to streamline the legal, accounting, financial and regulatory procedures inherent in their activities.

On January 1, 2013, upon approval by the Extraordinary Shareholders Meeting, EDE merged its subsidiaries:

ALBA - Service provider.

FATEC - Faculdade de Londrina.

UMEP - Faculdade de Londrina.

Unilinhares - Faculdade de Linhares.

UNOPAR - Universidade de Arapongas, Bandeirantes, Londrina and partner in EAD centers

On December 31, 2012, the net assets of these subsidiaries were valued at their book value as at December 31, 2012 in the amount R$111,250, as supported by appraisal reports prepared by independent appraisers. These merger transactions did not result in accounting effects on the Company.

On January 1, 2013, Unic Educacional was created and, on the same date, upon approval by the Extraordinary Shareholders Meeting, merged the following Iuni's subsidiaries:

Unic Primavera Antiga - Faculdade Primavera do Leste.

Unic Primavera Nova - Faculdade Primavera do Leste.

Unic Roo AE - Faculdade de Rondonópolis.

Unic Roo FP - Faculdade de Rondonópolis.

Unic Sinop - Faculdade de Sinop.

Unic Tangará Norte - Faculdade de Tangará da Serra.

Unic Tangará Sul - Faculdade de Tangará da Serra.

Unic VG - Faculdade de Várzea Grande.

Unime Itabuna - Faculdade de Itabuna.

On December 31, 2012, the net assets of these subsidiaries were valued at their book value as at December 31, 2012 in the amount R$75,476, as supported by appraisal reports prepared by independent appraisers. These merger transactions did not result in accounting effects on the Company.

Sale of CSL Educacional

In January 2013, EDE sold 100% of shares in subsidiary CSL Educacional, a high school located in the city of São Luís, Maranhão State, for R$250. A loss of R$851 was recognized on the transaction, recorded under "Other operating income".

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's interim financial information comprises:

- The individual interim financial information prepared and presented in accordance with CPC 21 (R1) - Interim Financial Reporting and in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Statements (ITR) identified as "Company - BR GAAP".

- The consolidated interim financial information prepared and presented in accordance with CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, and in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Statements (ITR) identified as "Consolidated - IFRS and BR GAAP".

The information related to the basis for preparation and presentation of the interim financial information, the summary of the significant accounting policies and the use of estimates and judgment did not change as compared to the information disclosed in notes 2 and 3 to the annual financial statements for the year ended December 31, 2012 (hereinafter referred to as "Financial Statements for the year ended December 31, 2012"), published on March 20, 2013 on the newspaper *Folha de São Paulo* and on Minas Gerais State's Official Gazette, and made available on the following websites: www.cvm.gov.br, www.bmfbovespa.com.br and www.kroton.com.br/ri. Accordingly, this interim financial information should be read in conjunction with these financial statements.

3. NEW AND REVISED STANDARDS AND INTERPRETATIONS

In 2013, some new standards issued by IASB became effective. The Company's management assessed these new standards and did not identify any significant effects on the reported amounts.

The CPC had not yet issued certain pronouncements equivalent to IFRSs that became or would become effective on or after March 31, 2013. However, because of the CPC's commitment to keep the set of standards issued up-to-date as amendments are made by the IASB, it is expected that the standards and/or revised standards issued by the IASB will be approved and become effective.

4. CONSOLIDATED INTERIM FINANCIAL INFORMATION

The consolidated interim financial information comprise the Company and its wholly-owned subsidiaries and interests in entities in which the Company is considered as the primary beneficiary, i.e., the holder of the main risks and rewards (even if the Company does not hold the majority of voting shares).

The consolidated financial statements include the accounts of the Company and the following subsidiaries:

	Equity interest - %	
Consolidated companies	03/31/2013	12/31/2012
Direct subsidiary:		
EDE - Editora, Universidade de Arapongas, Bandeirantes, Divinópolis, Guarapari, Jundiaí, Linhares, Londrina, Teixeira de Freitas e Uberlândia, partner in EAD, and holder of:	100.00	100.00
Direct subsidiaries:		
ALBA - Service provider (i)	-	99.99
CEAMA - Faculdade de São Luís	99.99	99.99
CSL - Elementary education (ii)	-	99.99
FAIS - Faculdade de Sorriso	99.99	99.99
FATEC - Faculdade de Londrina (i)	-	99.99
GK - Faculdade de Feira de Santana	99.99	99.99
ORME - Faculdade de Tecnologia de Belo Horizonte	99.99	99.99
PAX - Editora Rede Católica	99.99	99.99
PROJECTA - Editora	99.99	99.99
PSES - Faculdade de Belo Horizonte, Betim, Contagem, Governador Valadares, Ipatinga, Maceió, Poços de Caldas, São Luís and Votorantim	99.99	99.99
SPES - K-12 education	99.99	99.99
UMEP - Faculdade de Londrina (i)	-	99.99
UNIÃO - Faculdade de Ponta Grossa	99.99	99.99
UNILINHARES - Faculdade de Linhares (i)	-	99.99
UNIRONDON - Faculdade de Campo Verde e Cuiabá	99.99	99.99
UNOPAR - Universidade de Arapongas, Bandeirantes, Londrina and partner in EAD centers (i)	-	99.99
ASSEVIM - Faculdade de Brusque	99.99	99.99
FAMEG - Faculdade de Guaramirim	99.99	99.99
FAMELAGES - Faculdade de Lages	99.99	99.99
FAMESUL - Faculdade de Rio do Sul	99.99	99.99
PÓS EAD - Universidade partner in EAD centers	99.99	99.99
PÓS UNIASSELVI - Universidade de Blumenau e Itajaí	99.99	99.99
UNIASSELVI - Universidade de Blumenau, Indaial e Timbó, partner in EAD centers, and holder of:	99.99	99.99
LDV - Editora	99.99	99.99

Consolidated companies	Equity interest - % 03/31/2013	12/31/2012
IUNI - Universidade de Cuiabá and holder of:	100.00	100.00
UNIC EDUCACIONAL - Universidade de Itabuna, Primavera do Leste, Rondonópolis, Sinop, Tangará da Serra e Várzea Grande (iii)	99.99	-
UNIC PRIMAVERA ANTIGA - Faculdade Primavera do Leste (iv)	-	99.99
UNIC PRIMAVERA NOVA - Faculdade Primavera do Leste (iv)	-	99.99
UNIC ROO AE - Faculdade de Rondonópolis (iv)	-	99.99
UNIC ROO FP - Faculdade de Rondonópolis (iv)	-	99.99
UNIC SINOP - Faculdade de Sinop (iv)	-	99.99
UNIC TANGARÁ NORTE - Faculdade de Tangará da Serra (iv)	-	99.99
UNIC TANGARÁ SUL - Faculdade de Tangará da Serra (iv)	-	99.99
UNIC VG - Faculdade de Várzea Grande (iv)	-	99.99
UNIME ITABUNA - Faculdade de Itabuna (iv)	-	99.99
UNIME SALVADOR - Faculdade de Salvador	99.99	99.99
FAMA MARABÁ - Faculdade de Marabá	99.99	99.99
UNIME LF - Faculdade de Lauro de Freitas and holder of:	99.99	99.99
FAMA MACAPÁ - Faculdade de Macapá	99.99	99.99

(i) Subsidiary merged by EDE in January 2013.

(ii) Subsidiary sold in January 2013.

(iii) Subsidiary created in January 2013.

(iv) Subsidiary merged by Unic Educacional in January 2013.

5. FINANCIAL RISK MANAGEMENT

5.1. Financial risk factors

a) Financial instruments policy

In the normal course of business, the Company is exposed to several financial risks: market, credit and liquidity.

The Company's objective in capital management is to ensure that the necessary resources are available to implement its strategy at the lowest capital cost, seeking to maximize return to shareholders.

b) Market risk

Interest rate-related cash flow risk

This risk arises from the possibility of the Company's subsidiaries incurring losses because of interest rate fluctuations that increase financial expenses related to borrowings and financing raised in the market. The Company continuously monitors market interest rates to assess whether new transactions should be contracted to hedge against the volatility of interest rates.

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

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Borrowings and financing		
Interbank deposit rate (CDI)	4,416	5,972
Other (i)	5,531	5,660
Debentures (ii)	555,888	543,809
Payables for acquisitions:		
Interbank deposit rate (CDI)	200,373	198,801
IPCA - Extended Consumer Price Index	23,838	23,384
Consumer Price Index (INPC)	1,387	1,359
Other	2,851	2,802
	794,284	781,787

(i) Refer to finance leases adjusted by fixed average interest rates of 6.68% per year.

(ii) Debentures bear interest equivalent to 100% of the CDI plus 2.0% per year.

For details, see notes 20, 21 and 24.

c) Credit risk

The sales policy of the Company and its subsidiaries is aligned with the risk inherent in its industry and is governed by federal government rules (Law 9870/99, which provided for the total annual tuition fees). Enrollment for the next school year is blocked whenever a student is in default with the institution. Possible default is minimized by diversifying the receivables portfolio, selecting students, and monitoring collection deadlines. In the in-class higher education segment, for students included in the Higher Education Student Financing Program (FIES), a substantial portion of the Company's credits is secured by the Program. The Company recognizes an allowance for doubtful accounts in the amount of R$107,473 (R$95,363 as at December 31, 2012) of the gross balance of outstanding receivables from third parties, to cover credit risk, including potential risks of default of the non-secured portion of students included in the FIES.

The Company restricts its exposure to credit risks related to banks and short-term investments by investing through prime financial institutions and in accordance with previously established limits.

d) Liquidity risk

The table below analyses the Company's non-derivative financial liabilities, by maturity ranges, corresponding to the remaining period in the balance sheet through the contractual maturity date.

	Consolidated (IFRS and BR GAAP)			
	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
At March 31, 2013				
Borrowings and financing	3,782	4,733	1,432	9,947
Debentures	13,448	216,976	325,464	555,888
Payables - acquisitions	54,187	70,363	103,899	228,449
	71,417	292,072	430,795	794,284
At December 31, 2012				
Borrowings and financing	4,706	5,586	1,340	11,632
Debentures	1,698	216,844	325,267	543,809
Payables - acquisitions	54,823	69,240	102,283	226,346
	61,227	291,670	428,890	781,787

5.2. Capital management

In the quarter ended March 31, 2013, the Company presented a capital structure adequate to make its growth strategy feasible, whether organically or through acquisitions. Investment decisions take into account the expected return potential.

Financial leverage ratios are as follows:

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Debt (i)	-	-	565,835	555,441
Cash and cash equivalents and securities - noncurrent (ii)	(1,484)	(1,752)	(314,891)	(219,460)
Net debt	(1,484)	(1,752)	250,944	335,981
Equity (iii)	2,405,848	2,246,204	2,405,848	2,246,204
Financial leverage ratio	-	-	10.4%	15.0%

(i) Debt is defined as current and noncurrent bank loans and debentures issued, as detailed in notes 20 and 21.

(ii) Refers to cash and cash equivalents and securities - noncurrent, as detailed in notes 8 and 9.

(iii) Equity includes all the Company's capital and reserves.

5.3. Sensitivity analysis

The table below shows the sensitivity analysis for financial instruments, describing the risks that may result in material losses for the Company using a most probable scenario, according to an assessment made by Management for a 12-month period. Additionally, two other scenarios are shown to present a 25% and 50% stress at the risk variable considered, respectively.

a) Short-term investments and securities - current and noncurrent

Parent (BR GAAP)

Index	Net	Risk	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
CDI	1,478	CDI decrease	106	80	53

Consolidated (IFRS and BR GAAP)

Index	Net	Risk	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
CDI	260,753	CDI decrease	18,774	14,080	9,387

b) Borrowings, financing, debentures and payables - acquisitions

Consolidated (IFRS and BR GAAP)

Index	Net	Risk	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
CDI	760,677	Increase of CDI	54,769	68,461	82,153
IPCA	33,607	IPCA increase	1,815	2,269	2,722

In analyzing interest rates for sensitivity, the Company shows the effect of interest to be incurred over the next 12 months using projected rates: CDI - 7.2% and IPCA - 5.4% per year.

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 projection were obtained from independent external sources: IPCA - The Central Bank of Brazil's Focus newsletter; CDI - estimate disclosed by the Brazilian Association of Financial and Capital Market Entities (Anbima).

6. FINANCIAL INSTRUMENTS PER CATEGORY

Consolidated (IFRS and BR GAAP)

The carrying amounts and fair values of the main financial instruments are as follows:

	Classification	Carrying amount	Fair value
Assets:			
Cash and cash equivalents	Loans and receivables	311,028	311,028
Securities (i)	Loans and receivables	3,863	3,863
Trade receivables (ii)	Loans and receivables	317,048	317,048
Other receivables (except for prepaid expenses) (iii)	Loans and receivables	15,488	15,488

	Classification	Carrying amount	Fair value
Liabilities			
Trade payables (ii)	Other financial liabilities	78,478	78,478
Borrowings, financing and finance lease (iv)	Other financial liabilities	9,947	9,543
Debentures (v)	Other financial liabilities	555,888	555,888
Payables for acquisitions (vi)	Other financial liabilities	228,449	227,767
Other payables (iii)	Other financial liabilities	5,312	5,312

(i) Balances of short-term investments and securities approximate their fair values at the balance sheet date.

(ii) The balances of line items "Trade receivables" and "Trade payables" mature substantially within up to 45 days; therefore, they approximate the fair value expected by the Company.

(iii) Refer to instruments agreed by means of an agreement to be settled in cash, whose fair values approximate their carrying amounts.

(iv) Calculated through discounted cash flow, at a rate of 8% per year, based on installments falling due. The Company understands that, if it enters into new leases or working capital loans, under the same characteristics, the related costs and charges would approximate their carrying amounts.

(v) Considering that the market conditions for a new issuance remain unchanged, the Company understands that the carrying amount approximates market values.

(vi) Calculated on balances, discounted at a projected DI rate of 7.2%.

7. CREDIT QUALITY OF FINANCIAL ASSETS

Consolidated (IFRS and BR GAAP)

The credit quality of financial assets may be evaluated by reference to external credit ratings (if any) or historical information on default rates for counterparties:

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Trade receivables (i)				
Higher education			353,453	319,610
K-12 education	-	-	72,038	36,298
	-	-	425,491	355,908
Checking account and short-term bank deposits (ii)				
AAA	6	31	52,024	128,569
AA	-	-	1,540	3,165
A	-	2	-	-
Other	-	-	574	492
	6	33	54,138	132,226

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Short-term investments (ii)				
AAA	1,478	1,719	257,677	85,258
AA	-	-	3,076	1,976
	1,478	1,719	260,753	87,234

(i) Counterparties without external credit rating.

(ii) Rating assigned by risk rating agencies: Fitch Ratings and Standard & Poor's (S&P).

8. CASH AND CASH EQUIVALENTS

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Checking account	6	33	54,138	132,226
Short-term investments				
Fixed-income fund (i)	1,478	1,719	14,480	13,932
Exclusive fund (ii)	-	-	227,372	59,460
CDB (iii)	-	-	14,113	7,186
Short-term investments (iv)	-	-	-	1,916
Capitalization certificate (v)	-	-	925	900
	1,484	1,752	311,028	215,620

(i) Refers to short-term investments in a fixed income fund of daily cash surplus whose yield is indexed to the CDI fluctuation. Balances can be immediately converted into a known cash amount and are subject to an insignificant risk of change in value, and the Company has the right to redeem them at any time.

(ii) Refers to a short-term investment fund formed as an exclusive fund that qualifies as fixed income investment, according to current regulations, whose investment policy focus mainly on the domestic interest rate fluctuation and seeks the appreciation of its units by investing funds in a conservative portfolio. To attain its objectives, the portfolio consists basically of government and private securities that can be immediately converted into a known cash amount and are subject to an insignificant risk of change in value, and the Company has the right to redeem them at any time.

The fund's portfolio consists of fixed income securities issued by prime banks and Treasury Bonds - LFT, LTN and NTN, where 43.7% are Private Credit - Banks and 56.3% are Treasury Bills. The Fund's average yield has reached 103% of the CDI.

(iii) Refers to short-term investments in CDB whose yield is indexed to the CDI fluctuation. The average yield was 101% of the CDI.

(iv) Refers to investments committed to debentures, with yields pegged to the CDI. The yield was 101% of the CDI.

(v) Refers to the acquisition of capitalization certificates at the face value of R$1,000, with a 24-month maturity beginning December 2011, and a 12-month grace period for early redemption.

Average monthly income for the quarter ended March 31, 2013 was 102%, and finance income generated in the quarter totaled R$3,473 (R$12,333 as at March 31, 2012).

9. SECURITIES - NONCURRENT

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
CDB (i)	466	463
Debentures (ii)	3,397	3,377
	3,863	3,840

(i) Refers to short-term investments that are not highly liquid and have been classified as noncurrent assets. Include all short-term investments in CDB whose yield is indexed to the CDI fluctuation. The yield was 100% of the CDI.

(ii) Refer to investments linked to debentures issued by third parties and refer to collaterals provided to third parties, with no immediate liquidity.

10. TRADE RECEIVABLES

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Higher education (i)	353,453	319,610
K-12 education	72,38	36,298
	425,491	355,908
Allowance for doubtful accounts		
Higher education	(96,363)	(85,526)
K-12 education	(11,110)	(9,837)
	(107,473)	(95,363)
Trade receivables, net	318,018	260,545
Adjustment to present value (ii)	(970)	(1,039)
	317,048	259,506
Current	303,303	245,104
Noncurrent (iii)	13,745	14,402

(i) In the in-class higher education segment, the Company has students included in the FIES Program.

Pursuant to the law that introduced such Program, the Company receives from the National Education Development Fund (FNDE) transfers relating to the amount financed by students. In addition, the Company can also offset federal taxes against the amounts to be transferred by FNDE.

As at March 31, 2013, receivables from FIES, less allowance for doubtful accounts, is R$112,481 (R$85,531 at December 31, 2012).

(ii) The adjustment to present value is calculated only on the balances of receivables with future maturities, whose interest was recognized as at the present date. Calculation is made through discounted cash flow, using the Selic rate, projected average disclosed in the Focus report published by the Central Bank of Brazil - BACEN, as the discount rate. The average rate used was 8% per year. As the receivables are realized, the balance classified as APV is recognized as finance income.

(iii) Refer to renegotiations and student loans (higher education).

Beginning 2010, it was decided that only high education tuitions past-due up to 360 days would continue to be recorded in trade receivables. Past-due receivables over 360 days are written off, as well as the related allowance for doubtful accounts.

	03/31/2013	12/31/2012
Write-off of receivables past-due for more than 360 days	(10,978)	(47,344)
Reversal of accumulated allowance for doubtful debts	10,978	47,344

The Company does not have factoring transactions as at March 31, 2013 and December 31, 2012.

The aging list of trade receivables is as follows:

	03/31/2013	12/31/2012
Current (i)	229,758	166,713
Past-due:		
Up to 30 days	54,757	34,357
31 to 60 days	32,894	27,089
61 to 90 days	5,857	13,221
91 to 360 days	102,225	114,528
Allowance for doubtful accounts	(107,473)	(95,363)
Present value adjustment	(970)	(1,039)
	317,048	259,506

(i) Amounts receivables from FIES ate classified in this line item.

The Company has monthly recognized an allowance for doubtful accounts by analyzing monthly receivables and the respective breakdown by day in arrears and evaluating the recovery performance. Under such methodology, each default range is assigned a percentage of likelihood of loss which is recurrently accrued. The likelihood of loss increases according to the payment default period and, when the default reaches a range above 360 days, the receivable is written off. Event his receivable written off, the collection efforts continue and collection of written-down receivables are recognized directly in profit or loss upon collection.

The Company recognizes an allowance for doubtful accounts for amounts under the FIES according to the likelihood or loss associated with the students included in the Program. The Company is responsible for a portion of any potential student's default to the FNDE according to the type of agreement. For agreements with a guarantor, the Company is responsible for 15% of any potential student's default. For agreements secured by the Educational Credit Guarantee Fund (FGEDUC), the Company is responsible for 3% of the default under agreements executed before April 3, 2012 and 1.5% under agreements executed after that date.

Changes in the Company's allowance for doubtful accounts are as follows:

Balance at December 31, 2011	(72,117)
Write-off	4,707
Recognition	(15,900)
Balance at March 31, 2012	(83,310)
Balance at December 31, 2012	(95,363)
Write-off	10,978
Recognition	(23,088)
Balance at March 31, 2013	(107,473)

11. INVENTORIES

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
"Pitágoras" books and collections	7,985	13,431
Commercial books	1,284	2,157
Other	1,025	1,725
Allowance for losses (i)	(1,028)	(1,410)
	9,266	15,903

(i) The allowance for probable losses on inventories of prior years' books and collections is calculated based on their realization.

The cost of inventories recognized as cost of sales totaled R$11,047 in the quarter ended March 31, 2013 (R$11,521 as at March 31, 2012).

Changes in the allowance for inventory losses are as follows:

Balance at December 31, 2011	(1,153)
Recognition	(1,648)
Balance at March 31, 2012	(2,801)
Balance at December 31, 2012	(1,410)
Write-off	382
Balance at March 31, 2013	(1,028)

12. ADVANCES

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Trade payables:				
Campus Betim (i)	-	-	9,465	9,956
Campus Raja (i)	-	-	1,858	2,370
Campus Macapá (i)	-	-	681	730
Campus São Luís (ii)	-	-	-	2,054
PCB comunication (iii)	99	-	3,807	1,43
Other	-	-	2,436	1,919
Employees (iv)	-	-	4,974	14,096
Transfer to EAD centers (v)	-	-	3,516	2,987
Travels	-	-	619	565
	99	-	27,356	36,220
Current	99	-	19,391	27,443
Noncurrent	-	-	7,965	8,777

(i) Refers to prepayments to suppliers for the construction and upkeep of the buildings at the higher education units in Betim, Raja and Macapá. These amounts are classified as recoverable amounts, as they will be offset against monthly lease payments and adjusted on a monthly basis, as contractually prescribed. All amounts are realized in up two years, except for Betim, for which the realization term is longer.

(ii) Advance for expansion of the campus already used on March 31, 2013.

(iii) Refers to the communication division development project.

(iv) Refer mainly to advanced vacation pay and 13th salary to employees.

(v) Refers to receivables from students advanced to the EAD centers for operation maintenance. To the extent that receivables from students are collected, amounts are deducted from the transfer to the center.

13. RECOVERABLE TAXES

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Current				
IRPJ and CSLL (i)	1,119	1,107	20,517	17,590
Social security tax (INSS) (ii)	-	-	4,369	3,809
Taxes on revenue (PIS and COFINS) (iii)	-	-	2,458	2,380
Tax recovery program (Refis IV) - amounts paid in installments (iv)	-	-	2,323	1,766
ICMS (State VAT)	-	-	10	10
	1,119	1,107	29,677	25,555

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Noncurrent:				
INSS (v)	-	-	6,093	6,093
IRPJ (v)	-	-	-	3,718
	-	-	6,093	9,811

(i) Refers to IRRF and estimated IRPJ and CSLL tax loss carryforwards, which can be utilized to offset any federal tax managed by the Brazilian Federal Revenue Service.

(ii) Refers to taxes withheld at source by corporate customers (legal entities).

(iii) Refer to taxes withheld at source related to the issuance of service invoices.

(iv) In April 2008, some subsidiaries joined the tax installment plan established by the Joint Administrative Rule PGFN/RFB 06/2007, referred to as "IES Installment Plan". Thereafter, these subsidiaries decided not to use that installment payment program and joined the Tax Debt Refinancing Program (REFIS IV), created by Law 11941/09.

Through December 2012, part of the tax debts had not been consolidated, and the Company successfully obtained court decisions requiring the Federal Revenue Service to consolidate the tax installment plan. This government agency has already publicly stated that it will comply with the court decisions. Until the Federal Revenue Service (RFB) solves its system problems, the adhesion installments paid under REFIS IV will be controlled in assets.

(v) Refers to payments under the "IES installment plan", an installment plan exclusive for higher education institutions and that was discontinued because of the adhesion to the REFIS IV installment plan. The amounts are concentrated in subsidiary Unime LF, in the amount of R$2,718. In subsidiary Spes, there are credits from INSS withholdings at source on contracts. The monthly credits originated by the withholdings exceed the amount of the tax payable, which generates cumulative credits. As at March 31, 2013, the accrued balance amounts to R$3,353 and will be subject to an administrative request for refund and/or offset against other tax debits. The other subsidiaries in the aggregate have R$22.

14. INCOME TAX AND SOCIAL CONTRIBUTION - CURRENT AND DEFERRED

a) Income tax and social contribution in profit or loss

Income tax and social contribution differ from the theoretical amount that would have been obtained by using the statutory income tax and social contribution rates applicable to the profit of the consolidated entities, as follows:

	Company (BR GAAP)	
	03/31/2013	03/12/2012
Profit before income tax and social contribution in the quarter	172,313	84,264
Combined income tax and social contribution rate - %	34	34
IRPJ and CSLL at statutory rates	(58,586)	(28,650)
Reconciliation		
Share in the profit of subsidiaries	59,492	29,852
Deductions, net (ii)	(896)	(688)
Deferred income tax and social contribution not recognized on loss for the quarter	(10)	-
Total income tax and social contribution	-	514
Deferred IRPJ and CSLL in profit or loss	-	514

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	03/31/2012
Profit before income tax and social contribution in the quarter	175,544	89,658
Combined income tax and social contribution rate - %	34	34
IRPJ and CSLL at statutory rates	(59,685)	(30,484)
Reconciliation		
Tax incentive in subsidiaries subject to ProUni benefit (i)	40,207	26,152
Deductions, net (ii)	5,966	11,221
Offset of prior-year tax loss carryforwards	6,823	1,894
Difference of tax rate relating to subsidiary's deemed income	1,178	-
Deferred income tax and social contribution not recognized on loss for the quarter	(640)	(16,235)
Deferred IRPJ and CSLL on amortization of the goodwill allocated	2,920	2,572
Total income tax and social contribution	(3,231)	(4,880)
Current IRPJ and CSLL in profit or loss	(5,587)	(7,250)
Deferred IRPJ and CSLL in profit or loss	2,356	2,370

(i) Corresponds to tax benefits granted under Law 11096/2005 (ProUni), calculated under the operating profit method on tax-advantaged activities (see item c).

(ii) The main additions and deductions are: allowance for doubtful accounts, accrued profit sharing and provision for tax, labor and civil risks.

(iii) Refers to subsidiaries Pax, Pós EAD, Pós Uniasselvi and LDV, which opted for paying income tax on a deemed income basis.

b) Deferred income tax and social contribution

Deferred tax assets at March 31, 2013 are recorded only in subsidiary Projecta.

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Income tax loss carryforwards	1,101	1,137
Social contribution loss carryforwards	397	409
	1,498	1,546

Management prepared a technical study on the viability of the future realization of deferred tax assets, considering the probable ability of the companies to generate future taxable income, using the main variables applicable to their businesses, which are, therefore, subject to changes.

According to the projections prepared by the Company's management, noncurrent deferred income tax and social contribution will be realized in the following years:

	03/31/2013	12/31/2012
2013	353	401
2014	347	347
2015	395	395
2016	403	403
	1,498	1,546

Balances of and changes in deferred income tax and social contribution assets and liabilities, recognized are as follows:

Consolidated (IFRS and BR GAAP)

		Effect on profit (loss)		
	12/31/2012	Amortization of goodwill	Other	03/31/2013
In assets				
Income tax-				
Tax losses	1,137	-	(36)	1,101
Social contribution-				
Tax loss carryforwards	409	-	(12)	397
Noncurrent assets	1,546	-	(48)	1,498
In liabilities				
Deferred income tax	(117,141)	2,147	(379)	(115,373)
Deferred social contribution	(42,171)	773	(137)	(41,535)
Noncurrent liabilities, net	(159,312)	2,920	(516)	(156,908)

Deferred income tax and social contribution liabilities primarily arise on intangible assets from acquisitions while deferred income tax and social contribution assets arise from prior years' tax losses.

c) Tax incentives

The University for All Program (ProUNI) grants, under Law 11096 of January 13, 2005, exemption from certain federal taxes to higher education entities that grant partial and full scholarships to low-income students enrolled in traditional and technology degrees. The higher education entities controlled by the Company have joined this program.

Under Regulatory Instruction 456 of October 5, 2004, issued by the Federal Revenue Service, private higher education entities that joined the ProUni are fully or partially exempt from the following taxes while they are part of the program:

- Income tax and social contribution levied on profit proportional to revenue generated by traditional and technology graduation degrees.

- PIS and COFINS levied on revenue from traditional and technology graduation degrees.

By virtue of the tax exemptions granted to companies joining ProUni, the subsidiaries that have tax loss carryforwards do not recognize tax credits due to the materiality of their effective tax rate. Tax credits not recognized under ProUnu in the quarter ended March 31, 2013 total R$58,287.

Additionally, the subsidiaries, which are mainly engaged in the sale of books, have the benefit of not paying PIS and COFINS on the revenue arising from the sale of books in the domestic market, as set out in Article 28 of Law 10865/04. These subsidiaries benefit also from exemption of ICMS on the sale of textbooks.

15. OTHER RECEIVABLES

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Current				
Credit card transactions (i)	-	-	5,705	3,644
Rights on assigned assets (ii)	-	-	116	281
Prepaid expenses (iii)	78	-	6,385	769
Receivables from acquirees - Unirondon (iv)	-	-	6,576	6,224
	78	-	18,782	10,918
Noncurrent				
Sale of subsidiary Suesc (v)	-	-	2,338	2,270
Rights on assigned assets (ii)	-	-	753	752
	-	-	3,091	3,022

(i) Balance receivable from credit card companies related to payments by credit card made by students.

(ii) Balance receivables for the transfer of the ownership of IT and audiovisual equipment to the EAD centers. Subsidiary EDE is a party to goods purchase agreements under finance leases and transfers the leased assets to the partner centers. Thus, this subsidiary records a finance lease, as referred to in note 20.

(iii) Refer to the balances of prepaid expenses represented mainly by prepayment of textbooks for EAD courses and insurance premium.

(iv) Subsidiary Unirondon has social security debts of R$6,576, which will be settled in 60 installments; installments will be paid by the Company and are the sellers' responsibility. The Company will deduct the installments payable for the acquisition.

(v) The amount receivable for the sale of Suesc, occurred in April 2011, is linked to the remaining balance of the ISS tax liability, according to the final decision on the tax collection action filed by the City of Rio de Janeiro. If favorable, the Company is entitled to receive from the buyer the amount agreed by the parties and therefore, reverse the liability. If unfavorable, the Company will pay the difference between the contractual price and the lawsuit amount. The amount payable is recorded in line item "Other payables" in noncurrent liabilities. As at March 31, 2013, the balance amounts to R$2,338 and is adjusted on a monthly basis at the percentage rate of 1%.

16. INVESTMENTS

a) Information on the Parent's investments

Subsidiary EDE

	03/31/2013	12/31/2012
Number of shares held	2,156.822.636	2.034,266,657
Equity interest (%)	100	100
Capital	2,156.823	2,034,267
Equity	2,346.848	2,186,232
At end of the quarter/year (i)	174,977	192,228
Carrying amount of investments	2,346,848	2,186,232
Share in the profit of subsidiaries	174,977	192,164

(i) On March 27, 2013, the General Shareholders Meeting approved the allocation of the profit for 2012, totaling R$192,164, out of which: (i) R$60,000 as dividend distribution; (ii) R$9,608 for the legal reserve recognition; and (iii) R$122,556 allocated to a capital increase, from R$2,034,267 to R$2,156,823.

Changes in the investment for the quarter are as follows:

	03/31/2013	03/31/2012	12/31/2012
Opening balance	2,186,232	1,152,801	1,152,801
Capital increase (i)	-	-	886,906
Share of profits of subsidiaries	174,977	80,268	192,164
Dividends (ii)	(14,361)	-	(45,639)
Closing balance	2,346,848	1,233,069	2,186,232

(i) In August 2012, capital was increased by R$600,370 and, in December 2012, capital increased at 286,536, representing the Company's equity interest in the then subsidiary Unopar (merged subsequently).

(ii) Minimum dividends of 25% on adjusted profit for 2012 plus additional dividends.

b) Information on investments of subsidiary EDE in its respective direct and indirect subsidiaries:

	Number of shares held		Capital		Equity (equity deficiency)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012	03/31/2013	12/31/2012
ALBA (viii)	-	250,000	-	250	-	7,799
CEAMA	27,362,100	27,362,100	27,362	27,362	21,317	19,185
CSL (ii)	-	766,812	-	767	-	846
FAIS	4,926,952	4,926,952	4,927	4,927	9,318	7,692
FATEC (viii)	-	916,919	-	917	-	684
GK	3,118,91	3,118,691	3,119	3,119	3,115	2,584
ORME	29,825,388	29,825,388	29,825	29,825	6,321	8,017
PAX	11,031,163	11,031,163	11,031	11,031	18,194	13,478
PROJECTA	10,234,275	10,234,275	10,234	10,234	6,135	5,868
PSES	126,706,854	126,706,854	126,707	126,707	214,877	188,440
SPES	18,386,098	18,386,098	18,386	18,386	20,649	18,937
UMEP (viii)	-	21,518,385	-	21,518	-	11,983
UNIÃO	4,708,878	4,708,878	4,709	4,709	1,597	1,571
UNILINHARES (viii)	-	10,155,818	-	10,156	-	10,156
UNIRONDON (iv)	16,059,232	16,059,232	16,059	16,059	(10,825)	(14,146)
UNOPAR (v) (viii)	-	80,626,800	-	80,627	-	80,627
ASSEVIM (vi)	3,738,861	3,738,861	3,739	3,739	1,889	1,547
FAMEG (vi)	3,596,678	3,492,678	3,597	3,493	2,057	1,057
FAMELAGES (vi)	1,195,692	1,195,692	1,196	1,196	(761)	(592)
FAMESUL (vi)	9,503,555	9,398,555	9,504	9,399	(186)	(405)
PÓS - EAD (vi)	82,423	82,423	82	82	4,451	3,591
PÓS - UNIASSELVI (vi)	1,924,009	1,924,009	1,924	1,924	(1,697)	(1,618)
UNIASSELVI (vi)	1,690,000	10,000	1,690	10	60,125	29,317
LDV (vi)	50,000	50,000	50	50	(69)	(54)
IUNI	291,911,168	291,911,168	291,911	291,911	322,281	291,912
UNIC EDUCACIONAL (ix)	29,036,688	-	29,037	-	90,409	-
UNIC VG (x)	-	1,134,663	-	1,135	-	2,529
UNIC PRIMAVERA ANTIGA (x)	-	366,000	-	366	-	2,439
UNIC PRIMAVERA NOVA (x)	-	2,097,470	-	2,097	-	11,101
UNIC SINOP (x)	-	1,714,672	-	1,715	-	12,045
UNIC TANGARÁ SUL (x)	-	4,423,861	-	4,424	-	13,890

	Number of shares held		Capital		Equity (equity deficiency)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012	03/31/2013	12/31/2012
UNIC TANGARÁ NORTE (x)	-	3,987,510	-	3.,88	-	1,759
UNIC ROO AE (x)	-	287,000	-	287	-	6,576
UNIC ROO FP (x)	-	6,035,934	-	6,036	-	4,625
UNIME ITABUNA (x)	-	8,989,577	-	8,990	-	20,512
UNIME SALVADOR	13,726,544	13,726,544	13,727	13,727	19,223	16,163
FAMA MARABÁ	522,450	522,450	522	522	6	6
UNIME LF	37,409,183	37,409,183	37,409	37,409	46,599	37,409
FAMA MACAPÁ	9,722,407	9,722,407	9,722	9,722	20,105	16,276

	Total assets		Total liabilities		Net revenue	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012	03/31/2013	03/31/2012
ÁGORA (i)	-	-	-	-	-	17
ALBA (viii)	-	36,587	-	28,788	-	120
CEAMA	39,661	36,798	18,344	17,613	5,736	5,152
CSL (ii)	-	1,413	-	567	-	-
FAIS	10,761	9,775	1,443	2,083	3,270	2,511
FATEC (viii)	-	690	-	6	-	14
GK	5,232	4,296	2,116	1,712	1,198	689
INADE (iii)	-	-	-	-	-	-
ORME	15,145	14,023	8,825	6,006	1,977	2,569
PAX	20,225	17,824	2,031	4,345	10,176	11,263
PROJECTA	7,176	7,278	1,041	1,410	811	2,496
PSES	232,853	207,427	17,976	18,987	57,578	43,690
SPES	29,916	27,134	9,268	8,196	11,536	9,674
UMEP (viii)	-	15,576	-	3,593	-	3,617
UNIÃO	3,678	3,124	2,081	1,553	1,676	1,872
UNILINHARES (viii)	-	13,308	-	3,152	-	5,119
UNIRONDON (iv)	46,375	39,135	57,200	53,281	6,690	-
UNOPAR (v) (viii)	-	209,287	-	128,661	-	90,531
ÍTALA (vi) (vii)	-	-	-	-	-	-
ASSEVIM (vi)	5,931	5,379	4,042	3,832	1,626	-
FAMEG (vi)	6,028	5,030	3,971	3,973	2,883	-
FAMELAGES (vi)	871	903	1,633	1,495	-	-
FAMESUL (vi)	5,751	5,335	5,937	5,740	978	-
PÓS - EAD (vi)	9,133	7,849	4,681	4,258	2,235	-
PÓS - UNIASSELVI (vi)	8,048	8,247	9,745	9,865	1,165	-
UNIASSELVI (vi)	179,921	161,970	119,796	132,653	57,409	-
LDV (vi)	(14)	29	55	83	-	-
IUNI	385,870	373,399	63,589	81,487	51,154	48,952
UNIC EDUC (ix)	111,660	-	21,251	-	30,156	-
UNIC VG (x)	-	3,482	-	953	-	862
UNIC PRIMAVERA ANTIGA (x)	-	3,530	-	1,090	-	850
UNIC PRIMAVERA NOVA (x)	-	16,180	-	5,080	-	4,546
UNIC SINOP (x)	-	14,308	-	2,263	-	3,290
UNIC TANGARÁ SUL (x)	-	18,180	-	4,290	-	4,258
UNIC TANGARÁ NORTE (x)	-	2,554	-	795	-	652
UNIC ROO AE (x)	-	8,747	-	2,171	-	4,225
UNIC ROO FP (x)	-	6,513	-	1,888	-	1,265
UNIME ITABUNA (x)	-	26,706	-	6,194	-	5,765
UNIME SALVADOR	23,098	20,591	3,875	4,428	6,438	5,098
FAMA MARABÁ	61	61	55	55	-	-
UNIME LF	82,658	73,118	36,059	35,709	17,525	14,868
FAMA MACAPÁ	28,125	23,153	8,020	6,877	7,802	5,129

	Profit (loss), net		Carrying amount of the investment		Share of profit in subsidiaries	
	03/31/2013	03/31/2012	03/31/2013	12/31/2012	03/31/2013	03/31/2012
ÁGORA (i)	-	(120)	-	-	-	(120)
ALBA (viii)	-	436	-	7,799	-	436
CEAMA	2,128	1,710	21,317	19,185	2,128	1,710
CSL (ii)	-	-	-	846	-	-
FAIS	1,621	905	9,318	7,692	1,621	905
FATEC (viii)	-	(5)	-	684	-	(5)
GK	528	77	3,115	2,584	528	77
INADE (iii)	-	(314)	-	-	-	(314)
ORME	(1,704)	(1,280)	6,321	8,017	(1,704)	(1,280)
PAX	4,715	3,526	18,194	13,478	4,715	3,526
PROJECTA	269	638	6,135	5,868	269	638
PSES	26,380	15,348	214,877	188,440	26,380	15,348
SPES	1,721	986	20,649	18,937	1,721	986
UMEP (viii)	-	698	-	11,983	-	698
UNIÃO	19	703	1,597	1,571	19	703
UNILINHARES (viii)	-	1,327	-	10,156	-	1,327
UNIRONDON (iv)	3,321	-	(10,825)	(14,146)	3,321	-
UNOPAR (v) (viii)	-	37,660	-	80,627	-	30,128
ÍTALA (vi) (vii)	-	-	-	-	-	-
ASSEVIM (vi)	342	-	1,889	1,547	342	-
FAMEG (vi)	896	-	2,057	1,057	896	-
FAMELAGES (vi)	(170)	-	(761)	(592)	(170)	-
FAMESUL (vi)	114	-	(186)	(405)	114	-
PÓS - EAD (vi)	860	-	4,451	3,591	860	-
PÓS - UNIASSELVI (vi)	(79)	-	(1,697)	(1,618)	(79)	-
UNIASSELVI (vi)	28,615	-	60,125	29,317	28,615	-
LDV (vi)	(21)	-	(69)	(54)	(21)	-
IUNI	30,369	21,929	322,281	291,912	30,369	21,929
UNIC EDUC (ix)	14,893	-	90,409	-	14,893	-
UNIC VG (x)	-	(146)	-	2,529	-	(146)
UNIC PRIMAVERA ANTIGA (x)	-	489	-	2,439	-	489
UNIC PRIMAVERA NOVA (x)	-	2,247	-	11,101	-	2,247
UNIC SINOP (x)	-	1,553	-	12,045	-	1,553
UNIC TANGARÁ SUL (x)	-	2,420	-	13,890	-	2,420
UNIC TANGARÁ NORTE (x)	-	265	-	1,759	-	265
UNIC ROO AE (x)	-	1,213	-	6,576	-	1,213
UNIC ROO FP (x)	-	186	-	4,625	-	186
UNIME ITABUNA (x)	-	1,754	-	20,512	-	1,754
UNIME SALVADOR	3,052	1,992	19,223	16,163	3,052	1,992
FAMA MARABÁ	-	3	6	6	-	3
UNIME LF	9,190	5,428	46,599	37,409	9,190	5,428
FAMA MACAPÁ	3,820	1,801	20,105	16,276	3,820	1,801

(i) On December 1, EDE increased the capital of subsidiary Spes through Ágora's shares, by means of the merger of Ágora by Spes.

(ii) On August 1, 2012, EDE established the company CSL used the assets spun off from subsidiary Spes.

(iii) On October 1, EDE merged subsidiary Inade.

(iv) On August 2, 2012, EDE acquired 100% of Unirondon's shares.

(v) On December 21, 2012, the Company increased the capital of subsidiary EDE using Unopar's shares, which caused EDE to become the controlling shareholder of Unopar.

(vi) On May 28, 2012, EDE acquired 100% of the shares in Ítala and respective subsidiaries.

(vii) On December 1, 2012, EDE merged Ítala, and became the direct controlling shareholder of its subsidiaries.

(viii) On January 1, 2013, the merger transaction by EDE was completed.

(ix) On January 1, 2013, Unic Educacional was created.

(x) On January 1, 2013, the merger transaction by Unic Educacional was completed.

17. PROPERTY, PLANT AND EQUIPMENT

Consolidated (IFRS and BR GAAP)

		03/12/2013			12/31/2012		
	Annual average depreciation/ rate - %	Cost	Accumulated depreciation	Property, plant and equipment, net	Cost	Accumulated depreciation	Property, plant and equipment net
IT equipment	20	63,012	(40,887)	22,125	58,392	(39,163)	19,229
Furniture, equipment and fixtures	10	156,711	(64,731)	91,980	150,022	(61,154)	88,868
Library	10	83,741	(37,958)	45,783	82,394	(36,015)	46,379
Buildings and improvements	6	169,101	(25,033)	144,068	152,998	(22,594)	130,404
PP&E in progress	-	33,222	-	33,222	27,237	-	27,237
Land	-	59,735	-	59,735	59,735	-	59,735
		565,522	(168,609)	396,913	530,778	(158,926)	371,852

The depreciation allocated to “Cost of sales” and “Administrative expenses” for the quarter ended March 31, 2011 amounted to R$9,743 (R$6,923 as at March 31, 2012).

There is no evidence that property, plant and equipment items are impaired.

Changes in property, plant and equipment are as follows:

	IT equipment	Furniture, equipment and fixtures	Library	Buildings and improvements	Property, plant and equipment in progress	Land	Total
Balances at December 31, 2011	16,937	71,324	36,534	78,564	10,559	32,346	246.264
Additions	2,626	6,615	623	2,487	3,02	-	16.053
Write-offs	(8)	(147)	-	-	-	-	(155)
Depreciation	(1,542)	(2,943)	(1,496)	(942)	-	-	(6.923)
Transfers	-	-	-	5,324	(5,324)	-	-
Balances at March 31, 2012	18,013	74,849	35,661	85,433	8,937	32,346	255,239

	IT equipment	Furniture, equipment and fixtures	Library	Buildings and improvements	Property, plant and equipment in progress	Land	Total
Balances at December 31, 2012	19,229	88,868	46,379	130,404	27,237	59,735	371,852
Additions	4,626	6,758	1,348	388	22,280	-	35,400
Write-offs	(2)	(24)	-	(412)	(158)	-	(596)
Depreciation	(1,728)	(3,622)	(1,944)	(2,449)	-	-	(9,743)
Transfers	-	-	-	16,137	(16,137)	-	-
Balances at March 31, 2013	22,125	91,980	45,783	144,068	33,222	59,735	396,913

The Company leases IT equipment under irreversible agreements subject to average interest of 6.68% per year, with purchase option clauses, whose lease period ranges from 24 to 36 months. The equipment is owned by the Company. As at March 31, 2013, the balance of leases totaled R$5,458 (R$8,868 as at March 31, 2012).

18. INTANGIBLE ASSETS

Consolidated (IFRS and BR GAAP)

	Annual average amortization rate - %	03/31/2013			12/31/2012		
		Cost	Accumulated amortization	Intangible assets, net	Cost	Accumulated amortization	Intangible assets, net
Software licenses	20	48,127	(21,948)	26,179	47,108	(19,942)	27,166
Development of internal projects	10	89,168	(30,244)	58,924	88,424	(27,147)	61,277
Goodwill on acquisitions	-	2,112,303	(12,521)	2,099,782	2,115,992	(12,521)	2,103,471
Intangible assets identified in acquisitions	20	518,446	(59,467)	458,979	518,446	(49,577)	468,869
		2,768.044	(124,180	2,643,864	2,769,970	(109,187)	2,660,783

The amortization allocated to “Cost of services” and “Administrative expenses” in the quarter ended March 31, 2013 totaled R$15,010 (R$11,301 as at March 31, 2013).

Changes in intangible assets were as follows:

	Software licenses	Development of internal projects	Goodwill generated on acquisitions	Intangible assets identified on acquisitions	Total
Balances at December 31, 2011	20,058	66,992	1,690,574	318,993	2,096,17
Additions	1,546	788	-	-	2,334
Other additions (i)	4,838	-	-	-	4,838
Write-offs	-	-	(354)	-	(354)
Amortization	(1,518)	(2,255)	-	(7,528)	(11,301)
Balances at March 31, 2012	24,924	65,525	1,690,220	311,465	2,092,134

(i) Addition arising from the transfer of the balance of educational software previously recorded in line item “Inventories”.

	Software licenses	Development of internal projects (a)	Goodwill generated on acquisitions (b)	Intangible assets identified in acquisitions (c)	Total
Balances at December 31, 2012	27,166	61,277	2,103,471	468,869	2,660,783
Additions	944	913	-	-	1,857
Write-offs	(47)	(30)	-	-	(77)
Other write-offs (i)	-	-	(3,689)	-	(3,689)
Transfers	139	(139)	-	-	-
Amortization	(2,023)	(3,097)	-	(9,890)	(15,010)
Balances at March 31, 2013	26,179	58,924	2,099,782	458,979	2,643,864

(i) Refers to the cash adjustment retained in favor of sellers, recorded in the opening balance of the merged subsidiary Ítala on the acquisition date. The amount was adjusted against subsidiary EDE's "Other payables".

a) Development of internal projects

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
New units and new degrees (i)	37,546	38,888
Pitágoras University System (ii)	4,471	4,709
New Chain contracts (iii)	5,94	5,603
Distance learning (iv)	7,985	9,013
Higher education assessment (v)	1,418	1,464
Content production (vi)	2,110	1,600
	58,924	61,277

(i) Refer to expenses incurred on the development of projects with useful life estimated at ten years, as follows:

- The opening of the Ipatinga, Betim, São Luís, Poços de Caldas, Uberlândia, Guarapari, Votorantim, Feira de Santana, Contagem and Governador Valadares units, and the expansion of the Venda Nova and Cidade Jardim campuses, in Belo Horizonte.
- Investments in new product launchings.
- Additional operating and technology infrastructures required by the Ministry of Education (MEC) to allow the operation of higher education units.
- Development of a PDI (Institutional Development Plan) detailing all the degrees to be requested to the MEC and the expenses incurred in the certification of the new campuses and degrees.

(ii) Refers to expenses incurred on the development of a teaching methodology (student and teacher handbooks and assessment systems) and an operating methodology (operations manual) to ensure the growth of the Pitágoras University System. Expenses are amortized over a period of up to 10 years.

(iii) Refers to expenses incurred on the development of products to be sold in the Catholic Chain and the Pitágoras Chain. Expenses are amortized over a period of up to 10 years.

(iv) Refers to expenses incurred on the design and development of the new distance learning business, which will offer partial distance and web-based learning courses in several Brazilian cities. Expenses are amortized over a period of up to 10 years.

(v) Refers to expenses incurred on the development of a new product and a higher education assessment methodology. Expenses are amortized over a period of up to 10 years.

(vi) Refers to expenses incurred on the development of learning content and an educational database. Expenses are amortized over a period of up to 2 years from the date projects are completed.

b) Goodwill generated on acquisitions of subsidiaries

Goodwill arising on the difference between the amount paid upon the acquisition of investments in subsidiaries and the fair value of assets and liabilities (for acquisitions after January 1, 2009) is classified in intangible assets in the consolidated financial statements.

The goodwill generated on acquisitions of subsidiaries, classified as arising from future expected profitability is comprised of the following:

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Aesg (i)	-	-	2,209	2,209
Ceama	-	-	35,879	35,879
Cidade Jardim (ii)	-	-	6,889	6,889
EDE (iii)	59,450	59,450	59,450	59,450
Factef (i)	-	-	5,423	5,423
Fadom (i)	-	-	9,358	9.358
Fais	-	-	5,857	5,857
Fatec (iv)	-	-	305	305
GK (iv)	-	-	500	500
Ítala (v)	-	-	383,089	386,778
Japi (i)	-	-	3,809	3,809
Nabec (i)	-	-	130	130
São Francisco (i)	-	-	928	928
Sesg (i)	-	-	1,819	1,819
Umep (iv)	-	-	11,550	11,550
Unilinhares	-	-	10,477	10,477
União	-	-	6,891	6,891
Uniminas (i)	-	-	20,030	20,030
Unirondon (vi)	-	-	23,248	23,248
Unopar (iv)	-	-	1,163,607	1,163,607
Iuni	-	-	271,197	271,197
Unic Primavera Antiga (vii)	-	-	3,457	3,457
Unic Primavera Nova (vii)	-	-	7,673	7,673

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Unic Roo AE (vii)	-	-	8,848	8,848
Unic Roo FP (vii)	-	-	2,780	2,780
Unic Sinop (vii)	-	-	2,666	2,666
Unic Tangará Norte (v)	-	-	8,084	8,084
Unic Tangará Sul (vii)	-	-	8.792	8,792
Unime Itabuna (vii)	-	-	15,700	15,700
Unime Salvador	-	-	11,130	11,130
Fama Macapá	-	-	8,007	8,007
	59,450	59,450	2,099,782	2,103,471

(i) Subsidiary merged by EDE in August 2010.

(ii) Refers to goodwill recognized on the increase in Pse's equity interest in Colégio Pitágoras Cidade Jardim S.A., which was merged by PSES in October 2003. In January 2007, this goodwill was transferred to Spes due to the acquisition of Colégio Cidade Jardim.

(iii) Refers to goodwill originally recognized by Apollo Partners, due to the acquisition of EDE shares held by Apollo Europe. During the corporate restructuring undertaken in the second quarter of 2007, there was the downstream merger of Apollo Partners into and with EDE to allow the utilization of goodwill for tax purposes, and in line with CVM Instruction 349/01 guidelines, the merged company recognized an allowance amounting to the difference between goodwill and the tax benefit arising from its amortization. Upon completion of the restructuring process, goodwill was recovered in the Parent. The remaining balance, totaling R$52,259, refers to goodwill arising on the share exchange in September 2010 between Company shareholders and the shareholders of Iuni, which converted EDE into a wholly-owned subsidiary of the Company.

(iv) Subsidiary merged by EDE in January 2013.

(v) In March 2013, a cash adjustment of R$3,689 was made retained in favor of sellers, recorded in the opening balance of subsidiary Ítala on the acquisition date. The amount was adjusted against subsidiary EDE's "Other payables".

(vi) Refers to the goodwill recorded on the acquisition made in August 2012 and which have not yet had its balance appraised and allocated as required by technical pronouncement CPC 15 - Business Combinations.

(vii) Subsidiary merged by Unic Educacional in January 2013.

Goodwill impairment testing

Goodwill is allocated to the CGUs, which are identified based on the operating segment.

Below is a summary of goodwill allocation by operating segment level:

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
K-12 education	59,450	59,450	66,339	66,339
Higher education	-	-	2,033,443	2,037,132
	59,450	59,450	2,099,782	2,103,471

As at December 31, 2012, goodwill amounts were tested for impairment and no need for adjustments was considered as necessary.

The discounted cash flow (future earnings) method was used in the testing, and the CGUs determined by the Company to test goodwill for impairment correspond to each unit. The calculation considers a five-year projection, adding a perpetuity value with a real growth of 3.0% per year. A notional discount rate of 12.1% per year was used.

c) Intangible assets identified in acquisitions

A portion 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 assets acquired and calculation of projected future earnings.

Consolidated (IFRS and BR GAAP)

	03/31/2013							
	Customer portfolio (i)		Noncompetition (i)		Licenses and partner network (ii)	Trademark (ii)		
	Cost	Accumulated amortization	Cost	Accumulated amortization	Cost	Cost	Accumulated amortization	Total
Ceama	5,283	(1,849)	204	(71)	-	-	-	3,567
Fais	819	(232)	213	(60)	-	-	-	740
Ítala	44,700	(7,450)	1,300	(217)	132,100	7,400	(206)	177,627
Iuni	28,069	(18,245)	-	-	-	-	-	9,824
União	2,110	(739)	403	(141)	-	-	-	1,633
Unopar	113,464	(30,257)	-	-	182,350	31	-	265,588
	194,445	(58,772)	2,120	(489)	314,450	7,431	(206)	458,979

	12/31/2012							
	Customer portfolio (i)		Noncompetition (i)		Center licenses and partner network (ii)	Trademark (ii)		
	Cost	Accumulated amortization	Cost	Accumulated amortization	Cost	Cost	Accumulated amortization	Total
Ceama	5,283	(1,585)	204	(61)	-	-	-	3,841
Fais	819	(191)	213	(50)	-	-	-	791
Ítala (iii)	44,700	(5,215)	1,300	(152)	132,100	7,400	(144)	179,989
Iuni	28,069	(16,841)	-	-	-	-	-	11,228
União	2,110	(633)	403	(121)	-	-	-	1,759
Unopar	113,464	(24,584)	-	-	182,350	31	-	271,261
	194,445	(49,049)	2,120	(384)	314,450	7,431	(144)	468,869

(i) Intangible assets with useful lives estimated at up to five years.

(ii) Intangible assets with indefinite useful lives, subject to annual impairment testing.

(iii) The balance arising from subsidiary Ítala has an estimated useful life of 30 years. The balance arising from subsidiary Unopar has an indefinite useful life and is subject to annual impairment tests.

19. TRADE PAYABLES

The consolidated balance of trade payables consists of suppliers of materials and services for the Company's higher education degrees (in-class and EAD), goods and services necessary for the production and sale of Pitágoras system's and own high schools' textbooks, and advisory services in the education area.

20. BORROWINGS AND FINANCING

a) Breakdown of borrowings and financing

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Local currency		
Working capital (i)	4,416	5,972
Finance lease (ii)	5,531	5,660
	9,947	11,632
Current	3,782	4,706
Noncurrent	6,165	6,926

(i) Refers to a working capital loan. The contractual borrowing costs are pegged to a fixed CDI rate plus 3.0% per year.

(ii) Certain equipment was leased under irrevocable agreements subject to average charges of 6.68% p.a. and interest rate between 1.09% and 1.70%, containing a purchase option, which are effective between 24 and 36 months. The agreements do not require the maintenance of financial ratios (covenants).

The amount of R$869 refers to finance leases for the purchase of goods for partner centers, as mentioned in note 15. The period and amount receivable from partner centers are the same as those in the lease agreements.

The noncurrent portion matures as follows:

	03/31/2013	12/31/2012
2014	2,556	3,471
2015	2,177	2,115
2016	927	835
2017	379	379
2018	126	126
	6,165	6,926

b) Changes in borrowings and financing are as follows:

	03/31/2013	03/31/2012	12/31/2012
Opening balance	11,632	20,929	20,929
Additions (i)	639	-	-
Additions from acquisitions	-	-	17,554
Accrued interest	184	424	1,376
Interest payments	(151)	(539)	(3,664)
Principal repayment (ii)	(2,357)	(3,037)	(24,563)
Closing balance	9,947	17,777	11,632

(i) Addition relating to refinancing of lease agreement with a 74% discount on the residual value.

(ii) The Company used proceeds from the issuance of shares to settle borrowings. Only those which, according to the Company's management, have a low cost of capital remained outstanding.

c) Finance leases

Finance lease obligations are effectively guaranteed since the leased asset is handed over to the lessor in case of default.

21. DEBENTURES

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Current liabilities	13,448	1,698
Noncurrent liabilities	542,440	542,111

On December 15, 2011, the Bank Credit Note (CCB) was issued with interest equivalent to 100% of the CDI plus 2.078% per year.

On January 12, 2012, the Company held, through its subsidiary EDE, its first issue of debentures, in a single series. On this date, 550 debentures with unit face value of R$1,000 were subscribed, totaling R$550,000.

The debentures subscription date has a retrospective effect, according to the existing loan terms and conditions agreed for the CCB and replace such CCB in the amount of R$550,000, issued on December 15, 2011.

The debentures issued are registered, book-entry, without issue of certificates and nonconvertible.

Debentures bear interest equivalent to 100% of the CDI plus 2.0% per year. The debentures mature within seven years after the issue date. After the three-year grace period, payments will be made annually, in 2014, 2015, 2016, 2017 and 2018.

No restructuring clauses.

In June and December of each year, interest calculated through that date should be paid.

Changes in the balances are as follows:

	03/31/2013	03/31/2012	12/31/2012
Opening balance	543,809	544,339	544,339
Accrued interest	11,750	16,137	56,774
Debenture issuance cost	-	(530)	(530)
Recognition of costs	329	650	1,263
Interest payments	-	-	(58,037)
Closing balance	555,888	560,596	543,809

Breakdown of the noncurrent balance, by maturity year:

	03/31/2013	12/31/2012
2014	108,488	108,422
2015	108,488	108,422
2016	108,488	108,422
2017	108,488	108,422
2018	108,488	108,423
	542,440	542,111

The agreement contains covenants requiring the maintenance of certain financial ratios, calculated on the financial statements of the Company, which is the guarantor of the issuance, relating to the periods from June 30 to December 31 of each fiscal year, and required from 2012 to 2018, the final maturity date.

The financial ratios required are:

- Result of the division of net debt and adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). The resulting amount cannot exceed 4 through 2013, and should be reduced to 3 in 2016.

- Result of the division of adjusted EBITDA and adjusted finance income/costs. The amount cannot be below 1.2.

As at March 31, 2013, the Company complied with the contractual limits: below 4 for the first ratio and above 1.2 for the second ratio.

22. PAYROLL AND RELATED TAXES

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Payroll	-	-	20,855	15,502
Social security tax (INSS) payable	-	-	15,284	14,698
Severance pay fund (FGTS) payable	5	5	4,218	5,746
Withholding income tax (IRRF) payable	12	12	8,911	7,481
Accrued vacation pay	-	-	19,817	29,091
Accrued 13th salary	-	-	7,776	-
Accrual expenses	-	-	9,243	9,826
Other	1	1	12,513	18,194
	18	18	98.617	100.538

Accrued payroll and related taxes are recognized in profit or loss for the quarter, in line items "Cost of services", "Selling expenses", and "General and administrative expenses", according to where the employee is allocated.

23. ADVANCES FROM CUSTOMERS

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Prepaid enrollment fees and tuitions	23,826	36,307

Prepaid enrollment fees and/or tuitions for the school year or semester that begins are allocated to revenue to the extent the services are provided.

24. PAYABLES - ACQUISITIONS

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Current		
Ítala	44,130	43,683
Ceama	5,238	5,138
Unirondon	2,483	2,436
Unic Tangará Sul	1,387	1,359
União	713	700
Fais	236	232
Unopar	-	641
Property in Ipatinga	-	634
	54,187	54,823

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Noncurrent		
Ítala	156,243	153,843
Unirondon	9,934	9,744
Ceama	5,238	5,138
União	2,138	2,102
Fais	709	696
	174,262	171,523
	228,449	226,346

Amounts are adjusted based on the CDI, IPCA and INPC fluctuation, depending on each agreement.

Changes in the quarter are as follows:

Balance at December 31, 2011	416,925
Interest adjustment	3,599
Amortization and write-offs	(260,698)
Balance at March 31, 2012	159,826
Balance at December 31, 2012	226,346
Interest adjustment	3,419
Payments	(1,316)
Balance at March 31, 2013	228,449

Amounts recorded in noncurrent liabilities mature as follows:

	03/31/2013	12/31/2012
2014	37,800	37,189
2015	32,563	32,051
2016	32,563	32,051
2017	31,614	31,119
2018	39,722	39,113
	174,262	171,523

25. TAXES IN INSTALLMENTS

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Current		
REFIS IV (a)	3,866	4,045
INSS installment plans (b)	2,469	2,569
Federal tax installment plans (c)	571	565
Municipal tax installment plans (d)	37	231
Labor installment plans (e)	360	354
	7,303	7,764
Noncurrent		
REFIS IV (a)	32,354	33,930
INSS installment plans (b)	5,992	6,590
Federal tax installment plans (c)	729	860
Municipal tax installment plans (d)	60	59
Labor installment plans (e)	929	1,004
	40,064	42,443

(a) Refis IV

On May 27, 2009, the Federal Revenue Service created, pursuant to Law 11941 and National Treasury Attorney General (PGFN)/Federal Revenue Service (RFB) Joint Administrative Rule 06/2009, the Special Tax Installment Plan called "REFIS IV". The option for the payment of taxes in installments as set out in said Law entails an irrevocable acknowledgment by a taxpayer of the debts to be included in such installment plan, which constitutes extrajudicial acknowledgment. The plan permits the payment of tax debts outstanding until November 30, 2008 and debts arising from tax assessment notices issued by the Federal Revenue Service in 180 monthly installments, and requires the withdrawal of any lawsuits challenging such debts.

Such installment plan provides for the following, among others: (i) a reduction of fine and late payment interest amounts due, depending on the number of installments elected by the Company's subsidiaries; and (ii) the use of tax loss carryforwards on fine and interest.

Between September and November 2009, the subsidiaries filed their option for the payment of 180 monthly installments, and so far have complied all the requirements to remain eligible for said plan. A few installment plans were not yet consolidated due to the lack and/or problems in the RFB's and PGFN's automated systems. The Company successfully obtained court decisions requiring the consolidation of the tax installment plan, and the RFB and PGFN have formally replied that they will abide by the decisions and that they are awaiting the resolution of the IT problems to consolidate the REFIS IV.

The tax installment plan covers debts managed by the RFB and the PGFN, including the remaining consolidated debts at the REFIS and PAEX (exceptional tax installment plan), and the taxes in installment addressed by Article 38 of Law 8212/91 and Article 10 of Law 10522/02.

Total outstanding debt	57,795
Reduction of fine, interest and legal charges under adhesion to installment plan	(11,060)
Amortization with utilization of tax loss carryforwards to abate fine and interest	(7,990)
Accumulated adjustments	6,952
Payments made	(9,477)
	36,220

The debt is payable in 180 monthly installments. As at March 31, 2013, there are 139 installments outstanding. The balance of installments payable is adjusted on a monthly basis using the Selic (central bank overnight rate), and through March 2013, R$2,905 was paid as adhesion installments before debt consolidation.

In March 2013, a payment of R$1,814, relating to settlement of installments of subsidiaries Unic Educacional and Unime Salvador, was made.

As at March 31, 2013, the balance by subsidiary is broken down as follows:

Subsidiary	Tax in installments	Balance
Unime LF	INSS, IRPJ, CSLL, IRRF, PIS and Cofins	22,695
Iuni	INSS, IRPJ, CSLL, IRRF, PIS and Cofins	10,412
Fama Macapá	INSS, IRPJ, CSLL, IRRF, PIS and Cofins	2,391
Ede	IRPJ, CSLL, IRRF, PIS and Cofins	385
Fameg	IRPJ, CSLL, IRRF, PIS and Cofins	276
Fais	INSS, IRRF, PIS and Cofins	61
		36,220

The noncurrent liabilities portion matures as follows:

	03/31/2013
2014	2,797
2015	3,733
2016	3,733
2017	3,200
2018	2,667
2019	2,667
2020	2,667
2021	2,667
2022	2,667
2023	2,667
2024	2,889
	32,354

The tax loss carryforwards used to settle tax debts total R$7,990 as at March 31, 2013.

(b) INSS installment plans

(i) Unirondon

Regular installment payment of unpaid INSS from November 2008 to January 2009, which was paid in 60 installments beginning October 2012, remaining 54 installments of R$83, adjusted based on the monthly Selic rate.

Regular installment payment of unpaid INSS from July to August 2011, which was paid in 60 installments beginning July 2012, remaining 51 installments of R$34, adjusted based on the monthly Selic rate.

(ii) Iuni

PAEX, article 1: Refers to the remaining balance of Refis for year 2000, which was consolidated in 130 installments, beginning September 2006. As at March 31, 2013, 36 installments of R$43 adjusted based on the monthly TJLP (long-term interest rate) remain outstanding.

(iii) Unime LF

Regular installment payment of unpaid INSS in 2008 and 2009 In September 2009, there were 60 installments. As at March 31, 2013, 15 installments of R$40, adjusted monthly based on Selic.

(iv) Other subsidiaries

In March 2013, a payment of R$212, relating to settlement of installments of subsidiaries Unic Educacional, was made.

The other subsidiaries Fama Macapá and Unime Salvador joined different installment plans to pay 2008 and 2009 debts, which total R$104 and have different installment amounts and payment periods.

(c) Federal tax installment plans

Refers to the IRPJ, CSLL, PIS, and COFINS debt to the federal Government incurred in the acquisition of Ítala. Subsidiaries' total debt payable in installments: Pós Uniasselvi - R$632, Uniasselvi - R$328, Pós EAD - R$268 and Assevim - R$3, which in the aggregate total R$1,300, with different terms and installments, as at March 31, 2013.

(d) Municipal tax installment plans

Subsidiaries Pós Uniasselvi and Uniasselvi joined tax installment plans totaling R$98, with different installment amounts and payment periods.

(e) Labor installment plans

Refers to a labor fine notice issued against Iuni, which was divided into 60 installments, and at December 31, 2012 there are 46 installments payable in the amount of R$30, adjusted by monthly Selic rate.

Changes in taxes in installment payment plans are as follows:

	03/31/2013	03/31/2012	12/31/2012
Opening balance	50,207	46,577	46,577
Addition	-	-	2,960
Addition from acquisition	-	-	8,987
Interest adjustment	525	358	4,018
Payments	(3,365)	(1,713)	(12,335)
Closing balance	47,367	45,222	50,207

26. PROVISION FOR TAX, LABOR AND CIVIL RISKS AND ESCROW DEPOSITS

The Company is a party to lawsuits and administrative proceedings arising from the normal course of business. The provisions for risks on these lawsuits are estimated and adjusted by Management, based on the opinion of its internal and external legal counsel. Some escrow deposits were made related to these lawsuits, which can be recovered by the Company and its subsidiaries or utilized to settle potential unfavorable outcomes.

Consolidated (IFRS and BR GAAP)

	03/31/2013			12/31/2012		
	Estimated disbursement	Escrows deposits	Balance, net	Estimated disbursement	Escrows deposits	Balance, net
Tax (i)	184,456	(5,697)	178,759	186,362	(5,606)	180,756
Labor (ii)	53,732	(3,498)	50,234	54,654	(2,809)	51,845
Civil (iii)	3,592	(192)	3,400	3,558	(231)	3,327
	241,780	(9,387)	232,393	244,574	(8,646)	235,928

(i) As at March 31, 2013, the Company was a defendant to lawsuits involving approximately 146 tax lawsuits at the judicial and administrative levels. Out of the amount above, the subsidiaries acquired in 2011 and 2012 participate in the following proportion: Ítala R$94,032, Unopar R$40,449, Unirondon R$21,722, Ceama R$13,591, and the other subsidiaries acquired had a total of R$14,662.

The tax provisions primarily consist of administrative and judicial discussions, ISS on distant learning services, social security contribution (INSS) on payroll and exemption of federal taxes under ProUni rules. Part of the accrued amounts are collateralized by the sellers, as provided for in the purchase and sale contracts.

(ii) As at March 31, 2013, the Company was a defendant in approximately 674 labor lawsuits, including litigations arising from its acquisitions. Most lawsuits were filed by terminated administrative employees and teachers, basically claiming the payment of overtime, full salary for reduced working hours, work breaks, salary differences, and proportional increase of FGTS, 13th salary, vacation pay, and constitutional one-third vacation bonus. Out of 674 labor claims, 112 are the responsibility of the sellers of the higher education institutions acquired, totaling a probable loss of R$4,225, which are provided for in the agreement on behalf of the Company, of which Unopar - R$1,273, Ítala - R$2,484, Ceama - R$468.

(iii) As at March 31, 2012, the Company was a defendant in 3,236 civil lawsuits, which generally refer to lawsuits filed by current and former students with small claims courts, most of whom claim compensation for pain and suffering, under Law 9870/99 (Tuitions Law), because they were allegedly prevented from entering the Company's and its subsidiaries' facilities. The Company understands that the civil lawsuits filed against it are immaterial and will not have any adverse or significant impact on its performance. Out of the total civil lawsuits, 2,385 lawsuits, totaling a probable loss of R$1,819 are the Company's responsibility and 851 lawsuits, totaling a probable loss of R$1,773, are the responsibility of the sellers of the higher education institutions acquired by the Company and are provided for in the agreement on behalf of the Company. The civil lawsuits classified as probable loss are the seller's responsibility, as follows: Ítala R$1,333; Unopar R$435 and Ceama R$5.

The provisions for tax, labor and civil risks are recognized based on the full amount of proceedings classified as probable loss, according to opinions of the legal counsel, and tax risks are adjusted using the Selic rate.

Changes in said provisions are as follows:

	Tax	Labor	Civil	Total
Balances at December 31, 2011	168,646	22,407	1,566	192,619
Additions and write-offs	(539)	5,186	130	4,777
Other write-offs (i)	(354)	-	-	(354)
Additions (write-offs) against collaterals	(48)	(117)	-	(165)
Payments	-	(901)	(87)	(988)
Balances at March 31, 2012	167,705	26,575	1,609	195,889
Balances of escrow deposits	(5,518)	(3,161)	(203)	(8.882)
Balances at March 31, 2012, net	162,187	23,414	1,406	187,007

(i) In March 2012, the amount of R$354 was written off from the provision for tax risks written off against subsidiary Ceama's equity. The same balance was adjusted in the investment against goodwill recorded by EDE, parent of Ceama. The change took place within one year from acquisition.

	Tax	Labor	Civil	Total
Balances at December 31, 2012	186,362	54,654	3,558	244,574
Additions and write-offs	(478)	746	157	425
Additions (write-offs) against collaterals (ii)	(1,428)	(1,011)	(117)	(2,556)
Payments	-	(657)	(6)	(663)
Balances at March 31, 2013	184,456	53,732	3,592	241,780
Balances of escrow deposits	(5,697)	(3,498)	(192)	(9,387)
Balances at March 31, 2013, net	178,759	50,234	3,400	232,393

(ii) The changes refer to the addition and/or offset of the collaterals for the provision for tax, labor and civil losses recorded in noncurrent assets against the related provision for risks. The balance of the provision is offset against the balance of the guarantee as the provision's statutory period expires.

Contingencies' guarantees

The purchase and sale agreement of companies Ceama, Ítala, Iuni, Unirondon, and Unopar already provides for guarantees tied to ongoing lawsuits filed against the Company. In the event of unfavorable outcomes, these amounts can be collected from the sellers without any losses for the Company.

The table below shows a schedule of the mentioned guarantees:

Subsidiary	Nature	03/31/2013	12/31/2012
Ítala	Tax, labor and civil	123,867	129,025
Unirondon	Tax, labor and civil	21,722	18,680
Unopar	Tax, labor and civil	8,672	9,011
Iuni	Labor and tax	1,808	2,226
Ceama	Labor and civil	473	156
		156,542	159,098

In the acquisition of Iuni, the purchase and sale agreement entered into on March 12, 2010 contains a clause (11.7) which provides for R$100,000 as guarantee for tax losses, classified by our legal counsel as remote, arising from the period Iuni had a charitable entity status. The collateral amount is adjusted for inflation annually based on IPCA and, as at march 31, 2013, the adjusted amount corresponds to R$112,768.

Possible losses

The Company is a defendant to tax, labor and civil lawsuits whose risk of an unfavorable outcome is classified by Management as possible, based on the assessment of its legal counsel, for which no reserve is recognized. Amounts are broken down as follows:

	Tax	Labor	Civil	Total
Balances at December 31, 2012	167,883	7,741	17,267	192,891
Additions	63,412	3,352	5,675	72,439
Write-offs	(152)	(2,279)	(3,979)	(6,410)
Balances at March 31, 2013	231,143	8,814	18,963	258,920

Out of the total administrative proceedings and/or lawsuits, 20 lawsuits refer to the period when subsidiary Iuni was classified as a nonprofit entity. These proceedings originate from tax assessments issued by the RFB for the nonpayment of social security contributions (employer's contribution, worker's accident compensation-SAT-occupational accident risk-RAT-and third parties) payable to the INSS, and other taxes (COFINS and PIS). The amount of R$176,433 are assessed by the Company's legal counsel as possible loss.

As at March 31, there was an addition of possible lawsuits of subsidiary Uniasselvi in the amount of R$39,178, as a result of an inspection by the Federal Service Revenue of the pre-acquisition stage.

The amounts involved contractually are collateralized by the sellers.

Parent (BR GAAP)

Due to the volume of lawsuits whose likelihood of loss is assessed as possible, at March 31, 2013, the Company recognized a provision of R$6,663 as attorneys' fees and burden of defeat in those lawsuits.

27. OTHER PAYABLES

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	12/31/2012
Current		
Transfer of students' portfolio - acquisition of Ítala (i)	64	13,256
Transfer of students' portfolio - acquisition of Iuni (ii)	39	6,501
Pledge portion - acquisition of Uniminas (iii)	2,871	3,047
Unidentified deposits	-	102
	2,974	22,906
Noncurrent		
Sale of subsidiary Suesc (iv)	2,338	2,270

(i) As set forth in the purchase agreement of Ítala, all portfolio of students maturing through May 28, 2012 (date of signature of the agreement) is collected and received by the Company and transferred to Ítala's former owner.

(ii) As provided for by the Iuni sale and purchase agreement, occurred in March 2010, the entire portfolio of payables falling due within more than 180 days on that date is collected and received by the Company and transferred to Iuni's former owner.

(iii) Refers to payables for the acquisition of Uniminas, provided for in the purchase and sale agreement. Balance consisting of student loans received from students and retained as deposits.

(iv) The amount receivable for the sale of Suesc, occurred in April 2011, is linked to the remaining balance of the ISS tax liability, according to the final decision on the tax collection action filed by the City of Rio de Janeiro. If favorable, the Company is entitled to receive from the buyer the amount agreed by the parties and therefore, reverse the liability. If unfavorable, the Company will pay the difference between the contractual price and the amount involved in the lawsuit. The amount receivable is recognized in line item "Other receivables", in noncurrent assets. As at March 31, 2013, the balance amounts to R$2,338 and is adjusted on a monthly basis at the percentage rate of 1%.

28. EQUITY

a) Capital

The Company's subscribed and paid-in capital at March 31, 2013 totals R$1,867,228 (R$1,867,228 at December 31, 2012), represented by 268,703,876 common shares, held as follows:

	Common shares
At December 31, 2012	134,351,938
Total ex-treasury shares	133,965,939
Total treasury shares	385,999
Stock split (i)	134,351,938
Total ex-treasury shares	133,989,796
Total treasury shares	362,142
As at March 31, 2013	268,703,876
Total ex-treasury shares	267,979,592
Total treasury shares	724,284

(i) On March 5, 2013, the General Shareholders Meeting approved the split of shares in the 2:1 proportion. For each share issued by the Company, one new share was assigned the its holder, with the same rights as those they previously held. Also, the Company's capital increased from 134,351,938 common shares to 268,703,876 common shares.

b) Authorized capital

On March 5, 2013, the General Shareholders Meeting changed the Company's authorized capital limit to 500,000,000 common shares.

Within the authorized capital limit, the Board of Directors can approve the issuance of subscription warrants and convertible debentures; under the plan approved at the General Meeting, approve the issuance of shares due to grants of stock options to the Company's management and employees or other individuals who provide services to the Company, or any natural persons who provide services to the Company, without any preemptive right to shareholders in the granting or subscription of these shares; and approve a capital increase through the capitalization of profits or reserves, with or without share bonuses.

c) Capital reserves

Share issuance costs

Costs incurred with the capital increase through the issuance of shares by the Company were R$22,555 in June 2011 and R$5,091 in March 2012.

Capital reserve

On June 24, 2009, the Board of Directors determined that R$0.09805 of each new share issued would be allocated to capital reserves. On September 2, 2009, the amount of the reserve was approved at R$21,247. Said reserve is presented in the amount of R$14,585, net of transaction costs at R$6,662 from the issuance of said shares.

Stock option plans

The provision for the fair value for stock options granted under the plan approved on October 23, 2009 is recognized as an expense. The balancing item is recorded against the Company's equity.

Since the plan's approval, 5,491,000 stock options were granted, 1,110,000 were cancelled and 1,644,000 were exercised by the beneficiaries.

During the quarter ended March 31, 2013, 44,000 options were exercised as a balancing item to the sale of 23,857 treasury shares. R$2,528 relating to the option fair value premium (R$742 as at March 31, 2012) and R$236 relating to options exercised (R$1,973 as at March 31, 2012) were recognized.

The balance of this provision at March 31, 2013 is R$9,109 (R$6,817 at December 31, 2012).

Gain or loss on the sale of treasury shares

The net loss on the sale of treasury shares in the quarter ended March 31, 2013 is R$199 (a gain of R$1,523 as at March 31, 2012). The balance as at March 31, 2013, which considers prior year's balance, is a gain of R$4,343.

Equity instruments arising from business combination

The balance of R$243,873 refers to the gain (loss) on the acquisition of subsidiary Unopar.

On December 15, 2011, 20% of the acquisition payment, according to the purchase and sale agreement, should be made through the Company's shares. The amount of 20% of the acquisition price was R$260,000, consisting of 13,877,460 common shares and 83,264,760 preferred shares.

On September 28, 2012, 13,877,460 common shares and 83,264,760 preferred shares were issued in the amount of R$16,127, corresponding to the carrying amount of the holding companies that hold a 20% stake in Unopar's capital.

d) Treasury shares

The share buyback is in conformity with Article 157, paragraph 4, of Law 6404/76, CVM Regulatory Instructions 10/80 and 390/03, and other relevant legislation.

	Common shares
As at December 31, 2012	385,999
Shares sold (i)	(23,857)
Stock split (ii)	362,142
As at March 31, 2013	724,284

(i) In the quarter ended March 31, 2013, 23,857 shares were sold at the cost of R$435. A loss of R$199 , recorded in line item "Capital reserves - losses/gains on shares", was recognized on the sale.

(ii) On March 5, 2013, the General Shareholders Meeting approved the split of shares in the 2:1 proportion. For each share issued by the Company, one new share was assigned the its holder, with the same rights as those they previously held.

e) Earnings reserve

Legal reserve

Recognized annually with the allocation of 5% of profit for the year, after offset against accumulated losses, which cannot exceed 20% of capital. The purpose of the legal reserve is to ensure the integrity of capital and can only be used to offset accumulated losses or increase capital. As at March 31, 2013, the legal reserve balance is R$9,432.

Additional dividends

The General Shareholders Meeting of March 19, 2013 approved the payment of R$60,000 as dividends for the year ended December 31, 2012. Out of this amount, R$44,803 relates to mandatory minimum dividends, corresponding to 25% of profit after offset of accumulated losses and recognition of the legal reserve, and R$15,197 relates to additional dividends, as follows:

Profit for the year	202,044
Offset of accumulated losses	(13,399)
Recognition of legal reserve - 5%	(9,432)
Adjusted profit	179,213
Minimum dividends - 25%	(44,803)
Proposed additional dividends	(15,197)
Total dividends	(60,000)

The value of dividends per share, considering the number of common shares outstanding as at December 31, 2012 (shares issues except for treasury shares) is R$0.447875. Considering the position at December 31, 2012, the retrospective effects of the: sale of treasury shares occurred in January 2013; sale of 23,857 common shares; and the split of shares occurred in March 2013, the value per share was R$0.223898.

Investment reserve

The remaining balance of profit for the year ended December 31, 2012, after offset of accumulated loss, recognition of legal reserve and proposed dividends, in the amount of R$119,213, was transferred to line item "Investment reserve", pursuant to article 42 of the Bylaws, and will be used for investment in the own Company, to finance the expansion of activities, either organically or through acquisitions in the market, in accordance with the growth plan projected by Management for 2013.

29. SHARE-BASED COMPENSATION PLAN

The Company approved on October 23, 2009 a stock option plan with the objective of retaining Company executives and aligning their interests with the interests at the shareholders and the Company. Independent directors, officers, and senior executives at the Company are eligible to the plan.

The options granted must not exceed the cap of 5 million common shares (at the time, 5 million common shares and 30 million preferred shares, corresponding to 5 million units), equivalent to 8.01% of the Company's capital on approval date.

The Board of Directors has set out the terms and conditions at each option in a stock option agreement signed by the Company and each beneficiary.

The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The strike price will be paid by the beneficiaries to the Company at sight, upon the acquisition or subscription or as determined by the Board of Directors for each agreement. As at March 31, 2013, the prices established under the grant agreements range from R$16.00 to R$41.10 (with the effects of the split of shares: from R$8.00 to R$20.55, respectively).

The ratio of this exchange of stock options for common share is defined as the difference between the strike price and the average share price, and the number of options divided by the average share price in the market on the exercise date:

$$\text{Number of shares} = \frac{(\text{average price} - \text{strike price}) \text{ X number of options}}{\text{average price}}$$

The changes in the number of outstanding stock options and their related weighted-average prices, considering the split on a respective basis, are shown below:

	03/31/2013		12/31/2012	
	Average strike price per share in R$	Options	Average strike price per share in R$	Options
Opening balance	11.48	5,422,000	9.18	4,344,472
Granted (i)	12.81	100,000	12.52	3,792,000
Cancelled (ii)	-	-	10.26	(140,000)
Exercised (iii)	10.15	(88,000)	10.14	(2,574,472)
Closing balance		5,434,000		5,422,000

(i) In the quarter ended March 31, 2013, the Company granted 100,000 stock options, represented by 100,000 common shares, at the average price of R$12.81 per share.

(ii) All cancelled stock options had been granted to beneficiaries who left the Company thus failing to meet the vesting requirement.

(iii) In the quarter ended March 31, 2013, the Company granted 88,000 stock options, represented by 47,7140 common shares, at the average price of R$10.15 per share.

The balance of options that can be granted at March 31, 2013 is 619,000 (689,000 stock options at December 31, 2012).

The maturities and exercise prices of stock options granted through the quarter ended March 31, 2013 are as follows:

	Options			
Maturity date in the year of	Average strike price per option in R$	Number stock options	Average fair value of option in R$	R$
2011	9.52	24,000	1.29	31,048
2012	8.82	174,000	2.66	462,620
2013	10.08	1,692,666	4.32	7,317,957
2014	11.60	809,332	3.47	2,805,596
2015	11.77	1,866,000	4.55	8,483,197
2016	15.30	834,668	4.29	3,583,056
2017	25.19	33,334	4.66	155,170
		5,434,000		22,838,644

The weighted average fair value of options granted through the quarter ended March 31, 2013, determined based on the Black-Scholes valuation model, was R$4.69 per option. Significant data included in the model was weighted average price of R$12.62 per option, which is the share price on the granting date of R$14.80 per share, average volatility of 30.77%, average expected life of the option corresponding to 1,018 days, and average annual risk-free interest rate of 9.12% and dividend yield of 3.39%.

The volatility measured at the standard deviation of continuously compounded share return is based on statistical analysis of daily share prices.

The fair value of stock options granted is recognized as an expense. The consideration is recognized under the line item "Capital reserve - stock option plan" in equity. The amount recognized in the quarter ended March 31, 2013 amounted to R$2,528 (R$742 as at March 31, 2012).

The last vesting date of the longest option agreement is January 1, 2017, which can be exercised in up to 36 months after that date.

30. SEGMENT INFORMATION

The Company's products are categorized into 3 operating segments: higher education - classroom, higher education - EAD, and K-12 education.

Consolidated (IFRS and BR GAAP)

	03/31//2013				
	Higher education - classroom	Higher education - EAD	K-12 education	Unallocated portion	Total
Net sales revenue	269,955	156,985	72,770	-	499,710
Cost of sales and services	(147,766)	(33,445)	(22,162)	-	(203,373)
Gross profit	122,189	123,540	50,608	-	296,337
Operating expenses:					
Selling expenses	(22,003)	(15,871)	(8,656)	-	(46,530)
General and administrative expense	(27,823)	(5,274)	(3,348)	(31,403)	(67,848)
Other, net	-	-	-	(1,463)	(1,463)
Operating profit (loss) before finance income (costs)	72,363	102,395	38,604	(32,866)	180,496
Assets-	2,194,300	1,514,803	116,408	110,496	3,936,008
Current and noncurrent liabilities	1,198,910	185,245	37,493	108,512	1,530,160

	31/03/2012				
	Higher education - classroom	Higher education - EAD	K-12 education	Unallocated portion	Total
Net sales revenue	202,011	73,412	65,174	-	340,597
Cost of sales and services	(120,182)	(11,217)	(22,961)	-	(154,360)
Gross profit	81,829	62,195	42,213	-	186,237
Operating expenses:					
Selling expenses	(17,356)	(7,822)	(5,486)	-	(30,664)
General and administrative expense	(28,151)	(7,519)	(4,041)	(23,010)	(62,721)
Other, net	-	-	-	(130)	(130)
Operating profit (loss) before finance income (costs)	36,322	46,854	32,686	(23,140)	92,722
Assets-	2,725.517	40,081	118,820	409,845	3,294,263
Current and noncurrent liabilities	591,658	43,367	21,913	599,673	1,256,611

Intersegment sales were made on an arm's-length basis. The reported revenue from foreign related parties was measured in accordance with that presented in the income statements.

31. BREAKDOWN OF NET REVENUE

Consolidated (IFRS and BR GAAP)

Higher education - classroom	03/31/2013	03/31/2012
Gross sales revenue	335,305	241,424
Deductions from gross revenue		
Taxes	(7,692)	(5,171)
ProUni	(29,246)	(20,418)
Discounts	(28,412)	(13,824)
Net sales revenue	269,955	202,011

Higher education - EAD	03/31/2013	03/31/2012
Gross sales revenue	187,099	93.955
Deductions from gross revenue		
Taxes	(2,795)	(1,985)
ProUni	(16,672)	(7,780)
Discounts	(10,647)	(10,778)
Net sales revenue	156,985	73,412

K-12 education	03/31/2013	03/31/2012
Gross sales revenue	75,376	68,923
Deductions from gross revenue		
Taxes	(1,226)	(1,274)
Returns	(1,380)	(2,475)
Net sales revenue	72,770	65,174

	03/31/2013	03/31/2012
Gross sales revenue	597,780	404,301
Deductions from gross revenue		
Taxes	(11,713)	(8,429)
ProUni	(45,918)	(28,198)
Discounts	(39,059)	(24,602)
Returns	(1,380)	(2,475)
Net sales revenue	499,710	340,597

32. COSTS AND EXPENSES BY NATURE

	Company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	03/31/2013	03/31/2012	03/31/2013	03/31/2012
Payroll and related taxes	(2,528)	(1,810)	(163,646)	(118,948)
Depreciation and amortization	-	(1,134)	(24,753)	(18,224)
Rent and common area maintenance fees	-	-	(23,571)	(18,725)
Allowance for loan losses	-	-	(23,088)	(15,900)
Utilities, cleaning and security	-	(104)	(16,698)	(15,931)
Publicity and advertising	-	-	(15,366)	(11,521)
Outside services	-	(892)	(11,953)	(11,174)
Cost of sales	-	-	(11,047)	(9,802)
Legal fees and provision for tax, labor and civil risks	(106)	-	(4,001)	(1,407)
Travels	-	-	(3,754)	(3,411)
Copyrights	-	-	(3,411)	(6,599)
Taxes and contributions	(57)	(189)	(1,797)	(2,490)
Other costs and expenses	-	(60)	(16,129)	(13,743)
	(2,691)	(4,189)	(319,214)	(247,875)
Cost of sales and services	-	-	(203,373)	(154,360)
Selling expenses	-	-	(46,530)	(30,664)
General and administrative expenses	(2,691)	(4,189)	(67,848)	(39,711)
Other operating expenses, net	-	-	(1,463)	(130)
	(2,691)	(4,189)	(319,214)	(247,875)

33. FINANCE INCOME (COSTS)

	Company (BR GAAP)	
	03/31/2013	03/31/2012
Finance income-		
Interest on short-term investments	27	656
Finance costs-		
Tax on financial transactions (IOF)	-	(3)
Finance income (costs)	27	653

	Consolidated (IFRS and BR GAAP)	
	03/31/2013	03/31/2012
Finance income		
Interest on tuitions	9,726	7,729
Interest on short-term investments	3,473	12,333
Discounts obtained	205	92
Other	1,168	877
	14,572	21,031
Finance costs		
Interest and costs of debentures	(12,079)	(16,787)
Adjustment of payment for acquisition of subsidiaries	(3,420)	(3,599)
Bank and collection fees	(1,684)	(1,325)
Interest and fines for late bill payment	(804)	(271)
Interest and fines for late tax payment	(767)	(1,370)
Interest on borrowings and financing	(184)	(424)
Tax on financial transactions (IOF)	(47)	(139)
Other	(539)	(180)
	(19,524)	(24,095)
Finance income (costs)	(4,952)	(3,064)

34. EARNINGS PER SHARE

a) Basic

Basic earnings per share are calculated by the division of the profit or loss attributable to the Company's owners by the weighted average number of shares outstanding in the quarter.

	03/31/2013	03/31/2012
Profit attributable to Company's owners	172,313	84,778
Weighted average number of outstanding common shares	267,978	562,999
Basic earnings per common share	0.64	0.15

b) Diluted

For dilution purposes, the Company has a stock option plan offered to beneficiaries, which permits the issuance of shares when the option is exercised. As at March 31, 2013, there are shares with dilution potential since its average strike price is lower than the average price of the Company's shares in the market.

	03/31/2013	03/31/2012
Profit attributable to Company's owners	172,313	84,778
Weighted average number of outstanding common shares	267,978	562,999
Potential increase in common shares	99	-
Diluted earnings per common share	0.64	0.15

35. RELATED-PARTY TRANSACTIONS

The main intragroup balances and transactions are as follows:

a) Due to/from related parties (Parent)

	03/31/2013 Assets	12/31/2012 Assets
Advance for future capital increase (i)	3,930	3,930

(i) Refers to the funds obtained with the Company's capital increase made in August 2012 and transferred to subsidiary EDE.

The Company does not grant any short-term severance benefits to its employees or officers, or postemployment or other long-term benefits.

b) Other related-party transactions

Subsidiary Pses uses properties leased from CNG Patrimonial Ltda. The agreements are effective until September 2013, with a fixed monthly amount of R$98, based on INPC adjustment index.

Subsidiaries Unic Educacional, Unime LF and Iuni use properties leased from Vertia Empreendimentos Imobiliários Ltda.:

Subsidiary	Effective date	Monthly amount	Adjustment index
Unic Educacional	March 2020	175	IPCA
Unime LF	March 2020	490	IPCA
Iuni	March 2020	863	IPCA

Subsidiary Ede uses properties leased from Creare Administração de Bens Móveis e Imóveis Ltda. The lease contract is under renegotiation. Currently, the fixed monthly amount is R$800.

Subsidiary Iuni entered into an assignment agreement, for the use by its university operations, with University General Hospital ("HGU") of Cuiabá, MT, for which it pays a fixed monthly amount of R$200 and a variable amount of R$2 per student, relating to the Scholarship.

These amounts are recorded in profit or loss, in line item "Cost of services".

EDE entered into with Fundação Pitágoras an agreement for the sale of learning materials. Sales in the period ended March 31, 2013 is R$7,863 (R$4,453 through March 31, 2012). The "Trade receivables" balance as at March 31, 2013 is R$10,301 (R$2,487 as at December 31, 2012).

c) Key management personnel compensation

Key management personnel refer to the members at the Board of Directors and the Supervisory Board, the CEO, the vice presidents, and the officers.

The Extraordinary Shareholders Meeting set management annual overall compensation for the year ending December 31, 2013 at R$18,000.

Compensation paid to management is as follows:

	03/31/2013	03/31/2012
Payroll	1,124	902
Variable compensation (i)	820	1,349
Stock option plan	1,677	214
	3,621	2,465

(i) Variable compensation defined in agreement with officers.

36. INSURANCE

The Company has a risk management program designed to limit risks, seeking in the market coverage that is compatible with its size and operations. Insurance coverage was obtained in the amount below to cover possible losses, considering the type of activities, risks involved in the operations, and advice from insurance brokers.

As at March 31, 2013, the Company had insurance policies with maximum indemnity limit of R$263,513 (R$9,058 at December 31, 2012), covering electrical damages, riots, window breaking, electronic equipment, fire, robbery, lightning, explosions, windstorms, vehicle impact, and aircraft crashes.

37. STATEMENT OF CASH FLOWS

a) Cash and cash equivalents

The breakdown of cash and cash equivalents recorded in the statement of cash flows is shown in note 8.

b) Non-cash transactions

Out of the goodwill balance added, the amount of R$3,689 refers to the cash adjustment in favor of sellers, recorded in the opening balance of the merged subsidiary Ítala on the acquisition date. The amount was adjusted against subsidiary EDE's "Other payables".

38. EVENTS AFTER THE REPORTING PERIOD

Association Agreement

On April 20, 2013, the Company entered into an Association Agreement with Anhanguera Educacional Participações S.A., a company listed in BM&FBOVESPA' New Market segment.

Such association will consist of a merger of Anhanguera shares by the Company, under article 252 of the Brazilian Corporate Law, upon which 198,763,627 new shares will be issued by the Company.

The control of both companies will be maintained independent and the shares of the new combined company will be held by the shareholders to the proportion of approximately 42.52 for Anhanguera and 57.48% for the Company, respectively.

The materialization of this association is contingent on the analysis and approval by the Economic Defense Administrative Council (CADE).

Dividend distribution

The Board of directors meeting of May 14, 2013 approved the distribution of interim dividends on the profit for the quarter ended March 31, 2013 in the amount of R$40,924, equivalent to R$0.152714 per common share.

39. APPROVAL OF THE FINANCIAL STATEMENTS FOR ISSUANCE

The Company's individual and consolidated interim financial information was approved by the Board of Directors at the meeting held on May 14, 2013.

MESSAGE FROM MANAGEMENT

Kroton: an Education company run by people who understand Education

A major challenge for companies is identifying or developing their competitive advantage. At Kroton, we know exactly what our competitive advantage is: ***we are an Education company run by people who understand Education!***

With the move by Brazilian education companies to carry out IPOs that began in 2007, the perception was created that managing an Education company was easy. All you had to do was to apply the winning rules, practices and processes of other industries and the results would come. But time has shown that it wasn't that simple. Managing an educational company requires a very specific skill set. It requires understanding that **Education** is not just any product or service. It also means understanding that people are the center of the education process and that ultimately the most important agent in this process is the student.

With this mindset, Kroton developed its management model by bringing all of the tools, practices and processes from the market, but maintaining as the protagonists of the management process the people who truly understand **Education**. And all of the analyses show unequivocally that the process worked, and worked very well! In 2010, we had 44,000 students, EBITDA of R$52 million and EBITDA margin of 9.8%. Today the number of students has grown to almost 520,000 and we expect to deliver once again in 2013 significant improvement in almost all lines and EBITDA margin of almost 30% (and the market knows that we deliver on our promises!). And most importantly, we delivered all this growth while improving educational quality and increasing our regulatory indicators (today 99% or our academic programs and 96% of our educational institutions are rated satisfactory by the Ministry of Education).

It wasn't easy, but having at Kroton people who truly understand **Education** has enabled us to take the right decisions, make the right choices and identify the best partners.

And that's been the case for the Unopar and Uniasselvi acquisitions and most notably for the merger with Anhanguera that we recently announced. We found in Anhanguera the perfect partner for advancing our corporate mission. We are in the process of the legal, accounting and financial due diligence and the transaction is being submitted to Brazil's antitrust agency CADE. If approved, the merger would create the world's largest **Education** group, a source of national pride in a country that really needs **Education** to support its development and reduce its inequalities. Together, Kroton and Anhanguera are expected to invest approximately R$ 260 million in 2013, and a good part of this investment will be in developing technologies applied to **Education**. No private institution in Brazil will have greater capacity to invest in educational quality. This is good for the institution, which will strengthen its brands, good for the student, who will gain access to an even higher quality education, but, most importantly, good for the country.

If approved by CADE, the merger of Kroton and Anhanguera will make possible the creation of a Board of Directors formed by seven of the most important names in private **Education** in Brazil: Gabriel Mario Rodrigues, Antonio Carbonari, Walfrido dos Mares Guia, Evando Neiva, Altamiro Galindo, Marco Antonio Laffranchi and Elisabeth Bueno Laffranchi. Each of these directors has dedicated his or her life to **Education**. Together they have dedicated more than 300 years to develop and expand private Postsecondary Education in Brazil. It will be an honor to be part of this new Company.

We will continue to deliver exceptional financial and operating results, but without forgetting that we are, above all, Educators.

OPERATING PERFORMANCE

POSTSECONDARY EDUCATION

1Q13 New Enrollments and Re-Enrollments - Undergraduate (base date: March 30, 2013)

The results of the admission and re-enrollment processes for the first semester of 2013 were outstanding, with record new enrollments in both the On-campus Undergraduate and Distance Learning Undergraduate businesses, which grew by 33% from the first semester of 2012 to reach the impressive mark of 175,000 new Undergraduate students, reflecting the strength of the brand, the intense efforts made by the sales team and the marketing and commercial initiatives.

The re-enrollment process (i.e., the enrollment of students in their second to last academic semesters) was equally impressive, with growth of 21% from the same period in 2012 to reach 301,000 students, led by the positive impact of the FIES student loan program on the On-Campus Undergraduate business and the initiatives implemented to minimize dropouts in both the On-Campus and Distance Learning businesses.

These results led the Undergraduate student base to grow by 25.3% between 1Q12 and 1Q13. Meanwhile, the Graduate business registered 9,000 new enrollments, mainly in Distance Learning programs.

Number of Students, 4Q12 vs. 1Q13

At the end of 1Q13, the number of Postsecondary students in both On-Campus and Distance Learning programs reached almost 519,000, growing by 27% from the close of 4Q12. Broken down by teaching format, the On-Campus student base posted growth of 13% and represented 31% of total Postsecondary students. Meanwhile, the Distance Learning format registered growth of 34% and accounted for 69% of the total student base.

Graduations

During 1Q13, the number of Undergraduate students graduating came to 27,961, which corresponded to 7.5% of the student base of this product. Meanwhile, the number of Graduate students graduating amounted to 3,389.

Dropouts

Among Undergraduate students, dropouts came to 42,693, which corresponded to 10.7% of the students eligible for re-enrollment (i.e., initial student base less graduates). In the Graduate segment, dropouts totaled 1,979 students.

STUDENT LOAN PROGRAM (FIES)

Kroton continues to excel nationally in its offering of student loans under the federal government's FIES program, due to the high rate with which its academic programs qualify for this program (reflecting the high quality of its educational services), as well as to the marketing, communication and sales actions it has implemented to promote this financing program at all of its Units.

At the end of 1Q13, 66,419 students held FIES student loans, up 12.7% from the previous quarter. Note that the concentration of students with financing decreased by 0.6 p.p. from 4Q12. This is because the term for contracting the loans lasts until June 2013 and during this period, students are expected to migrate from non-FIES to FIES with the conclusion of its contracting process. The percentage of Kroton students who qualify for the program remains at a high level, of 98.1%.

Language Courses

The Company also offers language courses at a number of its Postsecondary Education units, seeking to offer yet another opportunity for its students' development. The initiative also works to attract students while they are still in Secondary Education and establish a relationship that could culminate in the selection of one of Kroton's units for their Postsecondary Education. At the end of 1Q13, the number of students in this business was 6,684 (note that these students are not included in the figure for Postsecondary students informed above).

Unregulated Programs

Unregulated programs, which began to be offered in the second semester of 2012, aim to expand the portfolio of services offered by the Distance Learning centers. These short-duration programs allow students to increase their knowledge in various fields, such as Management, Education and Mathematics. Between January and March 2013, the Company had already offered unregulated programs to 6,973 students (as with language courses, these students are not considered in the figure for Postsecondary Education students).

Ministry of Education (MEC) Evaluations

At the end of 1Q13, around 99.3% of the academic programs and 96.0% of the institutions that form Kroton had received evaluations ranging from satisfactory to excellent, which reinforces its commitment to teaching quality in all of the educational services offered to students.

PRIMARY AND SECONDARY EDUCATION

In the Primary and Secondary Education business, Kroton's main activity is offering, through the Pitágoras Network, teaching book collections, teacher training, educational evaluations and other services to private schools in the Pre-School, Primary and Secondary Education businesses.

In 2013, Kroton is serving around 287,000 students, of whom 277,000 were enrolled in private schools, for growth of 2.0% on the prior year. Meanwhile, the number of private Associated Schools stood at 804, representing a high renewal rate of 91%.

As reported last quarter, the Company opted to reduce its exposure to the public sector and did not renew some of the contracts previously held in order to focus its efforts on expanding the operations of the Pitágoras Network. In 2013, we have only 1 contract with the public school system that involves around 9,600 students.

FINANCIAL PERFORMANCE

1Q13 RESULTS

Except where stated otherwise, all of the following analyses exclude the impacts of nonrecurring events in the periods.

FINANCIAL PERFORMANCE – ON-CAMPUS POSTSECONDARY

Revenue and Deductions

Deductions

Deductions as a percentage of gross revenue increased 3.2 p.p. in 1Q13 from 1Q12, mainly due to the increase in the line total discounts, which basically reflects the larger base of students with FIES loans secured by the Guarantor Fund (contribution of 5.63% of the gross revenue of these students meaning R$3.7 million in 1Q13), as well as the different discount policies adopted by the acquired companies (Unirondon and Uniasselvi), which should gradually converge to Kroton's practices over the coming semesters.

Net Revenue

Net revenue grew 33.6% in 1Q13 from the year-ago quarter, due to the expansion in the student base driven in particular by the new enrollment process in early 2013 and to the higher average ticket. Excluding the net revenue from new acquisitions (Uniasselvi and Unirondon), net revenue in 1Q13 was R$244.0 million, which represents strictly organic growth of 20.8%.

Average Net Ticket

Starting in 1Q13 (including retroactively for 4Q12), Kroton is adopting an enhanced method for calculating the average ticket in the On-Campus Postsecondary business. The new method uses only the average number of students effectively billed, since this method is more adequate for better understanding the real variation in the average ticket due to the changes in the student base observed over the periods, and given the conservative policy adopted for revenue recognition. Therefore, the net average ticket in 1Q13 was R$584.48, increasing 4.2% based on the monthly average compared to the previous quarter, which reflects the annual increase in monthly tuitions, which was partially offset by the change in the student base mix.

Costs

Cost of services as a ratio of net revenue in this business decreased 5.6 p.p. in 1Q13 from the same quarter of 2012. As mentioned in past quarters, the recurring benefits from scale gains result in a higher "student/classroom" ratio, which contributes directly to this reduction. Moreover, the line faculty, other personnel and third-party services is also benefitting from the adoption of the Academic Model for the On-Campus student base of Uniasselvi in early 2013. Analyzing rent costs separately, we observed improvement of 1.0 p.p. from 1Q12 resulting from scale gains and the better management of contracts.

Gross Income

Revenue growth driven by the new enrollment process in early 2013 and the strict control of costs supported gross income growth of 50.5% in 1Q13 from 1Q12, with gross margin expanding by 5.6 p.p.

Operating Expenses

Personnel, General and Administrative Expenses

Personnel, general and administrative expenses as a ratio of net revenue decreased 1.3 p.p. in 1Q13 compared to 1Q12, due to the progress made in integrating the on-campus platforms, basically in general and administrative expenses. The line personnel expenses increased from the first quarter of 2012, reflecting the growth in staff resulting from the Uniasselvi operation.

Selling and Marketing Expenses

In 1Q13 compared to 1Q12, selling and marketing expenses as a ratio of net revenue remained virtually stable, despite the expenses with the new enrollment and re-enrollment processes for the first semester of 2013, which registered a high number of new students. Compared to 4Q12, the reduction is explained by the fact that a portion of the expenses with the new enrollment process was incurred in the last quarter of last year. However, it is worth mentioning that these expenses tend to grow in the coming quarters as the projects planned for the year are advancing as scheduled.

Provision for Doubtful Accounts (PDA)

Total PDA for the On-Campus Postsecondary Education business stood at 4.3% of net revenue in 1Q13, in line with 4Q12. The reduction from the same period last year is explained by the higher share of FIES students in the total student base.

PDA excluding FIES was stable compared to 1Q12 and increased marginally from 4Q12 due to seasonal effects. Regarding PDA for FIES, the Company opted to maintain its conservative policy that provides for the allocation of 2.25% of total FIES revenue (students with co-signer and secured by the guarantor fund) as a way to provision for future losses.

Accounts Receivable

The 3.6% increase in total accounts receivable net of PDA between 1Q13 and 4Q12 was affected by the seasonal increase in FIES accounts receivable, which offset the improvements in short-term accounts receivable and the long-term portfolio. The decrease from 1Q12 is related to operating improvements in internal processes and the National Education Development Fund (FNDE), which reduced the balance of FIES accounts receivable.

During 1Q13, the amount of cash received through the repurchase of FIES credits was R$38.1 million in 1Q13 and R$48.1 million between January and April. The Company also used FIES credits to pay R$2.5 million in federal taxes in 1Q13.

Average Accounts Receivable Term

For calculating the average term of accounts receivable in the Postsecondary business, Kroton presents four distinct analyses:

1. Total Accounts Receivable

Calculation base: net balance of short-term accounts receivable related to monthly tuition fees and agreements receivable (ex-FIES and FIES), divided by Postsecondary net revenue in the last 12 months, multiplied by 360 days.

The average term decreased by 42 days from 1Q12, reflecting the operating improvements in managing FIES receivables, the advances in collection processes and the adequate levels of provisioning (PDA).

2. Accounts Receivable, excluding the balance of FIES receivables

Calculation base: net balance of short-term accounts receivable related solely to monthly tuition fees and agreements receivable (ex-FIES), divided by Postsecondary net revenue in the last 12 months, multiplied by 360 days.

The average term registered a reduction of 11 days compared to 1Q12, due to the higher share of FIES students in the base.

3. Accounts Receivable, excluding the balances of FIES receivables and revenues

Calculation base: net balance of short-term accounts receivable related solely to monthly tuition fees and agreements receivable, divided by Postsecondary net revenue (ex-FIES) in the last 12 months, multiplied by 360 days.

In this methodology, the variation in average term between 1Q13 and 4Q12 was not relevant, which attests to the Company's adequate provisioning, collection and recovery practices.

4. FIES Accounts Receivable

Calculation base: net balance of short-term accounts receivable related solely to FIES, divided by net revenue from monthly FIES payments in the last 12 months, multiplied by 360 days.

In 1Q13, the average term of FIES accounts receivable was 90 days, 176 days lower than 1Q12. When compared to 4Q12, the average term increased 12 days, explained by seasonality in the quarter related to FIES repurchases that depend on the amendment of the contracts. If we consider the repurchases made already in April (R$78.3 million), the average term would be lower to 4Q12, demonstrating again the trend of improvement related to this indicator.

OPERATING INCOME

Operating income in 1Q13 was R$102.2 million, with operating margin of 37.9%, or 6.8 p.p. higher than in the first quarter of 2012, which is explained by the rigorous control of costs and the successful new enrollment and student retention processes at the start of the year.

FINANCIAL PERFORMANCE – DISTANCE LEARNING POSTSECONDARY

Revenue and Deductions

Deductions

As demonstrated in previous releases, the main items in gross revenue deductions in the Distance Learning business are the discounts and ProUni, which together corresponded to 14.6% of total gross revenue in 1Q13. The higher deductions from 1Q12 are related to the expansion in the student base between the periods. Compared to 4Q12, gross revenue deductions increased 1.2 p.p.

Net Revenue

In 1Q13, net revenue amounted to R$157.0 million, increasing 113.8% from the same period last year. The increase is explained by the consolidation of the Uniasselvi operation in 1Q13 and by the successful new enrollment and re-enrollment processes for the first semester of 2013. Excluding the net revenue from Uniasselvi, net revenue in 1Q13 was R$110.0 million, which represents strictly organic growth of 49.8%.

Average Net Ticket

For comparison purposes, Kroton reports only the effective ticket paid by the student, without discounting the transfers. Therefore, considering all (100%) revenue for both Institutions, the combined average ticket of the Undergraduate and Graduate segments is R$227.25, or 6.3% higher than in 4Q12, specially due to seasonal effects of the Uniasselvi operation and change in the mix of courses.

Costs

In 1Q13, cost of services rendered (CSR) amounted to R$32.9 million, increasing 213.7% from the first quarter of 2012. As in the case of revenue, the increase is explained by the consolidation of the Uniasselvi operation in 1Q13, which has higher costs, especially those related to the professors (tutors) who give classes once a week at the Distance Learning centers.

Gross Income

In 1Q13, gross income amounted to R$124.1 million, increasing 97.2% from the same period last year. As mentioned in the considerations regarding costs, the gross margin compression between the periods was due to consolidation of the Uniasselvi operation, which has a different academic model from that of Unopar. There was also an impact on the denominator (net revenue) for calculating margin, since the contribution per student to net revenue at Uniasselvi tends to be higher than at Unopar, which reflects the different practices they adopt for rebates to the Distance Learning centers.

Operating Expenses

Personnel, General and Administrative Expenses

In 1Q13, this group of expenses decreased 27.9% from same period last year, which is explained by the successful integration processes that resulted in operating and administrative gains, especially in early 2013.

Selling and Marketing Expenses

In 1Q13, selling and marketing expenses as a ratio of net revenue stood at 3.6%, stable compared to 1Q12, despite the higher expenses with the new enrollment and re-enrollment processes for the first semester of 2013. As in the On-Campus business, these costs tend to grow in the coming quarters as the projects planned for the year are advancing as scheduled.

Provision for Doubtful Accounts (PDA)

As already noted, the level of provisioning for the Distance Learning business continues to move towards a level similar to that of On-Campus Education, since the same collection and recovery practices already used by Kroton are also being implemented in the Unopar and Uniasselvi operations. As a result, provisioning in 1Q13 decreased by 0.4 p.p. from 1Q12.

Accounts Receivable

In 1Q13, Distance Learning accounts receivable amounted to R$39.9 million, increasing from 4Q12 due to the growth in the student base between the periods.

Average Accounts Receivable Term

Calculation base: net balance of short-term accounts receivable, divided by estimated Distance Learning net revenue in the last 12 months, multiplied by 360 days.

In 1Q13, the average term of receivables in the Distance Learning business was 29 days, stable compared to 4Q12.

Operating Result

Operating income in the Distance Learning business in 1Q13 was R$106.3 million, growing 116.1% from the same quarter of 2012. Note that despite the gross margin compression between 1Q13 and 1Q12, operating margin expanded 0.7 p.p., demonstrating the more balanced operating performances of Unopar and Uniasselvi considering the integration of the two platforms.

FINANCIAL PERFORMANCE – PRIMARY AND SECONDARY

Revenue and Deductions

Deductions

Deductions as a ratio of gross revenue decreased 2.0 p.p. in 1Q13 from the prior-year quarter, mainly due to the reduction in the line returns of materials in the period.

Net Revenue

The net revenue growth of 11.7% in 1Q13 compared to 1Q12 was driven by the higher number of book collections sold and management contracts, as well as the higher average ticket and lower number of returns already mentioned.

Average Net Ticket

In the Primary and Secondary Education business, the average annual amount charged for the sale of teaching materials to the Associated Schools was R$408.00 per student, increasing 3.8% from the previous year, due to the mix of book collections sold, with a higher volume of Primary Education books, which have a lower average ticket.

Costs

In 1Q13, cost of goods sold as a ratio of net revenue in the business decreased 2.5 p.p. from the same quarter of 2012, reflecting the better management of the collection production process. Meanwhile, the decrease in costs of services rendered of 2.3 p.p. was due to optimization of staff.

Gross Income

Gross margin expanded 4.8 p.p. in 1Q13 from the same period last year, driven by the greater focus on private schools, which increased their contribution to the result of the Primary and Secondary Education segment.

Operating Expenses

Personnel, General and Administrative Expenses

In 1Q13, the 1.6 p.p. reduction in General and Administrative Expenses as ratio of net revenue from the same period of 2012 reflects the restructuring carried out in the Primary and Secondary Education business, with the insourcing of certain management activities.

Selling and Marketing Expenses

In line with the strategy to strengthen the segment's commercial structure in order to accelerate growth, selling and marketing expenses as a ratio of net revenue increased 3.4 p.p. between 1Q13 and 1Q12.

Provision for Doubtful Accounts (PDA)

PDA reached 1.8% of net revenue in 1Q13, stable from the same period last year, reflecting the solid collection and recovery policies adopted in the relationships with the Associated Schools.

Accounts Receivable

Accounts receivables in the Primary and Secondary Education business decreased from 1Q12, reflecting the effectiveness of the more restrictive commercial practices adopted by the Company.

Average Accounts Receivable Term

Calculation base: net balance of short-term accounts receivable, divided by Primary and Secondary Education net revenue in the last 12 months, multiplied by 360 days.

The average accounts receivable term in the Primary and Secondary Education business decreased sharply by 19 days from the same quarter last year, due to the same reasons that led to the reduction in accounts receivable.

Operating Result

The increase in net revenue, coupled with the aforementioned variations in costs and expenses, had a positive impact on operating margin in 1Q13, which expanded by 2.8 p.p. from 1Q12.

FINANCIAL PERFORMANCE – KROTON

CORPORATE EXPENSES

In 1Q13, corporate expenses as a ratio of net revenue increased by 0.3 p.p. from 1Q12 and decreased by 1.3 p.p. from 4Q12. The increase in the period is due to the higher level of outsourcing, mainly for technology-related services, which will continue to grow during the year, and to the provisioning for the payment of variable compensation in 2013.

NONRECURRING EVENTS

Kroton expects nonrecurring events during 2013, mainly those related to the acquisitions carried out during last year and M&A activities. In 1Q13, the Company recorded R$0.5 million in expenses related to the Uniasselvi and Unopar integrations. Another R$1.9 million was recorded in expenses related to M&A projects (excluding Unopar and Uniasselvi), which included the auditing, integration and sale processes for Kroton's own Primary and Secondary Education operation in São Luis, state of Maranhão. In addition, R$0.9 million in other items was recognized, which included the hiring of consulting services for special projects of a nonrecurring nature.

FINANCIAL RESULT

In 1Q13, the financial result was an expense of R$14.7 million, impacted by the lower financial income in the period due to the lower cash balance in view of the disbursements as from 1Q12 related to the Uniasselvi and Unirondon acquisitions and the payment of the last installment for Unopar.

Compared to 4Q12, the better financial result is explained by the lower interest on obligations related to the acquisitions, given the payment of the last installment for the Unopar acquisition made in December 2012.

NET INCOME

In 1Q13, the Company posted adjusted net income (adjusted for the amortization of intangible assets and nonrecurring costs and expenses) of R$185.5 million, increasing 87.5% from the same quarter of 2012. In 1Q13, adjusted earnings per share was R$0.69.

Positive impacts effectively lowered the effective rate of Income Tax and Social Contribution, which include the effects from the incorporation of the acquired companies, the reversal of the provision for profit sharing due to the payment made in 1Q13, and income and social contribution tax loss carryforwards.

Excluding the adjustments for nonrecurring costs and expenses and the amortization of intangible assets, net income was R$172.3 million in 1Q13.

EBITDA

In 1Q13, Adjusted EBITDA was R$218.3 million, increasing 72.9% from the same quarter last year, with Adjusted EBITDA margin of 43.7%. The performance in the period confirms the gains from operating efficiency, rigorous control of costs and expenses, acquisitions and successful integration processes and success of the new enrollment and re-enrollment process for the first semester of 2013.

Excluding the adjustments for nonrecurring costs and expenses, the Company generated EBITDA of R$215.0 million in 1Q13, with EBITDA margin of 43.0%, which expanded 8.2 p.p. from 1Q12.

INVESTMENT (CAPEX)

In 1Q13, Kroton invested R$29.7 million, allocated as follows:

(i) information technology and library equipment: R$6.0 million;

(ii) content and systems development and software licenses: R$1.9 million;

(iii) laboratory and related equipment: R$6.4 million;

(iv) expansions – construction and improvements: R$15.4 million.

In 1Q13, investment as a ratio of net revenue was 5.9%, most of which was allocated to expansion projects to meet the growth in the student base observed in 2013.

As previously announced, Kroton is also investing in special projects, which include the acquisition of brownfield properties and buildings to support stronger growth rates over the coming years and that could possibly be divested in the future. In 1Q13, these investments amounted to R$7.6 million and are basically related to the expansion of units. As a result, Kroton’s total investment in the quarter amounted to R$37.3 million, which corresponds to 7.5% of net revenue in the period.

NET DEBT

At the end of 1Q13, Kroton’s cash and financial investments stood at R$314.9 million. The decrease compared to 1Q12 is due to the payment of interest on debentures and the last installment for the Unopar acquisition, both of which occurred in the last quarter of 2012, as well as to the payment related to the Uniasselvi acquisition. As mentioned before, the Company's debt is directly related to the financing of the Unopar acquisition, given the R$550 million debentures issue. As a result, the company’s net debt considering only bank debt amounted to R$250.9 million in 1Q13, that means 25.3% lower than 4Q12, explained basically by the significant cash generation in the period.

Considering all short- and long-term obligations, which include taxes and contributions paid in installments and the obligations related to the acquisitions made through 1Q13, net debt stood at R$526.8 million. Note that the bulk of this amount is represented by the Uniasselvi acquisition, which will be paid in six annual installments starting in 2013.

CASH FLOW

The Company's free cash flow stems from cash flow from operating activities, which is derived from net income adjusted for all non-cash effects in the profit and loss and comprises all variations in working capital, taxes paid (income tax and social contribution) and investments made (ex-acquisitions), and from cash flow from non-operating activities, which includes all financial flows not related to the operations.

In 1Q13, operating cash flow before capex was R$154.1 million, almost three times higher than in the same quarter of 2012, mainly due to the net income posted in the period.

Considering the disbursements for recurring capex, operating cash flow was R$124.4 million in 1Q13. Adding the capex for special projects, operating cash flow was R$116.9 million. The Company's free cash flow was R$95.4 million in 1Q13.

Operating cash flow after recurring capex corresponded to 57.9% of EBITDA in 1Q13. After the disbursements for capex, both recurring and for special projects, cash flow corresponded to 54.4% of EBITDA in the year. In this analysis, it is important to note that the average monthly cash received through FIES credit repurchases was R$38.1 million in 1Q13. However, in April, these repurchases amounted to R$78.3 million, which should have a positive impact on operating cash flow in 2Q13.

CAPITAL MARKETS AND SUBSEQUENT EVENTS

STOCK PERFORMANCE

Kroton stock (KROT3) is a component of the Special Corporate Governance Stock Index (IGC), Special Tag-Along Stock Index (ITAG), Consumption Sector Index (ICON), Small Cap Index (SMLL) and MSCI Brazil.

The stock was traded in 100% of trading sessions during 1Q13, registering financial trading volume of R$3.1 billion and 220,576 orders in the period, which represents average daily trading volume of R$52.6 million. On March 28, 2013, Kroton's market capitalization was R$7.0 billion.

During 1Q13, the stock price gained 12.2%, while the Brazil Index (Ibovespa) fell 7.5%, the SMLL 3.4%, the ICON 0.6% and the IGC 0.1%, while the ITAG gained 2.3%. Kroton stock is currently covered by research analysts at 15 different local and international institutions.

OWNERSHIP STRUCTURE

Kroton's capital is composed of 268,703,876 common shares.

ASSOCIATION BETWEEN KROTON AND ANHANGUERA

As per the Material Fact notice disclosed on April 22, 2013, Kroton announced an Association Agreement with Anhanguera Educacional Participações S.A. The realization of the Association is subject to: (i) the completion of the legal, accounting and financial due diligence; (ii) approval by Brazil's antitrust agency CADE; and (iii) approval by the Shareholders Meetings of the Companies. For more information on the Association, go to Kroton's Investor Relations website.

DIVIDENDS

The Annual Shareholders' Meeting of April 19, 2013 approved the distribution of dividends for fiscal year 2012 in the amount of R$60 million. The amount has already been paid to shareholders, as per documentation available to the market.

Furthermore, in the Meeting held on May 14, 2013, the Board of Directors approved the distribution of dividends related to the results for the first quarter of 2013 in the amount of R$40.9 million, which corresponds to R$0.152714 per common share and to 25% of distributable net income. Shareholders of record on May 14, 2013 are entitled to the dividends.

RELATIONSHIP WITH INDEPENDENT AUDITORS

In accordance with CVM Rule 381/2003, we inform that Deloitte Touche Tohmatsu Auditores Independentes was contracted to provide the following services in 2013: audit of the financial statements in accordance with generally accepted accounting practices in Brazil International Financial Reporting Standards (IFRS); internal control review; interim financial information review, in accordance with Brazilian and international interim financial information review norms (NBC TR 2410 - Review of Interim Financial Information by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). The Company hires the independent auditors for services related to due diligence.

The performance report information on recurring Gross profit and recurring margin, recurring Gross margin, adjusted net income, adjusted net profit, adjusted profit margin and net financial, adjusted net margin and evolution number of students were not subject to special review by independent auditors.