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

Kroton Educacional S.A. and Subsidiaries

Interim Financial Information for the Quarter Ended June 30, 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 Shareholders and Management of
Kroton Educacional S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Kroton Educacional S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2013, which comprises the balance sheet as at June 30, 2013 and the related income statement for the three and six-month periods then ended, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

The Company's 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

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA"), for the six-month period ended June 30, 2013, prepared under Management's responsibility, the presentation of which is required by the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Interim Financial Information (ITR), and is considered as supplemental information for IFRS that does not require the presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information in accordance with CPC 21, taken as a whole.

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

São Paulo, August 8, 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.

2013-0858

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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 JUNE 30, 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
ASSETS	06/30/2013	12/31/2012	06/30/2013	12/31/2012
CURRENT ASSETS				
Cash and cash equivalents:				
Cash and banks	16	33	8,342	132,226
Short-term investments	1,175	1,719	344,433	83,394
Trade receivables	-	-	261,404	245,104
Inventories	-	-	12,872	15,903
Advances	3	-	28,315	27,443
Recoverable taxes	1,129	1,107	27,416	25,555
Dividends receivable	-	45,639	-	-
Other receivables	54	-	22,814	10,918
Total current assets	2,377	48,498	705,596	540,543
NONCURRENT ASSETS				
Securities	-	-	3,975	3,840
Trade receivables	-	-	12,110	14,402
Deferred income tax and social contribution	-	-	1,498	1,546
Escrow deposits	-	-	9,651	8,646
Advances	-	-	5,017	8,777
Recoverable taxes	-	-	6,712	9,811
Contingencies' guarantees	-	-	113,836	159,098
Other receivables	-	-	2,605	3,022
Advance for future capital increase	-	3,930	-	-
Investments:				
In subsidiaries	2,412,383	2,186,232	-	-
Other	-	-	1,600	1,600
Property, plant and equipment	-	-	419,901	371,852
Intangible assets	59,450	59,450	2,625,072	2,660,783
Total noncurrent assets	2,471,833	2,249,612	3,201,977	3,243,377
TOTAL ASSETS	2,474,210	2,298,110	3,907,573	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 JUNE 30, 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
LIABILITIES AND EQUITY	06/30/2013	12/31/2012	06/30/2013	12/31/2012
CURRENT LIABILITIES				
Trade payables	99	300	92,169	72,666
Borrowings and financing	-	-	3,444	4,706
Debentures	-	-	1,853	1,698
Payroll and related taxes	-	18	133,374	100,538
Income tax and social contribution	-	-	8,663	4,993
Taxes payable	382	381	17,989	17,353
Advances from customers	-	-	29,384	36,307
Taxes in installments	-	-	7,633	7,764
Payables – acquisitions	-	-	48,755	54,823
Dividends payable	-	44,803	-	44,803
Other payables	-	-	4,493	22,906
Total current liabilities	481	45,502	347,757	368,557
NONCURRENT LIABILITIES				
Borrowings and financing	-	-	2,747	6,926
Debentures	-	-	542,768	542,111
Provision for tax, labor and civil risks	6,628	6,404	197,121	244,574
Taxes in installments	-	-	42,637	42,443
Payables - acquisitions	-	-	147,624	171,523
Deferred taxes	-	-	157,409	159,312
Other payables	-	-	2,409	2,270
Total noncurrent liabilities	6,628	6,404	1,092,715	1,169,159
EQUITY				
Capital	1,867,228	1,867,228	1,867,228	1,867,228
Capital reserves	246,056	242,171	246,056	242,171
Treasury shares	(5,729)	(7,037)	(5,729)	(7,037)
Earnings reserves	128,645	143,842	128,645	143,842
Retained earnings	230,901	-	230,901	-
Total equity	2,467,101	2,246,204	2,467,101	2,246,204
TOTAL LIABILITIES AND EQUITY	2,474,210	2,298,110	3,907,573	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 PERIOD ENDED JUNE 30. 2013
(In thousands of Brazilian reais - R$, except per share value)

	Parent (BR GAAP)				Consolidated (IFRS & BR GAAP)			
	Quarter ended 06/30/2013	Period ended 06/30/2013	Quarter ended 06/30/2012	Period ended 06/30/2012	Quarter ended 06/30/2013	Period ended 06/30/2013	Quarter ended 06/30/2012	Period ended 06/30/2012
NET REVENUE FROM SALES AND SERVICES	-	-	-	-	481,526	981,236	314,537	655,134
COST OF SALES AND SERVICES								
Cost of sales	-	-	-	-	(3,498)	(14,545)	(4,026)	(15,548)
Cost of services	-	-	-	-	(231,714)	(424,040)	(175,779)	(318,617)
	-	-	-	-	(235,212)	(438,585)	(179,805)	(334,165)
GROSS PROFIT	-	-	-	-	246,314	542,651	134,732	320,969
OPERATING INCOME (EXPENSES)								
Selling	-	-		-	(47,757)	(94,287)	(33,102)	(63,766)
General and administrative	(3,053)	(5,743)	(2,660)	(6,849)	(86,738)	(154,585)	(59,499)	(122,220)
Other operating income	-	-		-	400	400	14	39
Other operating expenses	-	-		-	(329)	(1,792)	(135)	(290)
Equity in subsidiaries								
Equity method	102,530	277,507	34,570	122,370	-	-	-	-
INCOME FROM OPERATIONS BEFORE FINANCE INCOME (COSTS)	99,477	271,764	31,910	115,521	111,890	292,387	42,010	134,732
FINANCE INCOME (COSTS)								
Finance income	40	67	146	802	13,815	28,387	12,865	33,896
Finance costs	(6)	(6)	-	(3)	(22,065)	(41,589)	(23,901)	(47,996)
OPERATING INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	99,511	271,825	32,056	116,320	103,640	279,185	30,974	120,632
INCOME TAX AND SOCIAL CONTRIBUTION								
Current	-	-	-	-	(3,628)	(9,215)	(392)	(7,642)
Deferred	-	-	386	900	(501)	1,855	1,860	4,230
	-	-	386	900	(4,129)	(7,360)	1,468	(3,412)
PROFIT FOR THE PERIOD	99,511	271,825	32,442	117,220	99,511	271,825	32,442	117,220
ATTRIBUTABLE TO								
Company owners	99,511	271,825	32,442	117,220	99,511	271,825	32,442	117,220
Basic earnings per common share (ON) - R$	0.37	1.01	0.15	0.15	0.37	1.01	0.15	0.15
Diluted earnings per common share (ON) - R$	0.37	1.01	0.54	0.54	0.37	1.01	0.54	0.54

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 PERIOD ENDED JUNE 30. 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)				Consolidated (IFRS & BR GAAP)			
	Three-month period 06/30/2013	Six-month period 06/30/2013	Three-month period ended 06/30/2012	Six-month period 06/30/2012	Three-month period ended 12/31/2012	Six-month period 12/31/2012	Three-month period ended 06/30/2012	Six-month period 06/30/2012
PROFIT FOR THE PERIOD	99,511	271,825	32,442	117,220	99,511	271,825	32,442	117,220
OTHER COMPREHENSIVE INCOME	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	99,511	271,825	32,442	117,220	99,511	271,825	32,442	117,220
ATTRIBUTABLE TO								
Company owners	99,511	271,825	32,442	117,220	99,511	271,825	32,442	117,220
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 COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30. 2013
(In thousands of Brazilian reais - R$, except per share value)

		Capital reserves			Earnings reserves			Retained earnings	
	Capital	Capital reserve	Equity instruments arising from business combinations	Treasury shares	Legal reserve	Additional dividends proposed	Investment reserve	(accumulated loss	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	-	-	-	6,071	-	-	-	-	6,071
Options granted recognized	-	1,297	-	-	-	-	-	-	1,297
Gain on sale of treasury shares	-	2,129	-	-	-	-	-	-	2,129
Share options exercised	-	(2,921)	-	-	-	-	-	-	(2,921)
Profit for the period	-	-	-	-	-	-	-	117,220	117,220
BALANCES AT JUNE 30, 2012	1,851,101	(5,805)	260,000	(18,041)	-	-	-	103,821	2,191,076
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	-	-	-	1,308	-	-	-	-	1,308
Stock options granted recognized	-	5,193	-	-	-	-	-	-	5,193
Loss on sale of treasury shares	-	(635)	-	-	-	-	-	-	(635)
Stock options exercised	-	(673)	-	-	-	-	-	-	(673)
Profit for the year	-	-	-	-	-	-	-	271,825	271,825
Dividend distribution (R$0.223938 per share)	-	-	-	-	-	(15,197)	-	-	(15,197)
Dividend distribution (R$0.152715 per share)	-	-	-	-	-	-	-	(40,924)	(40,924)
BALANCE AT JUNE 30, 2013	1,867,228	2,183	243,873	(5,729)	9,432	-	119,213	230,901	2,467,101

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 PERIOD ENDED JUNE 30. 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	06/30/2012	06/30/2013	06/30/2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax and social contribution	271,825	116,320	279,185	120,632
Adjustment to reconcile profit before income tax and social contribution to net cash (used in) generated by operating activities:				
Depreciation and amortization	-	2,269	50,400	37,642
Allowance for doubtful accounts	-	-	45,981	31,676
Provision for tax, labor and civil risks	224	-	1,596	3,920
Allowance for inventory losses	-	-	825	2,014
Financial charges on borrowings and debentures	-	-	25,387	32,899
Financial charges on acquisitions	-	-	7,583	7,862
Income from securities	(59)	-	(8,632)	(20,325)
Grant of stock options	5,193	1,297	5,193	1,297
Gain on sale or write-off of noncurrent assets	-	-	786	254
Equity method	(277,507)	(122,370)	-	-
Changes in operating assets and liabilities:				
(Increase) in trade receivables	-	-	(59,989)	(79,954)
(Increase) decrease in inventories	-	-	2,206	3,215
(Increase) in advances	(3)	-	2,888	6,824
(Increase) decrease in recoverable taxes	(22)	(501)	10,747	(8,028)
(Increase) decrease in escrow deposits	-	-	(1,005)	(51)
Decrease (increase) in other assets	(54)	-	(2,260)	2,018
Increase (decrease) in trade payables	(201)	45	19,503	(8,002)
Increase (decrease) in payroll and related taxes	(17)	377	32,836	18,681
Increase (decrease) in taxes	1	(1)	(4,910)	967
Increase in advances form customers	-	-	(6,923)	(6,494)
(Decrease) in taxes in installments	-	-	(9,156)	(2,814)
(Decrease) in provision for tax, labor and civil risks	-	-	(3,787)	(988)
Increase (decrease) in other payables	-	-	(14,584)	5,771
Cash (used in) generated by operating activities	(620)	(2,564)	373,870	149,016
Income tax and social contribution paid	-	-	(9,509)	(6,109)
Interest on borrowings and debentures	-	-	(25,194)	(34,311)
Net cash (used in) generated by operating activities	(620)	(2,564)	339,167	108,596
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of (investment in) securities	59	-	8,497	20,255
Increase in property, plant and equipment	-	-	(63,994)	(48,704)
Increase in intangible assets	-	-	(5,524)	(7,381)
Acquisition of control net of cash acquired	-	-	(35,245)	(579,275)
Advance for future capital increase is subsidiary	-	-	-	-
Capital increase in subsidiary	-	(593,370)	-	-
Dividends received from subsidiary	100,924	-	-	
Proceeds from sale of noncurrent asset	-	-	-	36
Net cash used in investing activities	100,983	(593,370)	(96,266)	(615,069)
CASH FLOWS FROM FINANCING ACTIVITIES				
Sales (acquisitions) of treasury shares	-	5,279	-	5,279
Capital increase, net of issuance costs	-	591,949	-	591,949
Cost of debentures issued	-	-	-	(530)
Borrowings and financing	-	-	638	-
Repayments of borrowings and financing	-	-	(5,460)	(10,146)
Payment of dividends to shareholders	(100,924)	-	(100,924)	-
Settlement of intragroup loans	-	(1,884)	-	-
Net cash generated by financing activities	(100,924)	595,344	(105,746)	586,552
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS, NET	(561)	(590)	137,155	80,079
Cash and cash equivalents at the beginning of the year	1,752	4,595	215,620	151,347
Cash and cash equivalents at the end of the year	1,191	4,005	352,775	231,426
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS, NET	(561)	(590)	137,155	80,079

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 VALUE ADDED
FOR THE PERIOD ENDED JUNE 30. 2013
(In thousands of Brazilian reais - R$)

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	06/30/2012	06/30/2013	06/30/2012
REVENUE				
Sales and service revenue			1,006,205	672,702
Other income	-	-	400	39
Recognition of allowance for doubtful accounts	-	-	(45,981)	(31,676)
INPUTS PURCHASED FROM THIRD PARTIES				
Cost of products and services	-	-	(14,349)	(15,563)
Materials, power, outside services and other	(406)	(1,505)	(157,271)	(124,759)
GROSS VALUE ADDED	(406)	(1,505)	789,004	500,743
Depreciation and amortization	-	(2,269)	(50,400)	(37,642)
WEALTH CREATED	(406)	(3,774)	738,604	463,101
WEALTH RECEIVED IN TRANSFER				
Equity in subsidiaries	277,507	122,370	-	-
Finance income	67	802	28,387	33,896
WEALTH FOR DISTRIBUTION	277,168	119,398	766,991	496,997
WEALTH DISTRIBUTED	277,168	119,398	766,991	496,997
Personnel:				
Salaries and wages	5,192	2,517	262,381	190,142
Benefits	-	-	13,286	9,831
Severance pay fund (FGTS)	-	81	24,288	17,569
Taxes and fees:				
Federal	141	(431)	74,483	55,108
State	4	2	204	277
Municipal	-	6	24,130	16,287
Interest on debt:				
Interest	6	3	41,589	47,996
Leases	-	-	50,856	39,088
Copyrights	-	-	3,949	3,479
Shareholders	271,825	117,220	271,825	117,220

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, city of Belo Horizonte, State of Minas Gerais, and its subsidiaries ("Company" or "Kroton") are primarily engaged in providing 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 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"), where it trades its common shares under the ticker symbol KROT3.

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

Comparability

The income statements for the quarter ended June 30, 2012 include the profit (loss) of subsidiaries Assevim, Fameg, Famelages, Famesul, Pós EAD, Pós Uniasselvi, Uniasselvi and LDV, consolidated beginning June 1, 2012, and do not include the profit (loss) of 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 its highest 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.

Corporate events occurred during 2013

a) 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

The net assets of these subsidiaries were valued at their book value as at December 31, 2012 at the carrying amount of 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

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

b) 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 expenses".

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 & 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 did not become effective yet. The Company's management assessed these new standards and did not identify any significant effects on the amounts reported or to be reported.

CPC has not enacted certain pronouncements that were or would be effective on or after June 30, 2013. However, based on the CPC's commitment to maintain updated the set of standards issued by IASB, it is estimated that these pronouncements and/or amendments issued by IASB will be approved for mandatory adoption.

4. CONSOLIDATED INTERIM FINANCIAL INFORMATION

The consolidated interim financial information include 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:

Consolidated companies	Equity interest - % 06/30/2013	12/31/2012
Direct subsidiary:		
EDE - Editora, Universidade de Arapongas, Bandeirantes, Divinópolis, Guarapari, Jundiaí, Linhares, Londrina, Teixeira de Freitas e Uberlândia, partner in EAD centers, and parent of:	100.00	100.00
Indirect subsidiaries:		
ALBA - Service provider (i)	-	99.99
CEAMA - Faculdade de São Luís	99.99	99.99
CSL - K-12 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 - Publisher	99.99	99.99
PSES - Faculdade de Belo Horizonte, Betim, Contagem, Governador Valadares, Ipatinga, Maceió, Poços de Caldas, São Luís e 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 e 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 - University 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 parent of:	99.99	99.99
LDV - Publisher	99.99	99.99
IUNI - Universidade de Cuiabá, and parent 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 parent 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 POLICIES AND OBJECTIVES - CONSOLIDATED (IFRS & BR GAAP)

The Company's main financial liabilities refer to borrowings and financing, debentures, trade payables and other payables. The main purpose of such financial liabilities is to raise funds to finance the Company's operations. The Company has demand and short-term deposits, trade receivables, other receivables and other assets directly arising from its operations. The Company does not have any derivative transactions.

5.1. Financial instruments policy

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.

The Company's activities are exposed to financial risks: market, credit and liquidity.

The Company's management supervises the management of such risks in line with the capital management policy objectives and counts on the Board of Directors' support, monitoring and supervision for decisions related to capital management and its alignment with objectives and risks.

a) 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 finance costs related to borrowings and financing and debentures raised in the market and payables for acquisition of third parties in installments. 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 & BR GAAP)	
	06/30/2013	12/31/2012
Borrowings and financing		
Interbank Certificates of Deposit (CDI)	1,219	5,972
Other (i)	4,972	5,660
Debentures (ii)	544,621	543,809
Payables for acquisitions		
Interbank Certificates of Deposit (CDI)	164,171	198,801
Extended Consumer Price Index (IPCA)	24,120	23,384
Consumer Price Index (INPC)	-	1,359
Other (iii)	8,088	2,802
	747,191	781,787

(i) Refer to finance leases adjusted by fixed average interest rates of 6.7% per year.

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

(iii) Out of the balance, the amount of R$5,195 is not subject to finance charges.

b) Credit risk

Credit risk is the risk of a business counterparty not complying with an obligation set forth in a financial instrument or agreement with a customer, which would cause the Company to incur a financial loss. The Company is exposed to credit risk arising from its operating activities (mainly relating to trade receivables) and financing activities, including deposits in banks and financial institutions, and other financial instruments.

Trade receivables

The Company's and its subsidiaries' sales policy is aligned with the risk inherent in its industry and is governed by federal government rules (Law 9870/99, which provides 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 maintains an allowance for doubtful accounts of R$106,964 (R$95,363 as at December 31, 2012), out 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 under the FIES Program.

Financial instruments and cash deposits

The Company restricts its exposure to credit risks related to financial instruments, bank deposits and short-term investments by holding investments with prime financial institutions and in accordance with previously established limits.

c) Liquidity risk

The liquidity risk arises from the possibility that the Company may not have sufficient funds to meet its commitments in view of the different terms to settle its rights and obligations.

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 & BR GAAP)			
	Less than 1 year	From 1 to 2 years	Over 2 years	Total
At June 30, 2013:				
Borrowings and financing	3,444	1,818	929	6,191
Debentures	1,853	217,108	325,660	544,621
Payables - acquisitions	48,755	41,901	105,723	196,379
	54,052	260,827	432,312	747,191
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

The main objective of the Company's capital management policy is to ensure that a strong credit rating and a capital ratio free of problems are maintained to support the business and maximize the value for the shareholder.

The Company manages and adjusts the capital structure based on changes in economic conditions. To maintain or adjust its capital structure, the Company can adjust the payment of dividends to shareholders, return capital to them, or issue new shares.

In the period ended June 30, 2013, the Company had a capital structure adequate to make its growth strategy feasible, either organically or through acquisitions. Investment decisions take into account the expected return potential.

Financial leverage ratios are as follows:

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Debt (i)	-	-	550,812	555,441
Cash and cash equivalents and securities - current and noncurrent (ii)	(1,191)	(1,752)	(356,750)	(219,460)
Net debt	(1,191)	(1,752)	194,062	335,981
Equity (iii)	2,467,101	2,246,204	2,467,101	2,246,204
Financial leverage ratio	-	-	7.9%	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 noncurrent securities, 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 significant losses for the Company using a most probable scenario, according to an assessment made by Management for a 12-month horizon. Additionally, two other scenarios are provided showing a 25% and 50% stress at the risk variable considered, respectively.

For the sensitivity analysis, we used as assumption the macroeconomic indicators prevailing at the end of the year.

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

Parent (BR GAAP)

Index	Amount	Risk	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
CDI	1,175	Decrease of CDI	96	72	48

Consolidated (IFRS & BR GAAP)

Index	Amount	Risk	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
CDI	348,408	Decrease of CDI	28,570	21,428	14,285

b) Borrowings, financing, debentures and payables - acquisitions

Consolidated (IFRS & BR GAAP)

Index	Amount	Risk	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
CDI	710,011	Increase of CDI	58,221	72,776	87,331
IPCA	24,120	IPCA increase	1,423	1,779	2,134

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 - 8.2% and IPCA - 5.9% 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

The fair values of financial assets and liabilities were calculated based on available market information and measurement methodologies most appropriate in each situation. However, considerable judgment was required to interpret market inputs and then develop the most appropriate fair value estimates. Accordingly, estimates presented herein are not necessarily indicative of the amounts that could be realized in the market. The use of different market inputs and/or valuation techniques may have a material impact on the estimated fair value.

The Company's financial assets and financial liabilities as at June 30, 2013 are recorded in balance sheet accounts and at amounts compatible with those prevailing in the market. The main financial assets and financial liabilities, as well as the criteria, assumptions and limitations used in calculating fair values, are described below:

a) Cash and cash equivalents and securities

The amounts recorded approximate the fair value due to the short-term maturity of these instruments.

b) Borrowings and financing

Measured at amortized cost using the effective interest rate method.

c) Trade receivables

Classified as receivables and recorded at the original amounts, which approximate their fair value.

d) Other derivative financial instruments (assets and liabilities)

The estimated realizable value of the Company's financial assets and financial liabilities has been determined based on available market information and the measurement methodologies. As at June 30, 2013, the Company does not have derivative financial instruments.

Consolidated (IFRS & BR GAAP)

The carrying amounts and fair values of financial instruments as at June 30, 2013 are as follows:

	Classification	Carrying amount	Fair value
Assets			
Cash and cash equivalents	Loans and receivables	352,775	352,775
Securities (i)	Loans and receivables	3,975	3,975
Trade receivables (ii)	Loans and receivables	273,514	273,514
Other receivables (except for prepaid expenses) (iii)	Loans and receivables	19,750	19,750
Liabilities			
Trade payables (iv)	Other financial liabilities	92,169	92,169
Borrowings, financing and finance lease (v)	Other financial liabilities	6,191	6,191
Debentures (vi)	Other financial liabilities	544,621	544,621
Payables - acquisitions	Other financial liabilities	196,379	196,379
Other payables (iii)	Other financial liabilities	6,902	6,902

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

(ii) The average term of receivables is 55 days, therefore approximating the fair value expected by the Company.

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

(iv) The average term of payables is up to 45 days, therefore, approximating the fair value expected by the Company.

(v) 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.

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

7. CREDIT QUALITY OF FINANCIAL ASSETS

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:

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Trade receivables-				
Counterparts without external credit rating:				
Group 1 - higher education	-	-	347,291	319,610
Group 2 - K-12 education	-	-	34,095	36,298
	-	-	381,386	355,908
Checking account and short-term bank deposits (i):				
AAA	16	33	7,079	128,569
AA	-	-	329	3,165
Other	-	-	934	492
	16	33	8,342	132,226
Short- and long-term investments (i):				
AAA	1,175	1,719	345,531	85,258
AA	-	-	2,877	1,976
	1,175	1,719	348,408	87,234

(i) Rating assigned by risk rating agencies Fitch Ratings and Standard & Poor's (S&P) to those banks in which the Company holds its investments.

8. CASH AND CASH EQUIVALENTS

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Checking account	16	33	8,342	132,226
Short-term investments				
Fixed-income fund (i)	1,175	1,719	22,154	13,932
Exclusive fund (ii)	-	-	292,390	59,460
CDB (iii)	-	-	28,939	7,186
Short-term investments (iv)	-	-	-	1,916
Capitalization certificate (v)	-	-	950	900
	1,191	1,752	352,775	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 68,73% are Private Credit - Banks and 31,27% are Treasury Bills. The Fund's average yield has reached 105% of the CDI.

(iii) Refers to short-term investments in CDB whose yield is indexed to the CDI fluctuation. The average yield was 101.5% of the CDI.

(iv) Refers to investments committed to debentures, with yields pegged to the CDI. The yield was 101.5% 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.

The average monthly yield in the three- and six-month period ended June 30, 2013 was 102.7% and 102.35% of CDI, respectively, and financial income in the quarter and period was R$5,159 (R$7,992 as at June 30, 2012) and R$8,632 (R$20,325 as at June 30, 2012), respectively.

9. SECURITIES - NONCURRENT

	Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012
CDB (i)	479	463
Debentures (ii)	3,496	3,377
	3,975	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 & BR GAAP)

	06/306/2013	12/31/2012
Higher education (i)	347,291	319,610
K-12 education	34,095	36,298
	381,386	355,908
Allowance for doubtful accounts		
Higher education	(98,700)	(85,526)
K-12 education	(8,264)	(9,837)
	(106,964)	(95,363)
Trade receivables, net	274,422	260,545
Adjustment to present value (ii)	(908)	(1,039)
	273,514	259,506
Current	261,404	245,104
Noncurrent (iii)	12,110	14,402

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

Pursuant to the legislation that introduced such Program, the Company receives from the National Education Development Fund (FNDE) transfers relating to the amount financed by students (98% with a guarantor and 94.2% without a guarantor). Additionally, the Company can also offset federal taxes against those amounts transferred by FNDE.

As at June 30 2013, receivables from FIES, less allowance for doubtful accounts, is R$83,872 (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 9% 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.

	06/30/2013	12/31/2012
Write-off of receivables past-due for more than 360 days in the year/period	(34,380)	(47,344)
Reversal of accumulated allowance for doubtful accounts	34,380	47,344

The Company does not have factoring transactions as at June 30, 2013 and December 31, 2012.

The aging list of trade receivables is as follows:

	06/30/2013	12/31/2012
Current (*)	169,443	166,713
Past-due		
Up to 30 days	46,079	34,357
31 to 60 days	30,459	27,089
61 to 90 days	29,824	13,221
91 to 360 days	105,581	114,528
Allowance for doubtful accounts	(106,964)	(95,363)
Present value adjustment	(908)	(1,039)
	273,514	259,506

(*) Amounts receivables from FIES are classified in this range.

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. Even for receivables written off, the collection efforts continue and collection of receivables already written off 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 of 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	15,925
Recognition	(31,676)
Balance at June 30, 2012	(87,868)
Balance at December 31, 2012	(95,363)
Write-off	34,380
Recognition	(45,981)
Balance at June 30, 2013	(106,964)

11. INVENTORIES - CONSOLIDATED (IFRS & BR GAAP)

	06/30/2013	12/31/2012
"Pitágoras" books and collections	12,398	13,431
Commercial books	1,704	2,157
Other	1,005	1,725
Allowance for losses (*)	(2,235)	(1,410)
	12,872	15,903

(*) 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$3,498 in the quarter ended June 30, 2013 (R$4,026 as at June 30, 2012) and R$14,454 in the period ended June 30, 2013 (R$15,548 as at June 30, 2012).

Changes in the allowance for inventory losses are as follows:

Balance at December 31, 2011	(1,153)
Recognition	(335)
Balance at June 30, 2012	(1,488)
Balance at December 31, 2012	(1,410)
Recognition	(825)
Balance at June 30, 2013	(2,235)

12. ADVANCES

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Trade payables:				
Betim Campus (i)	-	-	7,840	9,956
Raja Campus (i)	-	-	1,304	2,370
Macapá Campus (i)	-	-	633	730
Timbiras Campus (i)	-	-	700	-
São Luís Campus (ii)	-	-	-	2,054
Communication plan (iii)	3	-	8,768	1,543
Other	-	-	2,484	1,919
Employees (iv)	-	-	6,622	14,096
Transfer to EAD centers (v)	-	-	4,444	2,987
Travels	-	-	537	565
	3	-	33,332	36,220
Current	3	-	28,315	27,443
Noncurrent	-	-	5,017	8,777

(i) Refers to prepayments to suppliers for the construction and upkeep of the buildings at the higher education units in Betim, Raja, Macapá and Timbiras. 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 during 2013.

(iii) Refers to advances to advertising agencies for the development of marketing campaigns.

(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. As payments from students are made, the respective amounts are deducted from the advance amount transferred to the EAD center.

13. RECOVERABLE TAXES

	Parent (BR GAAP)	
	06/30/2013	12/31/2012
Current-		
IRPJ and CSLL recoverable	1,129	1,107

	Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012
Current:		
IRPJ and CSLL (i)	18,949	17,590
Social security tax (INSS) (ii)	4,164	3,809
Taxes on revenue (PIS and COFINS) (iii)	2,426	2,380
Tax Recovery Program (Refis IV) (iv)	1,866	1,766
Recoverable ICMS (State VAT)	11	10
	27,416	25,555
Noncurrent:		
INSS (v)	6,712	6,093
IRPJ	-	3,718
	6,712	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) Refers to installments under the Tax Debt Refinancing Program (REFIS). 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 June 2013, 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 June 30, 2013, the accrued balance amounts to R$3,971 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$23.

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:

	Parent (BR GAAP)			
	Quarter ended 06/30/2013	Period ended 06/30/2013	Quarter ended 06/30/2012	Period ended 06/30/2012
Profit before income tax and social contribution in the quarter	99,511	271,825	32,056	116,320
Combined income tax and social contribution rate - %	34	34	34	34
IRPJ and CSLL at statutory rates	(33,834)	(92,420)	(10,899)	(39,549)
Reconciliation:				
Share in the profit of subsidiaries	34,860	94,352	11,754	41,606
Deductions, net (ii)	(946)	(1,842)	(383)	(438)
Deferred IRPJ and CSLL on amortization of the goodwill allocated	-	-	386	900
Deferred IRPJ and CSLL not recognized on loss for the period	(80)	(90)	(472)	(1,619)
Deferred IRPJ and CSLL in profit or loss	-	-	386	900

	Consolidated (IFRS & BR GAAP)			
	Quarter ended 06/30/2013	Period ended 06/30/2013	Quarter ended 06/30/2012	Period ended 06/30/2012
Income before income tax and social contribution for period	103,640	279,185	30,974	120,632
Combined income tax and social contribution statutory tax rate - %	34	34	34	34
Income tax and social contribution at statutory rates	(35,238)	(94,923)	(10,531)	(41,015)
Reconciliation:				
Tax incentive in subsidiaries subject to ProUni benefit (i)	20,909	61,116	21,083	47,235
Additions (deductions), net (ii)	8,628	14,594	3,897	(5,449)
Offset of prior-year tax loss carryforwards	3,186	10,009	(3,974)	3,533
Difference of tax rate relating to subsidiary's deemed income (iii)	(232)	946	575	575
Deferred IRPJ and CSLL contribution not recognized on loss for the quarter	(976)	(1,616)	(12,142)	(13,410)
Deferred IRPJ and CSLL on amortization of the goodwill allocated	(406)	2,514	2,560	5,119
Total income tax and social contribution	(4,129)	(7,360)	1,468	(3,412)
Current IRPJ and CSLL in profit or loss	(3,628)	(9,215)	(392)	(7,642)
Deferred IRPJ and CSLL in profit or loss	(501)	1,855	1,860	4,230

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

(ii) The main additions and deductions are: allowance for doubtful accounts, provision for employee profit sharing, and provision for 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 June 30, 2013 are recorded only in subsidiary Projecta.

	Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012
Income tax loss carryforwards	1,101	1,137
Social contribution tax 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.

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

	06/30/2013	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 are as follows:

Consolidated (BR GAAP & IFRS)

		Effect on profit (loss)		
	12/31/2012	Amortization of goodwill allocated	Other	06/30/2013
In assets				
Income tax:				
Tax losses	1,137	-	(36)	1,101
Tax loss carryforwards	409	-	(12)	397
Noncurrent assets	1,546	-	(48)	1,498
In liabilities				
Deferred income tax	(117,141)	4,294	(2,896)	(115,743)
Deferred social contribution	(42,171)	1,546	(1,041)	(41,666)
Noncurrent liabilities, net	(159,312)	5,840	(3,937)	(157,409)

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 several 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 Federal Revenue Service Regulatory Instruction 456, of October 5, 2004, 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.

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

Due to tax exemptions granted to companies joining ProUni, the subsidiaries that have tax loss carryforwards do not recognize tax credits due to the immateriality of their effective tax rate. Tax credits not recognized under ProUNI in the period ended June 30, 2013 total R$98,613.

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 are also exempted from ICMS (State VAT) on textbooks.

15. OTHER RECEIVABLES

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Current				
Credit card transactions (i)	-	-	4,466	3,644
Rights on assigned assets (ii)	-	-	529	281
Prepaid expenses (iii)	54	-	3,064	769
Receivables from acquirees (iv)	-	-	14,755	6,224
	54	-	22,814	10,918
Noncurrent				
Sale of subsidiary Suesc (v)	-	-	2,409	2,270
Rights on assigned assets (ii)	-	-	196	752
	-	-	2,605	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 Unopar 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.

The other acquired companies have an aggregate balance of R$8,178 relating to taxes and fees that will be charged from former sellers.

(v) The amount receivable for the sale of Suesc is linked to the remaining balance of the ISSQN tax liability, which depends of 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. The balance is adjusted for inflation on a monthly basis at a 1% rate.

16. INVESTMENTS

a) Information on the Parent's investments

Subsidiary EDE

	06/30/2013	12/31/2012
Number of shares held	2,160,752,536	2,034,266,657
Equity interest (%)	100	100
CAPITAL	2,160,753	2,034,267
Equity	2,412,383	2,186,232
Profit for the year (i)	277,507	192,228
Carrying amount of investments	2,412,383	2,186,232
Share of loss of subsidiary	277,507	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 investments for the periods are as follows:

	06/30/2013	06/30/2012	12/31/2012
Opening balance	2,186,232	1,152,801	1,152,801
Capital increase (i)	3,930	-	886,906
Equity in profits of subsidiary	277,507	107,853	192,164
Dividends (ii)	(55,286)	-	(45,639)
Closing balance	2,412,383	1,260,654	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). In June 2013 there was a capital increase amounting to R$3,930.

(ii) In May 2013, dividends for the year ended December 31, 2012 were distributed in the amount of R$45,639, in conformity with the bylaws, which stipulate a distribution of 25% of the adjusted profit.

In May 2013, additional dividends for the year ended December 31, 2012 were distributed in the amount of R$14,262.

In June 2013, interim dividends were distributed on the adjusted profit for the quarter ended March 31, 2013, in the amount of R$40,924.

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

	Number of shares held		Capital		Equity (equity deficiency)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012	06/31/2013	12/31/2012
ALBA (viii)	-	250,000	-	250	-	7,799
CEAMA	27,760,305	27,362,100	27,760	27,362	24,273	19,185
CSL (ii)	-	766,812	-	767	-	846
FAIS	8,228,752	4,926,952	8,229	4,927	9,431	7,692
FATEC (viii)	-	916,919	-	917	-	684
GK	5,471,044	3,118,691	5,471	3,119	5,517	2,584
ORME	50,694,388	29,825,388	50,694	29,825	25,405	8,017
PAX	11,031,163	11,031,163	11,031	11,031	17,089	13,478
PROJECTA	10,234,275	10,234,275	10,234	10,234	5,539	5,868
PSES	126,986,879	126,706,854	126,987	126,707	210,846	188,440
SPES	18,031,325	18,386,098	18,031	18,386	21,979	18,937
UMEP (viii)	-	21,518,385	-	21,518	-	11,983
UNIÃO	6,708,878	4,708,878	6,709	4,709	3,538	1,571
UNILINHARES (viii)	-	10,155,818	-	10,156	-	10,156
UNIRONDON (iv)	28,025,000	16,059,232	28,025	16,059	20,743	-14,146
UNOPAR (v) (viii)	-	80,626,800	-	80,627	-	80,627
ASSEVIM (vi)	6,195,918	3,738,861	6,196	3,739	4,368	1,547
FAMEG (vi)	6,471,685	3,492,678	6,472	3,493	4,921	1,057
FAMELAGES (vi)	4,030,842	1,195,692	4,031	1,196	1,855	(592)
FAMESUL (vi)	13,942,641	9,398,555	13,943	9,399	4,075	(405)
PÓS - EAD (vi)	2,082,423	82,423	2,082	82	3,401	3,591
PÓS - UNIASSELVI (vi)	4,924,009	1,924,009	4,924	1,924	1,802	(1,618)
UNIASSELVI (vi)	1,690,000	10,000	1,690	10	43,951	29,317
LDV (vi)	571,000	50,000	571	50	438	(54)
IUNI	291,911,168	291,911,168	291,911	291,911	328,698	291,912
UNIC EDUCACIONAL (ix)	29,036,688	-	29,037	-	108,199	-
UNIC VG (x)	-	1,134,663	-	1,135	-	2,529

	Number of shares held		Capital		Equity (equity deficiency)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012	06/31/2013	12/31/2012
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
UNIC TANGARÁ NORTE (x)	-	3,987,510	-	3,988	-	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	22,672	16,163
FAMA MARABÁ	522,450	522,450	522	522	6	6
UNIME LF	37,409,183	37,409,183	37,409	37,409	50,871	37,409
FAMA MACAPÁ	9,722,407	9,722,407	9,722	9,722	26,946	16,276

	Total assets		Total liabilities		Net revenue	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012	06/30/2013	06/30/2012
ÁGORA (i)	-	-	-	-	-	46
ALBA (viii)	-	36,587	-	28,788	-	232
CEAMA	44,220	36,798	19,947	17,613	11,960	10,001
CSL (ii)	-	1,413	-	567	-	-
FAIS	11,089	9,775	1,659	2,083	7,296	5,092
FATEC (viii)	-	690	-	6	-	27
GK	6,073	4,296	555	1,712	2,223	1,429
INADE (iii)	-	-	-	-	-	(0)
ORME	27,755	14,023	2,350	6,006	4,716	4,925
PAX	18,860	17,824	1,771	4,345	12,083	15,640
PROJECTA	6,124	7,278	584	1,410	1,104	4,011
PSES	239,419	207,427	28,573	18,987	122,405	86,525
SPES	32,376	27,134	10,397	8,196	23,962	23,862
UMEP (viii)	-	15,576	-	3,593	-	8,065
UNIÃO	5,817	3,124	2,278	1,553	3,653	3,748
UNILINHARES (viii)	-	13,308	-	3,152	-	-
UNIRONDON (iv)	49,775	39,135	29,031	53,281	14,517	-
UNOPAR (v) (viii)	-	209,287	-	128,661	-	182,062
ASSEVIM (vi)	8,246	5,379	3,878	3,832	3,229	445
FAMEG (vi)	9,377	5,030	4,456	3,973	5,452	679
FAMELAGES (vi)	2,764	903	909	1,495	-	-
FAMESUL (vi)	9,389	5,335	5,314	5,740	1,941	332
PÓS - EAD (vi)	8,570	7,849	5,169	4,258	5,337	1,061
PÓS - UNIASSELVI (vi)	10,820	8,247	9,019	9,865	2,631	369
UNIASSELVI (vi)	125,535	161,970	81,585	132,653	101,622	10,896
LDV (vi)	518	29	80	83	-	25
IUNI	400,180	373,399	71,482	81,487	112,728	95,848
UNIC EDUCACIONAL (ix)	133,720	-	25,521	-	67,011	-
UNIC VG (x)	-	3,482	-	953	-	1,664
UNIC PRIMAVERA ANTIGA (x)	-	3,530	-	1,090	-	1,574
UNIC PRIMAVERA NOVA (x)	-	16,180	-	5,080	-	8,585
UNIC SINOP (x)	-	14,308	-	2,263	-	6,531
UNIC TANGARÁ SUL (x)	-	18,180	-	4,290	-	8,497
UNIC TANGARÁ NORTE (x)	-	2,554	-	795	-	1,337
UNIC ROO AE (x)	-	8,747	-	2,171	-	8,396
UNIC ROO FP (x)	-	6,513	-	1,888	-	2,496
UNIME ITABUNA (x)	-	26,706	-	6,194	-	12,033
UNIME SALVADOR	26,877	20,591	4,205	4,428	14,298	10,543
FAMA MARABÁ	23	61	16	55	-	-
UNIME LF	95,012	73,118	44,141	35,709	39,163	29,902
FAMA MACAPÁ	35,534	23,153	8,588	6,877	19,509	10,414

	Profit (loss)		Investment's book value		Equity	
	06/30/2013	06/30/2012	06/30/2013	12/31/2012	06/30/2013	06/30/2012
ÁGORA (i)	-	(231)	-	-	-	(231)
ALBA (viii)	-	1,729	-	7,799	-	1,729
CEAMA	4,686	2,672	24,273	19,185	4,686	2,672
CSL (ii)	-	-	-	846	-	-
FAIS	3,633	1,838	9,431	7,692	3,633	1,838
FATEC (viii)	-	(9)	-	684	-	(9)
GK	578	102	5,517	2,584	578	102
INADE (iii)	-	(585)	-	-	-	(585)
ORME	(3,489)	(3,054)	25,405	8,017	(3,489)	(3,054)
PAX	3,936	3,786	17,089	13,478	3,936	3,786
PROJECTA	(124)	809	5,539	5,868	(124)	809
PSES	52,069	24,260	210,846	188,440	52,069	24,260
SPES	2,639	2,665	21,979	18,937	2,639	2,665
UMEP (viii)	-	1,500	-	11,983	-	1,500
UNIÃO	(39)	728	3,538	1,571	(39)	728
UNILINHARES (viii)	-	-	-	10,156	-	-
UNIRONDON (iv)	6,884	-	20,743	(14,146)	6,884	-
UNOPAR (v) (viii)	-	72,585	-	80,627	-	72,585
ÍTALA (vi) (vii)	-	-	-	-	-	-
ASSEVIM (vi)	365	(24)	4,368	1,547	365	(24)
FAMEG (vi)	885	48	4,921	1,057	885	48
FAMELAGES (vi)	(388)	(69)	1,855	(592)	(388)	(69)
FAMESUL (vi)	(65)	6	4,075	(405)	(65)	6
PÓS - EAD (vi)	2,240	400	3,401	3,591	2,240	400
PÓS - UNIASSELVI (vi)	420	7	1,802	(1,618)	420	7
UNIASSELVI (vi)	36,508	(607)	43,951	29,317	36,508	(607)
LDV (vi)	(35)	(5)	438	(54)	(35)	(5)
IUNI	61,542	36,384	328,698	291,912	61,542	36,384
UNIC EDUC (ix)	32,683	-	108,199	-	32,683	-
UNIC VG (x)	-	299	-	2,529	-	299
UNIC PRIMAVERA ANTIGA (x)	-	882	-	2,439	-	882
UNIC PRIMAVERA NOVA (x)	-	3,410	-	11,101	-	3,410
UNIC SINOP (x)	-	2,816	-	12,045	-	2,816
UNIC TANGARÁ SUL (x)	-	4,595	-	13,890	-	4,595
UNIC TANGARÁ NORTE (x)	-	625	-	1,759	-	625
UNIC ROO AE (x)	-	2,965	-	6,576	-	2,965
UNIC ROO FP (x)	-	433	-	4,625	-	433
UNIME ITABUNA (x)	-	3,533	-	20,512	-	3,533
UNIME SALVADOR	6,501	3,740	22,672	16,163	6,501	3,740
FAMA MARABÁ	-	3	6	6	-	3
UNIME LF	21,484	8,941	50,871	37,409	21,484	8,941
FAMA MACAPÁ	10,662	3,362	26,946	16,276	10,662	3,362

(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, 2012, the merger transaction by EDE was completed.

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

(v) On December 21, 2012, the Company increased the capital of subsidiary EDE using Unopar's shares, which resulted in 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 & BR GAAP)

	Average annual depreciation rate (%)	06/30/2013			12/31/2012		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
IT equipment	20	66,692	(42,724)	23,968	58,392	(39,163)	19,229
Furniture, equipment and fixtures	10	163,822	(68,203)	95,619	150,022	(61,154)	88,868
Library	10	86,941	(39,948)	46,993	82,394	(36,015)	46,379
Buildings and improvements	6	180,939	(28,013)	152,926	152,998	(22,594)	130,404
Construction in progress	-	35,860	-	35,860	27,237	-	27,237
Land	-	64,535	-	64,535	59,735	-	59,735
		598,789	(178,888)	419,901	530,778	(158,926)	371,852

Depreciation allocated to line items "Cost of services" and "Administrative expenses" in the period ended June 30, 2013 totals R$20,431 (R$14,544 as at June 30, 2012) and in the quarter ended June 30, 2013, R$10,688 (R$7,621 as at June 30, 2011).

The depreciation of property, plant and equipment items is calculated on a straight-line basis. There is no evidence that the recognized costs are higher than their recoverable value.

Changes in the property, plant and equipment are as follows:

	IT equipment	Furniture, equipment and fixtures	Library	Buildings and improvements	Construction in progress	Land	Total
Balance at December 31, 2011	16,937	71,324	36,534	78,564	10,559	32,346	246,264
Additions	3,674	13,301	2,348	13,923	10,900	4,567	48,713
Additions arising from acquirees	2,083	7,177	9,614	7,337	8	-	26,219
Other additions	-	-	-	-	-	10,750	10,750
Write-offs	(8)	(282)	-	-	-	-	(290)
Depreciation	(3,217)	(6,126)	(3,036)	(2,165)	-	-	(14,544)
Transfers	-	-	-	13,050	(13,050)	-	-
Balance at June 30, 2012	19,469	85,394	45,460	110,709	8,417	47,663	317,112

	IT equipment	Furniture, equipment and fixtures	Library	Buildings and improvements	Construction in progress	Land	Total
Balance at December 31, 2012	19,229	88,868	46,379	130,404	27,237	59,735	371,852
Additions	8,385	14,309	4,549	1,926	32,945	1,880	63,994
Other additions (i)	-	-	-	2,275	-	2,920	5,195
Write-offs	(24)	(114)	-	(414)	(157)	-	(709)
Depreciation	(3,622)	(7,444)	(3,935)	(5,430)	-	-	(20,431)
Transfers	-	-	-	24,165	(24,165)	-	-
Balance at June 30, 2013	23,968	95,619	46,993	152,926	35,860	64,535	419,901

(i) In June 2013, the Company acquired a property in the city of Ipatinga, for R$8,540, consisting of R$3,740 for the buildings and R$4,800 for the land. Of this total, R$5,195 remain outstanding for payment. See note 24.

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 June 30, 2013, the balance of leases totaled R$4,960 (R$7,500 at June 30, 2012).

18. INTANGIBLE ASSETS

Consolidated (IFRS & BR GAAP)

	Average annual amortization rate - %	06/30/2013			12/31/2012		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Software	20	50,597	(23,956)	26,641	47,108	(19,942)	27,166
Development of internal projects	10	90,364	(33,304)	57,060	88,424	(27,147)	61,277
Gooding arising on acquisitions	-	2,104,803	(12,521)	2,092,282	2,115,992	(12,521)	2,103,471
Intangible assets identified in acquisitions	20	518,446	(69,357)	449,089	518,446	(49,577)	468,869
		2,764,210	(139,138)	2,625,072	2,769,970	(109,187)	2,660,783

Depreciation allocated to line items “Cost of services” and “Administrative expenses” in the period ended June 30, 2013 totals R$29,969 (R$23,098 as at June 30, 2012) and in the quarter ended June 30, 2013, R$14,959 (R$11,797 as at June 30, 2011).

Changes in intangible assets were as follows:

	Software	Development of internal projects	Gooding arising on acquisitions	Intangible assets identified in acquisitions	Total
Balance at December 31, 2011	20,058	66,992	1,690,574	318,993	2,096,617
Additions	5,588	1,793	508,866	-	516,247
Additions arising from acquirees	705	1,382	-	-	2,087
Other additions (i)	4,986	-	-	-	4,986
Write-offs	-	-	(709)	-	(709)
Repayments	(3,258)	(4,784)	-	(15,056)	(23,098)
Balance at June 30, 2012	28,079	65,383	2,198,731	303,937	2,596,130

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

	Software	Development of internal projects (a)	Gooding arising on acquisitions (b)	Intangibles identified in acquisitions (c)	Total
Balance at December 31, 2012	27,166	61,277	2,103,471	468,869	2,660,783
Additions	3,415	2,109	-	-	5,524
Write-offs	(47)	(30)	-	-	(77)
Other write-offs (i)	-	-	(11,189)	-	(11,189)
Transfers	139	(139)	-	-	-
Repayments	(4,032)	(6,157)	-	(19,780)	(29,969)
Balance at June 30, 2013	26,641	57,060	2,092,282	449,089	2,625,072

(i) In March 2013, there was an adjustment to withheld cash in favor to the sellers, recorded in the opening balance sheet of merged subsidiary Ítala on acquisition date. The amount R$3,689 was adjusted against line item “Other payables” of subsidiary EDE.

In May 2013, an adjustment of R$7,500 to the additional portion of the price for the acquisition of subsidiary Ítala. The amount was adjusted against line item “Other payables - acquisitions” of subsidiary EDE.

a) Development of internal projects

	Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012
New units and new degrees (i)	36,205	38,888
Pitágoras University System (ii)	4,234	4,709
New Chain contracts (iii)	5,185	5,603
Distance learning (iv)	8,834	9,013
Higher education assessment (v)	1,371	1,464
Content production (vi)	1,231	1,600
	57,060	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 arising on acquisition of subsidiaries

Goodwill arising on the difference 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.

Goodwill arising on the acquisitions of subsidiaries, classified as arising on the expected future earnings, broken down as follows:

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	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)	-	-	375,589	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
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	2,092,282	2,103,471

(i) Subsidiary merged with and into EDE on August 1, 2010.

(ii) Refers to goodwill recognized on the increase in Pses's equity interest in Colégio Pitágoras Cidade Jardim S.A., which was merged by Pses's in October 2003. In January 2007, such goodwill was transferred to Spes because of 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. When the corporate restructuring was completed, goodwill was recognized by the Company. 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 Kroton.

(iv) Subsidiary merged with and into EDE in January 2013.

(v) In March 2013, there was an adjustment of R$3,689 to the withheld cash in favor to the sellers, recorded in the opening balance sheet of merged subsidiary Ítala on acquisition date. The amount was adjusted against line item "Other payables" of subsidiary EDE since it was within the measurement period.

In May 2013, an adjustment of R$7,500 to the additional portion of the price for the acquisition of subsidiary Ítala. The amount was adjusted against line item "Other payables - acquisitions" of subsidiary EDE, because it is within one-year period after the acquisition date.

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

(vii) Subsidiary merged with and into 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:

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
K-12 education	59,450	59,450	66,339	66,339
Higher education	-	-	2,025,943	2,037,132
	59,450	59,450	2,092,282	2,103,471

As at December 31, 2012, goodwill amounts were tested for impairment and making adjustments were considered unnecessary.

The method used was the discounted cash flow (future earnings) to test goodwill for impairment that corresponds to each CGU. The calculation considers a five-year projection of explicit flow, adding a perpetuity value with a real growth of 3.0% per year. A discount rate of 12.1% per year was used.

c) Intangible assets identified in acquisitions

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

Consolidated (IFRS & BR GAAP)

	06/30/2013							
	Customer portfolio (i)		Noncompetition (i)		Center licenses and partner network (ii)	Trademark (iii)		
	Cost	Accumulated amortization	Cost	Accumulated amortization	Cost	Cost	Accumulated amortization	Total
Ceama	5,283	(2,113)	204	(82)	-	-	-	3,292
Fais	819	(273)	213	(71)	-	-	-	688
Ítala	44,700	(9,686)	1,300	(282)	132,100	7,400	(267)	175,265
Iuni	28,069	(19,648)	-	-	-	-	-	8,421
União	2,110	(844)	403	(161)	-	-	-	1,508
Unopar	113,464	(35,930)	-	-	182,350	31	-	259,915
	194,445	(68,494)	2,120	(596)	314,450	7,431	(267)	449,089

	12/31/2012							
	Customer portfolio (i)		Noncompetition (i)		Center licenses and partner network (ii)	Trademark (iii)		
	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	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 from subsidiary Ítala has a useful life of 30 years. The balance of subsidiary Unopar has indefinite useful life and is subject to annual impairment testing.

19. TRADE PAYABLES

The consolidated balance of "Trade payables" consists of materials and services for our 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.

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Current	99	300	92,169	72,666

20. BORROWINGS AND FINANCING

a) Breakdown of borrowings and financing

	Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012
Local currency:		
Working capital (i)	1,219	5,972
Finance lease (ii)	4,972	5,660
	6,191	11,632
Current	3,444	4,706
Noncurrent	2,747	6,926

(i) Refers to a working capital loan. The contractual borrowing costs are pegged to a fixed interest rate of 9.5% per year.

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

The amount of R$725 refers to finance leases from the purchase of goods for the partner centers, as referred to in note 15. The period and the amount receivable from the centers are the same as the lease agreement.

The noncurrent portion matures as follows:

	06/30/2013	12/31/2012
2014	918	3,471
2015	900	2,115
2016	400	835
2017	400	379
2018	129	126
	2,747	6,926

b) Changes in borrowings and financing are as follows:

	06/30/2013	06/30/2012	12/31/2012
Opening balance	11,632	20,929	20,929
Additions	639	-	-
Additions from acquisitions	-	4,270	17,554
Accrued interest	354	795	1,376
Interest payments	(974)	(2,513)	(3,664)
Principal repayments	(5,460)	(10,146)	(24,563)
Closing balance	6,191	13,335	11,632

c) Finance leases

Lease obligations are effectively guaranteed, since the leased asset is reversed to the lessor in case of default.

21. DEBENTURES - CONSOLIDATED (IFRS & BR GAAP)

	06/30/2013	12/31/2012
Current liabilities	1,853	1,698
Noncurrent liabilities	542,768	542,111
	544,621	543,809

On December 15, 2011, the Bank Credit Note was issued with interest equivalent to 100% of the CDI plus 2% per year.

On January 12, 2012, Kroton 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.

The debentures pay interest of 100% of the CDI plus 2% per year. The debentures mature within seven years after the issue date. After the three-year grace period, payments will be made annually, in December 2014, 2015, 2016, 2017 and 2018.

Debentures have no restructuring clause. If restructured, the company could incur additional costs.

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

The balances disclosed in current and noncurrent liabilities are broken down as follows: contracted debt with principal of R$550,000; plus accrued, not yet paid interest for the period; lass incurred issue costs that are being allocated on a monthly basis over the agreement period.

Changes in the balances are as follows:

	06/30/2013	06/30/2012	12/31/2012
Opening balance	543,809	544,339	544,339
Accrued interest	24,375	31,244	56,774
Debenture issuance cost	-	(530)	(530)
Recognition of costs	657	860	1,263
Payment of interest	(24,220)	(31,798)	(58,037)
Closing balance	544,621	544,115	543,809

Breakdown of the noncurrent balance, by maturity year:

	06/30/2013	12/31/2012
2014	108,554	108,422
2015	108,554	108,422
2016	108,554	108,422
2017	108,553	108,422
2018	108,553	108,423
	542,768	542,111

The agreement requires compliance with financial covenants. The covenants will be calculated based on Kroton's financial statements, which are the issue's guarantor, for the period from June 30 to December 31 of each fiscal year, and compliance will be required from 2012 to 2018, the final maturity date.

Financial ratios required are:

- Net debt-to-adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). The resulting amount should not be higher than 4 up to 2013 and 3 in 2016.

- Adjusted EBITDA-to-finance income (cost). The amount should note be lower than 1.2.

As at June 30, 2013, the Company was compliant with these covenants: below 4 in the first ratio and higher than 1.2 in the second ratio.

22. PAYROLL AND RELATED TAXES

	Parent (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012	06/30/2013	12/31/2012
Payroll	-	-	23,904	15,502
Social security tax (INSS) payable	-	-	15,601	14,698
Severance pay fund (FGTS) payable	-	5	3,822	5,746
Withholding income tax (IRRF)	-	12	5,553	7,481
Accrued Vacation Pay	-	-	28,400	29,091
Accrued 13th salary	-	-	16,549	-
Accrual expenses	-	-	15,066	9,826
Other	-	1	24,479	18,194
	-	18	133,374	100,538

Accrued payroll and related taxes were recognized in the income statement, in line items “Cost of services”, “Selling expenses”, and “General and administrative expenses”, according to the employee’s assignment.

23. ADVANCES FROM CUSTOMERS - CONSOLIDATED (IFRS & BR GAAP)

	06/30/2013	12/31/2012
Prepaid enrollment fees and tuitions	29,384	36,307

Advances refer to the prepaid enrollment fees and year or semester tuitions by students. The balance is allocated to revenue as service are provided.

24. PAYABLES - ACQUISITIONS

	Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012
Current:		
Ítala	34,785	43,683
Ceama	5,300	5,138
Unirondon	2,513	2,436
União	723	700
Fais	239	232
Unic Tangará Sul	-	1,359
Unopar	-	641
Imóvel Ipatinga - unidade II	5,195	-
Imóvel Ipatinga	-	634
	48,755	54,823

	Consolidated (IFRS & BR GAAP)	
	06/30/2013	12/31/2012
Noncurrent		
Ítala	129,386	153,843
Unirondon	10,051	9,744
Ceama	5,299	5,138
União	2,170	2,102
Fais	718	696
	147,624	171,523

The amounts are adjusted using the CDI, IPCA or INPC, depending on the agreement.

Changes in balances for the period are as follows:

Balance at December 31, 2011	416,925
Additions	550,116
Inflation adjustment	7,862
Payments	(610,672)
Balance at June 30, 2012	364,231
Balance at December 31, 2012	226,346
Additions (i)	8,540
Inflation adjustment	7,583
Payments	(38,590)
Write-offs (ii)	(7,500)
Balance at June 30, 2013	196,379

(i) The addition refers to the acquisition of a property in Ipatinga, of which R$5,195 remain outstanding. See notes 17 and 36.

(ii) In May 2013, an adjustment of R$7,500 to the additional portion of the price for the acquisition of subsidiary Ítala. Because it is within one-year period after the acquisition date, which took place in May 2012, the adjustment was recognized against goodwill arising on the transaction (see note 18).

Amounts recorded in noncurrent liabilities mature as follows:

	06/30/2013	12/31/2012
2014	8,775	37,189
2015	33,126	32,051
2016	33,126	32,051
2017	32,164	31,119
2018	40,433	39,113
	147,624	171,523

25. TAXES IN INSTALLMENTS

	Consolidated (IFRS e BR GAAP)	
	06/30/2013	12/31/2012
Current:		
REFIS IV (a)	4,644	4,045
INSS installment plans (b)	2,048	2,569
Federal tax installment plans (c)	575	565
Labor installment plans (d)	366	354
Municipal tax installment plans	-	231
	7,633	7,764
Noncurrent:		
REFIS IV (a)	36,990	33,930
INSS installment plans (b)	4,197	6,590
Federal tax installment plans (c)	597	860
Labor installment plans (d)	853	59
Municipal tax installment plans	-	1,004
	42,637	42,443

(a) REFIS IV

The Federal Revenue Service created on May 27, 2009, pursuant to Law 11941, of May 27, 2009, 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, without limitation: (i) the abatement of a certain percentage of fine and interest due, depending on the number of installments elected by the Company's subsidiaries; and (ii) the offset of tax loss carryforwards against the against the remaining fine and interest.

From September to November 2009, the subsidiaries filed their option for the payment of 180 monthly installments and to the reporting date have complied with all the requirements to remain eligible for said plan. Some installment plans have not yet been consolidated due to the lack of and/or problems in RFB and PGFN computer 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 to 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.

The installment plan consists of up to 180 monthly installments, and as at June 30, 2013 there are 136 installments payable. The balance of installments playable is adjusted on a monthly basis using the SELIC and by June 2013, and the amount of 1,866 had been paid as accession installments before debt consolidation.

In 2013, the Company paid R$2,255 related to the settlement of taxes in installments of subsidiaries EDE, Fais, Unic Educacional and Unime Salvador.

Parent Unime LF recognized R$9,219 related to the consolidation of a new installment plan.

As at June 31, 2013, the balance per subsidiary is as follows:

Subsidiary	Tax in installments	Balance
Unime LF	INSS, IRPJ, CSLL, IRRF, PIS and Cofins	28,543
Iuni	INSS, IRPJ, CSLL, IRRF, PIS and Cofins	10,419
Fama Macapá	INSS, IRPJ, CSLL, IRRF, PIS and Cofins	2,399
Fameg	IRPJ, CSLL, IRRF, PIS and Cofins	273
Total current and noncurrent		41,634

The noncurrent portion of REFIS matures as follows:

	06/30/2013
2014	2,320
2015	4,644
2016	4,644
2017	4,104
2018	3,564
2019	3,564
2020	3,564
2021	3,564
2022	2,628
2023	2,306
2024	2,088
	36,990

The tax loss carryforwards utilized to settle tax debts total R$6,810 as at June 30, 2013.

(b) National Social Security Institute (INSS) installment plans

(i) Unirondon

Regular installment plan for INSS not paid from November 2008 to January 2009, restructured in October 2012 to 60 installments, with 51 of R$84 outstanding, subject to month SELIC (Central Bank's policy rate).

(ii) Iuni

PAEX article 1: Refers to the remaining 2000 REFIS balance. It was consolidated into 130 installments, and payment started in September 2006. There are 33 installments of R$42 each outstanding, adjusted on a monthly basis using monthly Long-term Interest Rate (TJLP).

(iii) Unime LF

Regular installment plan for INSS not paid in 2008 and 2009. Initially there were 60 installments in September 2009, of which 12 installments of R$40 each, adjusted by monthly SELIC, are outstanding.

(iv) Other subsidiaries

In March 2013, the Company paid R$1,998 related to the settlement of taxes in installments of subsidiaries Unic Educacional, Unime Salvador and Unirondon. Subsidiary Fama Macapá has installment plans for 2008 and 2009 taxes, of which 16 installments of R$3, adjusted by monthly SELIC, are outstanding.

(c) Federal tax installment plans

Refer to the debt to the federal government involving IRPJ, CSLL, PIS and COFINS of subsidiaries: Pós Uniasselvi - R$562, Uniasselvi - R$367, Pós EAD - R$242 and Assevim - R$1, which total R$1,172, payable over different periods and different number of installments, as at June 30, 2013.

(d) Labor installment plans

Refer to a labor fine notice issued against subsidiary Iuni, which was divided into 60 installments, and at June 30, 2013 there are 40 installments of R$30 each outstanding, adjusted monthly SELIC.

Changes in taxes in installment payment plans are as follows:

	06/30/2013	06/30/2012	12/31/2012
Opening balance	50,207	46,577	46,577
Addition (i)	9,219	-	2,960
Addition from acquisitions	-	2,164	8,987
Interest adjustment	1,175	993	4,018
Payments	(10,331)	(3,748)	(12,335)
Closing balance	50,270	45,986	50,207

(i) In June 2013, the Company joined Refis IV, consolidated as subsidiary Unime LF.

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 & BR GAAP)

	06/30/2013			12/31/2012		
	Estimated cash disbursement	Escrow deposits	Net balance	Estimated cash disbursement	Escrow deposits	Net balance
Tax (i)	143,361	(5,729)	137,632	186,362	(5,606)	180,756
Labor (ii)	50,727	(3,725)	47,002	54,654	(2,809)	51,845
Civil (iii)	3,033	(197)	2,836	3,558	(231)	3,327
	197,121	(9,651)	187,470	244,574	(8,646)	235,928

(i) As at June 30, 2013, the Company was a defendant in approximately 110 tax proceedings, filed either at court or administrative level, and in the latter cases, the Company has filed administrative defense with the oversight agency, which are pending final judgment at this level. Of the balance, it the table above, the share of the subsidiaries acquired 2011 and 2012 is as follows: Ítala R$54,028, Unopar R$39,561, Unirondon R$19,863, Ceama R$15,063, and the other subsidiaries total R$14,846.

The tax provisions primarily consist of administrative and judicial discussions and 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 June 30, 2013, the Company was a defendant in approximately 691 labor lawsuits, including litigations arising from its acquisitions. Most lawsuits were filed by terminated administrative employees and teachers, basically claiming the payment of overtime, compensation 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 691 labor lawsuits, 587 are the responsibility of the C, totaling a probable loss of R$18,558, 104 are the responsibility of the sellers of the acquired higher education institutions, and 3 lawsuits have shared liability, totaling a probable loss of R$32,169, which are provided for in the agreement on behalf of the Company, of which R$26,586 in Ítala, R$3,509 in Iuni, R$1,326 in Unopar, R$732 in Ceama, R$15 in Unirondon, and R$1 in Fais.

(iii) As at June 30, 2013, 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. Of total

civil lawsuits, the Company is liable for 2,645 lawsuits, totaling a probable loss contingency of R$2,142 and the sellers of the acquired higher education institutions are liable for 886, totaling a probable loss contingency of R$891, which is contractually guaranteed in favor of the Company. The civil lawsuits classified as probable loss are the seller's responsibility, as follows: R$405 in Ítala, R$462 in Unopar, R$19 in Unirondon, and R$5 in Ceama.

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)	4,265	194	3,920
Additions from acquirees	113,754	27,276	-	141,030
Other write-offs (i)	(709)	-	-	(709)
Additions (write-offs) against collaterals	(212)	(117)	-	(329)
Payments	-	(901)	(87)	(988)
Balances at June 30, 2013	280,940	52,930	1,673	335,543
Balances of escrow deposits	(5,450)	(3,578)	(239)	(9,267)
Net balances at June 30, 2012	275,490	49,352	1,434	326,276

(i) In 2012, the amount of R$709 was written off from the provision for tax risks 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	(1,449)	2,384	661	1,596
Additions (write-offs) against collaterals (ii)	(41,552)	(2,710)	(999)	(45,261)
Payments	-	(3,601)	(187)	(3,788)
Balances at June 30, 2013	143,361	50,727	3,033	197,121
Balances of escrow deposits	(5,729)	(3,725)	(197)	(9,651)
Net balances at June 30, 2013	137,632	47,002	2,836	187,470

(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. R$39,090 of this change refers to Uniasselvi, which filed lawsuits against tax assessments issued by the Federal Revenue Service, which were classified by the legal counsel as possible losses.

Contingencies' guarantees

The purchase and sale agreement of companies Ceama, Ítala, Iuni, Unirondon, and Unopar already provides for collaterals 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	06/30/2013	12/31/2012
Ítala	Tax, labor and civil	81,019	129,025
Unirondon	Tax, labor and civil	19,897	18,680
Unopar	Tax, labor and civil	8,756	9,011
Iuni (i)	Tax and labor	1,644	2,226
Ceama	Labor and civil	2,520	156
		113,836	159,098

(i) The purchase and sale agreement of Iuni provides for R$100,000 as collateral for tax contingencies, classified by our legal counsel as remote, backdating the period Iuni had a charitable entity status. The collateral amount is annual adjusted using the IPCA and totals 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	114,516	8,883	28,367	151,766
Write-offs	(22,064)	(3,837)	(7,821)	(33,722)
Balances at June 30, 2013	260,335	12,787	37,813	310,935

Out of the total administrative proceedings and/or lawsuits, nine lawsuits classified as possible losses 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 June 30, 2013, the lawsuits of subsidiary Uniasselvi, totaling R$111,526, were added to possible losses. These proceedings originate from a tax audit conducted during the pre-acquisition period.

The amounts involved contractually are collateralized by the sellers.

Company (BR GAAP)

Due to the number of proceedings classified as possible losses, as at June 30, 2013 the Company accrued R$6,628 as lawyers' and success fees.

27. OTHER PAYABLES - CONSOLIDATED (IFRS & BR GAAP)

	06/30/2013	12/31/2012
Current		
Transfer of students' portfolio - acquisition of Ítala (i)	241	13,256
Transfer of students' portfolio - acquisition of Iuni (ii)	832	6,501
Pledge portion - acquisition of Uniminas (iii)	2,893	3,047
Unidentified deposits	527	102
	4,493	22,906
Noncurrent		
Sale of subsidiary Suesc (iv)	2,409	2,270

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

(ii) As provided for by the Iuni acquisition 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. The balance is adjusted on a monthly basis by 1%.

28. EQUITY

a) Capital

The Company's subscribed and paid-in capital totals, at June 30, 2013, R$1,867,228 (R$1,867,228 at December 31, 2012), represented by 268,703,876 common shares, held as follows:

	Common shares
As at December 31, 2012	134,351,938
Total ex-treasury shares	133,965,939
Total treasury shares	385,999
Share split (i)	134,351,938
Total ex-treasury shares	133,989,796
Total treasury shares	362,142
For the Period Ended June 30, 2013	268,703,876
Total ex-treasury shares	268,075,339
Total treasury shares	628,537

(i) On March 5, 2013, the General Shareholders Meeting approved a 2-for-1 share split. 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. The 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 plan

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.

In the period ended 30 de June de 2013, 237,000 stock options were exercised as a contra entry to 143,461 treasury shares. R$5,193 relating to the option fair value premium (R$1,297 as at June 30, 2012) and R$673 relating to options exercised (R$2,921 as at June 30, 2012) were recognized.

The balance of this provision at June 30, 2013 is R$11,337 (R$6,817 at December 31, 2012).

Gain or loss on the sale of treasury shares

The net losses on the sale of treasury shares for the period ended June 30, 2013 are R$635 (gains on R$2,129 for the period ended June 30, 2012). The balance as at June 30, 2013, which includes prior years' balances, is a gain of R$3,907.

Equity instruments arising on 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)
Share split (ii)	362,142
Shares sold (iii)	(95,747)
As at June 30, 2012	628,537

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

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

(iii) In the quarter ended June 30, 2013, 95,747 shares were sold at the cost of R$873. The disposal generated a loss of R$436, recorded in line item "Capital reserves - losses/gains on shares".

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 June 30, 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 ended December 31, 2012	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 amount of dividends per share, if we consider the number of common shares outstanding at December 31, 2012 (shares issued less treasury shares) is R$0.447875. Taking into account, at December 31, 2012, the retrospective impacts of the sale of treasury shares in January 2013, 23,857 common shares, and the share split in March 2013, the price per share was R$0.223898.

Interim dividends

The Board of Directors' meeting held on May 14, 2013 approved the payment of R$40,924 as interim dividends for the quarter ended March 31, 2013, corresponding to 25% of adjusted profit (taking into account the unrecognized legal reserve) for the quarter.

The amount of dividends per share, if we consider the number of common shares outstanding at March 31, 2013 (shares issued less treasury shares) is R$0.152715. If we considered the shares outstanding on May 14, 2013, the price would be same.

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 and motivating 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 ceiling of 10 million common shares (at the time of the plan’s approval, 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. The prices set in the grant agreements, up to June 30, 2013, range from R$16.00 to R$57.32 (with the impacts of the share split: R$8.00 to R$28.66, 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:

$$\text{Number of shares} = \frac{(\quad)\,x}{\quad}$$

When a beneficiary elects to receive shares, he or she does not have to pay the stock options but, on the other hand, receives a smaller number of shares.

In the period ended June 30, 2013, the 237,000 stock options exercised (after the share split), were realized through the exchange of stock options at average price, equivalent to 143,461 common shares (after the share split), without payment.

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:

	06/30/2013		12/31/2012	
	Average strike price per share - R$	Options	Average strike price per share - R$	Options
Opening balance	11.48	5,422,000	9.18	4,344,472
Granted (i)	15.95	410,000	12.52	3,792,000
Cancelled (ii)	-	-	10.26	(140,000)
Exercised (iii)	10.81	(237,000)	10.14	(2,574,472)
Closing balance		5,595,000		5,422,000

(i) In the period ended June 30, 2013, the Company granted 410,000 stock options, represented by 410,000 common shares, at the average price of R$15.95 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 period ended June 30, 2013, the Company granted 237,000 stock options, represented by 143,461 common shares, at the average price of R$10.815 per share.

The balance of options that can be granted at June 30, 2013 is 1,094,000 (1,378,000 stock options at December 31, 2012).

The maturities and exercise prices of stock options granted through the period ended June 30, 2013 are as follows:

	Options			
Maturity date in	Average strike price per share in R$	Number of options	Option average fair value in R$	R$
2011	9.52	24,000	1.29	31,048
2012	8.84	149,000	2.63	391,338
2013	10.13	1,568,666	4.46	6,995,146
2014	12.36	860,999	3.64	3,133,498
2015	12.14	1,917,667	4.62	8,857,266
2016	16.59	938,001	4.70	4,410,087
2017	27.99	136,667	7.55	1,031,467
		5,595,000		24,849,849

The weighted average fair value of options granted through the quarter ended June 30, 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 line item "Capital reserve - stock option plan" in equity. The amount recognized in the period ended June 30, 2013 amounted to R$5,193 (R$1,297 at June 30, 2012).

The last vesting date of the longest option agreement is May 6, 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 & BR GAAP)

	Quarter ended 06/30/2013				
	Higher education - classroom	Higher education - EAD	K-12 education	Unallocated portion	Total
Net sales revenue	312,777	146,216	22,533	-	481,526
Cost of sales and services	(178,831)	(40,554)	(15,827)	-	(235,212)
Gross profit	133,946	105,662	6,706	-	246,314
Operating expenses:					
Selling expenses	(27,499)	(14,932)	(5,151)	-	(47,757)
General and administrative expenses	(35,148)	(7,925)	(4,319)	(39,346)	(86,738)
Other, net	-	-	-	71	71
Operating profit (loss) before finance income (costs)	71,299	82,630	(2,764)	(39,275)	111,890
Assets	2,276,257	1,349,616	85,672	203,528	3,915,073
Current and noncurrent liabilities	697,678	63,321	49,926	637,047	1,447,972

	Period ended 06/30/2013				
	Higher education - classroom	Higher education - EAD	K-12 education	Unallocated portion	Total
Net sales revenue	582,732	303,201	95,303	-	981,236
Cost of sales and services	(326,597)	(73,999)	(37,989)	-	(438,585)
Gross profit	256,135	229,202	57,314	-	542,651
Operating expenses:					
Selling expenses	(49,502)	(30,978)	(13,807)	-	(94,287)
General and administrative expenses	(62,971)	(13,199)	(7,667)	(70,748)	(154,585)
Other, net	-	-	-	(1,392)	(1,392)
Operating profit (loss) before finance income (costs)	143,662	185,025	35,840	(72,140)	292,387
Assets	2,276,257	1,349,616	85,672	203,528	3,915,073
Current and noncurrent liabilities	697,678	63,321	49,926	637,047	1,447,972

	Quarter ended 06/30/2012				
	Higher education - classroom	Higher education - EAD	K-12 education	Unallocated portion	Total
Net sales revenue	202,976	85,548	26,013	-	314,537
Cost of sales and services	(141,380)	(20,662)	(17,763)	-	(179,805)
Gross profit	61,596	64,886	8,250	-	134,732
Operating expenses:					
Selling expenses	(18,169)	(9,624)	(5,309)	-	(33,102)
General and administrative expenses	(26,534)	(9,825)	(2,979)	(20,161)	(59,499)
Other, net	-	-	-	(121)	(121)
Operating profit (loss) before finance income (costs)	16,893	45,437	(38)	(20,282)	42,010
Assets	1,788,058	1,548,229	104,698	366,162	3,807,147
Current and noncurrent liabilities	1,289,634	275,548	21,040	29,849	1,616,071

	Period ended 06/30/2012				
	Higher education - classroom	Higher education - EAD	K-12 education	Unallocated portion	Total
Net sales revenue	404,987	158,960	91,187	-	655,134
Cost of sales and services	(261,562)	(31,879)	(40,724)	-	(334,165)
Gross profit	143,425	127,081	50,463	-	320,969
Operating expenses:					
Selling expenses	(35,525)	(17,446)	(10,795)	-	(63,766)
General and administrative expenses	(54,685)	(17,344)	(7,020)	(43,171)	(122,220)
Other, net	-	-	-	(251)	(251)
Operating profit (loss) before finance income (costs)	53,215	92,291	32,648	(43,422)	134,732
Assets	1,788,058	1,548,229	104,698	366,162	3,807,147
Current and noncurrent liabilities	1,289,634	275,548	21,040	29,849	1,616,071

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 & BR GAAP)

	Quarter ended 06/30/2013	Period ended at 06/30/2013	Quarter ended 06/30/2012	Period ended at 06/30/2012
Higher education - classroom				
Gross sales revenue	392,455	727,760	262,961	504,385
Deductions from gross revenue				
Taxes	(8,637)	(16,329)	(5,621)	(10,792)
ProUni	(29,980)	(59,226)	(22,085)	(42,503)
Discounts	(41,061)	(69,473)	(32,279)	(46,103)
Net sales revenue	312,777	582,732	202,976	404,987

	Quarter ended 06/30/2013	Period ended at 06/30/2013	Quarter ended 06/30/2012	Period ended at 06/30/2012
Higher education - EAD				
Gross sales revenue	175,610	362,709	106,543	200,498
Deductions from gross revenue:				
Taxes	(3,574)	(6,369)	(2,108)	(4,093)
ProUni	(16,322)	(32,994)	(8,161)	(15,941)
Discounts	(9,498)	(20,145)	(10,726)	(21,504)
Net sales revenue	146,216	303,201	85,548	158,960

	Quarter ended 06/30/2013	Period ended at 06/30/2013	Quarter ended 06/30/2012	Period ended at 06/30/2012
K-12 education				
Gross sales revenue	24,564	99,940	28,287	97,210
Deductions from gross revenue:				
Taxes	(1,047)	(2,273)	(1,409)	(2,683)
Returns	(985)	(2,365)	(866)	(3,341)
Net sales revenue	22,533	95,303	26,013	91,187

	Quarter ended 06/30/2013	Period ended at 06/30/2013	Quarter ended 06/30/2012	Period ended at 06/30/2012
Total				
Gross sales revenue	592,629	1,190,409	397,792	802,094
Deductions from gross revenue:				
Taxes	(13,258)	(24,971)	(9,138)	(17,568)
ProUni	(46,302)	(92,220)	(30,246)	(58,444)
Discounts	(50,559)	(89,618)	(43,005)	(67,607)
Returns	(984)	(2,364)	(865)	(3,340)
Net sales revenue	481,526	981,236	314,537	655,134

32. COSTS AND EXPENSES BY NATURE

Consolidated (IFRS & BR GAAP)

	Quarter ended 06/30/2013	Period ended at 06/30/2013	Quarter ended 06/30/2012	Period ended at 06/30/2012
Payroll and related taxes	(199,213)	(362,859)	(145,487)	(264,435)
Rent and common area maintenance fees	(27,341)	(50,913)	(20,363)	(39,088)
Depreciation and amortization	(25,645)	(50,400)	(19,417)	(37,642)
Utilities, cleaning and security	(17,835)	(34,533)	(14,966)	(30,897)
Outside services	(5,748)	(5,748)	(3,045)	(4,844)
Consulting and advisory	(13,445)	(25,399)	(9,194)	(18,569)
Allowance for doubtful debts	(22,893)	(45,981)	(15,776)	(31,676)
Cost of sales	(3,498)	(14,545)	(4,041)	(15,562)
Publicity and advertising	(19,808)	(35,174)	(13,346)	(23,148)
Travels	(6,166)	(9,920)	(4,709)	(8,120)
Taxes and contributions	(1,785)	(3,582)	(2,399)	(3,806)
Legal and contingencies	(4,495)	(8,495)	(2,201)	(8,800)
Copyrights	(538)	(3,949)	(989)	(3,479)
Other costs and expenses	(21,226)	(37,351)	(16,594)	(30,336)
	(369,636)	(688,849)	(272,527)	(520,402)
Cost of sales and services	(235,212)	(438,585)	(179,805)	(334,165)
Selling expenses	(47,757)	(94,287)	(33,102)	(63,766)
General and administrative expenses	(86,738)	(154,585)	(59,499)	(122,220)
Other operating income (expenses), net	71	(1,392)	(121)	(251)
	(369,636)	(688,849)	(272,527)	(520,402)

33. FINANCE INCOME (COSTS)

	Company (BR GAAP)			
	Quarter ended 06/30/2013	Period ended 06/30/2013	Quarter ended 06/30/2012	Period ended 06/30/2012
Finance income:				
Interest on short-term investments	32	59	146	802
Other	8	8	-	-
	40	67	146	802
Finance costs-				
Interest and fines for late bill payment	(6)	(6)	-	(3)
Finance income (costs)	34	61	146	799

	Consolidated (IFRS & BR GAAP)			
	Quarter ended 06/30/2013	Period ended 06/30/2013	Quarter ended 06/30/2012	Period ended 06/30/2012
Finance income:				
Interest on tuitions	7,898	17,624	4,062	11,794
Income on short-term investments and securities	5,159	8,632	7,992	20,325
Discounts obtained	13	219	49	93
Other	745	1,912	762	1,684
	13,815	28,387	12,865	33,896
Finance costs:				
Interest and costs of debentures	(12,954)	(25,032)	(15,316)	(32,104)
Adjustment of payment for acquisition of subsidiaries	(4,163)	(7,583)	(4,263)	(7,862)
Bank and collection fees	(1,914)	(3,598)	(1,389)	(2,713)
Interest and fines for late bill payment	(485)	(1,289)	(440)	(710)
Interest and fines for late tax payment	(2,058)	(2,825)	(1,415)	(2,784)
Interest on borrowings and financing	(170)	(354)	(318)	(795)
Tax on financial transactions (IOF)	(119)	(166)	(8)	(148)
Other	(202)	(742)	(752)	(880)
	(22,065)	(41,589)	(23,901)	(47,996)
Finance income (costs)	(8,250)	(13,202)	(11,036)	(14,100)

34. EARNINGS PER SHARE

a) Basic

Basic earnings per share calculated by the division of the profit or loss attributable to the Company's shareholders by the weighted average number of shares issued in the year.

	Quarter ended 06/30/2013	Period ended 06/30/2013	Quarter ended 06/30/2012	Period ended 06/30/2012
Profit attributable to Company's owners	99,511	271,825	32,442	117,220
Weighted average number of common shares issued (in thousands)	268,024	268,024	215,722	215,722
Basic earnings per common share	0.37	1.01	0.15	0.54

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 June 30, 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.

	Quarter ended 06/30/2013	Period ended 06/30/2013	Quarter ended 06/30/2012	Period ended 06/30/2012
Profit attributable to Company's owners	99,511	271,825	32,442	117,220
Weighted average number of common shares issued (in thousands)	267,978	267,978	215,722	215,722
Potential increase in common shares (in thousands)	285	285	-	-
Diluted earnings per common share	0.37	1.01	0.15	0.54

35. RELATED-PARTY TRANSACTIONS

The main intragroup balances and transactions are as follows:

a) Due to/from related parties (Parent)

	Assets	
	06/30/2013	12/31/2012
Advance for future capital increase (i)	-	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

(i) Subsidiary Pses uses properties leased from subsidiary Spes. The agreements are effective until June 2016, with a fixed monthly amount of R$98, based on INPC adjustment index.

(ii) Subsidiaries Unic Educacional, Unime LF and Iuni use properties leased from Vertia Empreendimentos Imobiliários Ltda. (company controlled by a Company shareholder and member of the Board of Directors):

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

(iii) Subsidiary Ede uses properties leased from Creare Administração de Bens Móveis e Imóveis Ltda. (company controlled by a Company shareholders and members of the Board of Directors). The lease contract is under renegotiation. Currently, the fixed monthly amount is R$800.

(iv) Subsidiary Iuni entered into an assignment agreement, for the use by its university operations, with University General Hospital ("HGU") (company controlled by a Company shareholder and member of the Board of Directors) 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".

(v) EDE entered into with Fundação Pitágoras an agreement for the sale of learning materials. Sales for the quarter ended June 30, 2013 is R$1,249 and for the period ended June 30, 2013 is R$9,112 (R$2,054 for the quarter ended June 30, 2012 and R$6,507 for the period ended June 30, 2012). The balance of line item "Trade receivables" at June 30, 2013 is R$5,358 (R$2,487 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:

	06/30/2013	06/30/2012
Payroll	2,399	1,962
Variable compensation (i)	2,275	1,856
Stock option plan	3,591	673
	8,265	4,491

(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.

The Company and its subsidiaries have the following main insurance policies obtained from third parties:

	06/30/2013	06/30/2012
Fire (PP&E items)	96,000	96,000
Directors and officers liability	60,000	1,000
Vehicles	2,734	2,058
	158,734	99,058

37. STATEMENTS 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

(i) R$3,689 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".

(ii) There is the outstanding amount R$5,195 related to the property acquired in June 2013 in Ipatinga, MG, for R$8,140, recognized in line item "Trade payables - acquisitions".

38. EVENTS AFTER THE REPORTING PERIOD

Share buyback

The Board of Directors' meeting held on July 2, 2013 approved the creation of a share buyback program.

The Company's purpose is to maximize the creation of shareholder value, and any shares bought back can be kept in treasury, cancelled and/or resold, or even be used to cover the possible exercise of stock options under the Company's approved or future stock option plans that grant beneficiaries the right to acquire Company shares.

The share ceiling is up to 2.5% of the outstanding common shares, from a total of 268,075,339 common shares issued, representing 6,701,883 common shares.

The share buyback deadline is 365 days beginning July 3, 2013, i.e., July 2, 2014.

Interim dividends

The Board of Directors' meeting held on August 8, 2013 approved the payment of R$23,624 as interim dividends for the quarter ended June 30, 2013, corresponding to 25% of adjusted profit (taking into account the unrecognized legal reserve) for the quarter.

The amount of dividends per share, if we consider the number of common shares outstanding at June 30, 2013 (shares issued less treasury shares) is R$0.088161. Considering the number of shares outstanding on August 8, 2013, the price is R$0.088275.

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 August 8, 2013.

MESSAGE FROM MANAGEMENT

Following the pattern of the last two years, 2013 is also registering very positive operational and financial indicators for Kroton. With clear strategic guidelines and consistently solid academic and financial results, we have been able to continually strengthen our prominent position in the market, consolidating Kroton as a world-class company in an industry of fundamental importance to Brazil's development.

We believe these results are the product of a clear and well-delineated strategy that has been rigorously implemented over the last three years. During this period, we have taken concrete steps to ensure our sustainable growth driven primarily (but not exclusively) by the following key vectors: quality educational services, operational efficiency, respect for our employees and professors and value creation for our stakeholders.

One of the challenges of an organization is maintaining its strategy and tactical and operational actions closely aligned. At Kroton, this alignment was developed through a robust Strategic Planning methodology that involved a revision of the Mission, Vision, Values and Strategic Map, which together guide the definition of Projects of critical importance to the Company.

Kroton's **Mission** is "*To improve people's lives through responsible education, working to develop citizens and prepare professionals for the market, while creating value sustainably*." As its **Vision** for the future, Kroton plans "*To be a reference in education as the best choice for studying, working and investing, as well as the leader in our various regional markets*."

Based on these pillars, we have defined our Strategy, which is translated in our Strategic Map through 22 clear Strategic Objectives. Each of these objectives includes specific Projects that represent tangible deliveries. In all, there are 344 Projects generated by 13 thematic committees. That's how we are building Kroton's future, in close alignment with the corporate strategy and with rigorous control and monitoring of deliveries.

For our students, Kroton continues on its unrelenting quest for quality through the use of an effective academic project that assures the development of its students and their access to the job market and career advancement once they graduate.

The results in the semester have been truly positive and everything indicates that 2013 as a whole will follow suit. But what leaves us even more pleased is the fact that we are building an operation that is capable of generating sustainable and growing value over the long term.

Within this context, it's important to highlight the association with Anhanguera, which has fulfilled important steps over the past few months, with the conclusion of the due diligence process and the submission of documents to Brazil's antitrust agency CADE (*Conselho Administrativo de Defesa Econômica*) to initiate the analysis process. It is a merger that, if approved by CADE, will combine assets, talents and competencies and enable the capture of synergies and the construction of a company that is even more effective and solid and that is capable of creating increasingly more value for society, in particular for our students, professors, employees and shareholders.

OPERATING PERFORMANCE

POSTSECONDARY EDUCATION

Number of Students, 2Q13 vs. 1Q13

At the end of 2Q13, the number of Postsecondary students, considering both the On-Campus and Distance Learning businesses, reached 515,000, virtually stable compared to 1Q13. The highlight was the growth in the Graduate student base of 9.3% from 1Q13, which reflects the structural changes implemented by Kroton in 2013, especially in the commercial area of this business. Broken down by teaching format, the On-Campus student base represented 31.6% of the total student base, while the Distance Learning student base accounted for 68.4%.

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 2Q13, 79,087 students held FIES student loans, up 19.1% from the previous quarter, with the penetration of FIES students increasing 8.5 p.p., due to the already expected regularization of the process involving the contracting of financing and the addendums to financing contracts carried out during the quarter. The percentage of Kroton students who qualify for the program remains at a high level of 99.2%.

Language Courses

The Company also offers language courses at a number of its Postsecondary Education units, seeking to offer 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 2Q13, the number of students in this business was 7,280 (note that these students are not included in the figure for Postsecondary students informed above).

Unregulated Programs

Since the second semester of 2012, Kroton has been offering Unregulated Programs, aiming 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 June 2013, the Company administered unregulated programs to 19,297 students, with strong demand for the Leadership and Writing programs (as with language courses, these students are not considered in the number of Postsecondary students).

Ministry of Education (MEC) Evaluations

At the end of 2Q13, 99.3% of the academic programs and 94.5% 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.

During 2013, Kroton is serving around 287,000 students, of whom 277,000 were enrolled in private schools. Meanwhile, the number of private Associated Schools stood at 804, representing a high renewal rate of 91%. Kroton has only one (1) contract with the public school system that involves around 9,600 students.

FINANCIAL PERFORMANCE

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 percentage of gross revenue contracted by 2.5 p.p. in 2Q13 compared to 2Q12, driven by a reduction of 2.3 p.p. in total discounts line, as a percentage of deductions, reflecting the adoption of more restrictive practices in recent quarters. The 0.8 p.p. increase in deductions as percentage of gross revenue from 1Q13 reflects the application of the Tuition Adjustment Process (PAM), which occurs in even-numbered quarters, as well as the increase in discounts related to FIES (FGEDUC) given the higher proportion of this students in the base.

Net Revenue
Net revenue grew 54.1% in 2Q13 from the same quarter last year, due to the expansion in the student base driven chiefly by the new enrollment process in early 2013, as well as to the regularization of FIES student contracts in 2Q13, which had a positive impact on net revenue in the period. In the first six months of the year, net revenue was R$582.7 million, increasing 43.9% from the same period of 2012. Excluding the net revenue from acquisitions (Uniasselvi and Unirondon), net revenue in 1H13 amounted to R$530.6 million, which represents strictly organic growth of 32.7%.

Average Net Ticket

As already reported in 1Q13, Kroton improved the method for calculating the average ticket in the On-Campus Postsecondary business. The new calculation considers only the average number of students effectively billed in the quarter, since this provides a better understanding of the real variation in the average ticket. As such, the net average ticket in 2Q13 was R$611.33, increasing 4.6% from the previous quarter. Note that the increase in the average monthly tuition can be considered seasonal, since it includes the enrollment of students – especially FIES students – whose cumulative revenue of the semester was recorded during 2Q13.

Costs

In 2Q13, cost of services as a ratio of net revenue in this business decreased 12.7 p.p. from the same period of 2012, reflecting the benefits from recurring scale gains in the operation. Between 1H13 and 1H12, cost of services registered a similar behavior, decreasing 9.1 p.p. In the comparison of 2Q13 with 1Q13, the increase in the line faculty, other personnel and third-party services is explained by the higher hours worked in the period, as well as by provisions related to the wage increases under the collective bargaining agreement for these professionals. Lastly, rental costs alone rose 16.3% from 1Q13, due to contractual restatements that were booked retroactively in 2Q13. As a ratio of net revenue, rental costs decreased from 8.8% in 2Q12 to 7.3% in 2Q13.

Gross Income

The positive results from the new enrollment process in the first semester, combined with the FIES contract addendums and new contracts in 2Q13 by students with pending issues and the rigorous control of costs and expenses, supported gross income growth of 110.8%, with gross margin expanding 12.7 p.p. from 2Q12. In the first six months of the year, gross margin expanded 9.1 p.p. to 48.7%.

Operating Expenses

Personnel, General and Administrative Expenses

As of 2Q13, the Company improved the booking of expenses related to provisioning for the Variable Compensation Program (PRV), which are now recorded considering the relation of the eligible employee and the respective business (On-campus Education, Distance Learning, Primary and Secondary and Corporate), whereas previously these expenses were fully booked under Corporate Expenses. As a result, this item increased 56.0% from 1Q13. General and administrative expenses increased 36.3% from 1Q13, due to the one-off impact of contingency payments in the period.

Selling and Marketing Expenses

The 0.7 p.p. and 0.4 p.p. increases in selling expenses and marketing expenses as a ratio of net revenue in the quarter and six-month period, respectively, compared to the same periods last year are due to higher expenses with new initiatives aimed at strengthening the brand and market intelligence.

Provision for Doubtful Accounts (PDA)

Total PDA in the On-Campus Postsecondary Education business stood at 4.2% of net revenue in 2Q13, in line with 1Q13. 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 showed improvement compared to 1Q13 and to 2Q12. Bear in mind that PDA for FIES continues to be accrued conservatively, with the Company considering the allocation of 2.25% of total FIES revenue (i.e. from students with co-signer and secured by the guarantor fund) sufficient for covering any potential future losses.

Accounts Receivable

Between 1Q13 and 2Q13, total accounts receivables net of PDA decreased 7.9%, influenced by the reduction in accounts receivables net of FIES, due to operational improvements related to internal operating processes and to the National Educational Development Fund (FNDE), which more than offset the increase in the short-term portfolio.

Note that repurchases of FIES have a specific seasonality, with a higher volume in monetary terms available for repurchase in even-numbered quarters (second and fourth), since contract addendums for seniors and new contracts for freshmen occur in odd-numbered quarters (first and third), with repurchases occurring in the subsequent periods.

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.

In 2Q13, the average term decreased by 51 days from the same period last year, reflecting the stability in accounts receivables excluding FIES, as well as the operational improvements in managing FIES receivables.

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.

In 2Q13, the average term registered a reduction of 9 days compared to 2Q12, 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 (ex-FIES), divided by Postsecondary net revenue in the last 12 months, multiplied by 360 days.

In 2Q13, the average term increased by 7 days from the same period last year. In this analysis, note that the term in 2Q13 also includes the migration of the portfolio of monthly tuitions of private financing, granted in the past by one of the acquired companies, that was allocated as “long term” to “short term”. This migration, which occurred in May, impacted the average term in the period by 6 days. Since this portfolio has not come due, the effect causes a distortion in the average term, once the value transferred from not due long term receivables has no counterpart under revenue. Therefore, by excluding this effect to improve comparability between the periods, the average term in 2Q13 would be 71 days, in line with seasonality and stable between the quarters.

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.

The average term of FIES accounts receivable in 2Q13 was 55 days, which is 155 days less than in the same period of 2012 and 35 days lower than in 1Q13. The reduction between periods reflects the operational improvements in FIES, as well as the repurchases made in the period, that trend to be more relevant in even-numbered quarters.

OPERATING RESULT

In 2Q13, operating income amounted to R$101.5 million, with operating margin of 32.5%, an increase of 12.4 p.p. from the second quarter of 2012, which reflects the positive effects from scale gains and the rigorous control of costs and expenses. In 1H13, operating income rose 96.8% to R$203.7 million, with operating margin of 35.0%.

FINANCIAL PERFORMANCE – DISTANCE LEARNING POSTSECONDARY

Revenue and Deductions

Deductions
The main items from deductions in the Distance Learning business are discounts and ProUni, which combined corresponded to 14.7% of total gross revenue in 2Q13, stable compared to 1Q13. Compared to 2Q12, deductions, as percentage of gross revenues, decreased 3.0 p.p., due to the reduction in total discounts resulting from the adoption of more restrictive policies.

Net Revenue
In 2Q13, net revenue was R$146.2 million, increasing 70.9% from the same period in 2012. The increase is explained by the successful new enrollment and re-enrollment processes in the first semester and by the consolidation of the Uniasselvi operation. In 1H13 net revenue grew by 90.7% to R$303.2 million. Excluding the net revenue from Uniasselvi, net revenue in 1H13 amounted to R$220.6 million, which represents strictly organic growth of 46.8%.

Average Net Ticket

For comparison purposes, Kroton reports only the effective ticket paid by the student, without discounting the rebates to the distance learning centers. Therefore, considering all revenue (100%) for both Institutions, the combined average ticket of the Undergraduate and Graduate businesses was R$216.98, or 4.5% lower than in 1Q13, due to seasonality of the academic calendar at Uniasselvi, which typically presents lower revenue in the second quarter of the year.

Costs

In 2Q13, cost of services (CS) was R$39.9 million, increasing 105.6% from the same period of 2012. Similarly to revenue, the increase is explained by the consolidation of the Uniasselvi operation in the period. Likewise, in 1H13, costs as a percentage of net revenue rose by 5.2 p.p., to R$72.8 million, when compared to same period last year.

Gross Income

In 2Q13, gross income amounted to R$106.3 million, increasing 60.7% from the same period of 2012. As previously mentioned, the lower gross margin is explained by the consolidation of Uniasselvi operations, whose margins are lower than Unopar's, due to the different practices adopted by the two operations for rebates to distance learning centers. In 1H13, gross income amounted to R$230.4 million, with gross margin of 76.0%.

Operating Expenses

Personnel, General and Administrative Expenses

As of 2Q13, the Company improved the booking of expenses related to provisioning for the Variable Compensation Program (PRV), which are now recorded considering the relation of the eligible employee and the respective business (On-Campus, Distance Learning, Primary and Secondary and Corporate), whereas previously they were fully booked under Corporate Expenses. As a result, this item increased 85.2% from 1Q13. General and administrative expenses remained practically stable between the periods.

Selling and Marketing Expenses

Selling and marketing expenses corresponded to 3.8% of total net revenue in 2Q13, nearly stable compared to 1Q13. In 1H13, the same analysis indicated a reduction of 0.8 p.p. from the same period last year, attesting to the effectiveness of the actions conducted by Kroton in the enrollment processes in the period, which supported strong revenue growth.

Provision for Doubtful Accounts (PDA)

Provisioning in the distance learning business remained close to that observed in the On-Campus business excluding FIES at 6.5%, which is stable compared to 1Q13.

Accounts Receivable

In 2Q13, Distance Learning Accounts Receivable came to R$60.7 million, increasing from 2Q12 and 1Q13 due to the seasonality of the business. The increase in relation to 2Q12 reflects the incorporation of the receivables portfolio from Uniasselvi and the growth in the student base.

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.

The average receivables term in the Distance Learning business was 41 days in 2Q13, increasing by 4 days from 2Q12 (note that 2Q12 includes the impact of only 1 month of Uniasselvi) and by 12 days from 1Q13, reflecting the seasonality of the business.

Operating Result

Operating income in the Distance Learning business in 2Q13 was R$85.3 million, growing 67.3% from the same quarter of 2012. It is important to note once again that gross margin compression between 2Q13 and 2Q12 surpassed the reduction in operating margin, which demonstrates the more balanced operating performances of Unopar and Uniasselvi considering the integration of the two platforms. In 1H13, operating income rose 91.2% to R$191.6 million, with operating margin of 63.2%.

FINANCIAL PERFORMANCE – PRIMARY AND SECONDARY

Revenue and Deductions

Deductions

Deductions as a ratio of gross revenue decreased by 0.3 p.p. in 2Q13 from the same quarter last year, mainly due to the reduction in taxes, reflecting the lower PIS and COFINS tax rates in view of the nature of the revenue billed in the period. In the comparison of 1H13 with 1H12, the reduction was 1.6 p.p., essentially related to the lower returns of collections.

Net Revenue

In 2Q13, net revenue decreased by 13.4% from 2Q12, impacted by the end of public sector contracts in 4Q12. In 1H13, net revenue rose by 4.5% on 1H12 to reach R$95.3 million.

Average Net Ticket

In the Primary and Secondary Education business, the average annual amount charged for the sale of book collections to the Associated Schools was R$408.00 per student.

Costs

In 2Q13, cost of goods as a ratio of net revenue in the business was stable. However, in 1H13, these costs decreased 1.8 p.p., reflecting the better management of the collection production process. Between 2Q13 and 2Q12, cost of services decreased 0.6 p.p. due to the optimization of staff. The same impact was verified in 1H13, with a reduction of 3.7 p.p. from 1H12.

Gross Income

Gross margin expanded 0.5 p.p. in 2Q13 from same period last year, driven by the greater focus on private schools, which increased their contribution to income in the segment. In the first six months of the year, gross margin expanded by 5.5 p.p.

Operating Expenses

Personnel, General and Administrative Expenses

As of 2Q13, the Company improved the booking of expenses related to provisioning for the Variable Compensation Program (PRV), which are now recorded considering the relation of the eligible employee and the respective business (On-Campus, Distance Learning, Primary and Secondary and Corporate), whereas previously they were fully booked under Corporate Expenses. As a result, this item increased 29.7% from 1Q13. General and administrative expenses increased 8.2% from 1Q13, due to the one-off impact of contingency payments in the period.

Selling and Marketing Expenses
In line with the strategy to strengthen the commercial structure of this segment in order to accelerate growth rates, selling and marketing expenses as a ratio of net revenue increased by 2.4 p.p. between 2Q13 and 2Q12 and by 2.6 p.p. between 1H13 and 1H12.

Provision for Doubtful Accounts (PDA)

PDA reached 1.5% of net revenue in 2Q13, 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 2Q12, reflecting the effectiveness of the more restrictive commercial practices adopted by the Company. The decrease compared to 1Q13 was due to seasonal factors.

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 by 15 days from 2Q12. Compared to 1Q13, the reduction of 80 days is explained by the seasonality of the business.

Operating Result

The reduction in net revenue between 2Q13 and 2Q12, which is linked with the trend observed in expenses (as already mentioned), contributed to a contraction of 5.1 p.p. in gross margin compared to the same period last year. However, the more appropriate analysis is the variation between six-month periods, since it shows the difference between the behavior of results in 1Q13 and 2Q13 compared to the same periods of 2012. Therefore, between 1H12 and 1H13, gross income increased by 14.7%, operating income increased by 15.4% and operating margin expanded by 3.7 p.p.

FINANCIAL PERFORMANCE – KROTON

CORPORATE EXPENSES

As mentioned in the comments on Operating Expenses for each business, as of 2Q13, the Company changed the form of allocating its expenses with provisioning for the Variable Compensation Program (PRV) for eligible employees in accordance with their business. This generated a positive impact on the line Personnel Expenses, which was offset by the increase in staff and by the adjustment in the level of provisioning for PRV and stock options for eligible employees of the corporate structure already adjusted to the new expectations for the 2013 results. General and administrative expenses increased 46.4% compared to 1Q13, impacted by the progress on projects, especially in the Technology (IT) area, which aim to prepare the Company for the expected growth over the coming years and to further the competitive advantages of the educational services offered.

NONRECURRING EVENTS

As mentioned above, Kroton already expected nonrecurring events in 2013, mainly those related to the acquisitions and M&A activities. In 2Q13, the Company recorded R$0.3 million in expenses related to the Uniasselvi and Unopar integrations. As of this quarter, in addition to integration expenses already mentioned, specific expenses with the Anhanguera merger will also be booked, which totaled R$1.1 million in the period. Furthermore, R$1.1 million was booked in expenses related to M&A projects (excluding Unopar, Uniasselvi and Anhanguera), which include the auditing, integration and sale processes of Kroton's own Primary and Secondary Education operation in São Luis, Maranhão. In addition, R$0.9 million related to other items was recorded, which included the hiring of consulting services for special projects of a nonrecurring nature.

FINANCIAL RESULT

In 2Q13, the financial result was an expense of R$16.1 million, which was impacted by the lower financial income in the period due to the lower cash balance in view of the disbursements related to the Uniasselvi and Unirondon acquisitions, the payment of the last installment for Unopar, and the payment of dividends (2012 and 1Q13).

Compared to 1Q13, the lower financial result is explained by the variation in the CDI overnight rate, that negatively impacted the lines “interest and tax on late payment” and “interest on loans for acquisitions", which were partially offset by the higher financial income resulting from the greater cash balance in the period.

NET INCOME

The net income was R$99.5 million in 2Q13 and R$271.8 million in the first six months of the year.

EBITDA

	2Q13	2Q12	1H13	1H12
Profit (loss)	**99,512**	**32,441**	**271,825**	**117,219**
(+) Depreciation and amortization	25,645	19,417	50,400	37,642
(+) Finance income	16,148	15,098	30,826	25,891
(+) Income tax/social contribution for the year	3,629	391	9,215	7,642
(+) Deferred income tax and social contribution	501	(1,860)	(1,855)	(4,229)
EBITDA	**145,434**	**65,488**	**360,411**	**184,164**
EBITDA margin	30,20%	20,80%	36,7%	28,10%
(-) Nonrecurring costs and expenses	3,584	7,854	6,902	15,445
Adjusted EBITDA	**149,018**	**73,341**	**367,313**	**199,608**
Adjusted EBITDA margin	30.90%	23.30%	37.4%	30.50%

In 2Q13, Adjusted EBITDA was R$149.0 million, increasing 103.2% from the year-ago quarter, with Adjusted EBITDA margin of 30.9%. In 1H13, EBITDA was R$367.3 million, with EBITDA margin expansion of 7.0 p.p. on the same period of 2012. These results reinforce the success of Kroton's strategy in managing its businesses, especially in terms of the admissions processes, operational efficiency, control of costs and expenses and the acquisition-integration processes.

Excluding the adjustments for nonrecurring costs and expenses, the Company generated EBITDA of R$145.4 million in 2Q13, increasing 122.1% from the same period last year, with EBITDA margin of 30.2%.

INVESTMENT (CAPEX)

In 2Q13, Kroton invested R$32.6 million, allocated as follows:

(i) information technology and library equipment: R$7.0 million;
(ii) content and systems development and software licenses: R$3.6 million;
(iii) laboratory and related equipment: R$6.8 million;
(iv) expansions – construction and improvements: R$15.2 million.

In 2Q13, investment as a ratio of net revenue was 6.8%, most of which was allocated to expansion projects to meet the growth in the student base observed in 2013. In 1H13, this amount was R$62.4 million, equivalent to 6.4% of the Company's net revenue in the period.

Furthermore, as previously announced, Kroton is also investing in special projects, which include the acquisition of properties and buildings to support stronger growth rates over the coming years and that could possibly be divested in the future. Although these investments are scheduled to occur mostly in 2H13, a total of R$4.7 million (not included in the graph above) was already disbursed in 2Q13, which was mainly related to expansion of units. Therefore, Kroton's total investment in the quarter amounted to R$37.3 million, which corresponds to 7.7% of net revenue in the period. In the first six months of the year, Kroton's total capex was R$74.6 million, or 7.6% of net revenue.

NET DEBT

At the end of 2Q13, cash and financial investments amounted to R$356.8 million, or 53.3% more than in the same period a year earlier, reflecting the cash generated in the period, which more than offset the disbursements related to the payment of acquisitions and the interest on the debentures. 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$194.1 million in 2Q13, or 22.7% less than in 1Q13.

Considering all short- and long-term obligations, which include taxes and contributions paid in installments and the obligations related to the acquisitions made through 2Q13, net debt stood at R$440.7 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 noncash 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 2Q13, operating cash flow before capex was R$239.9 million, almost three times higher than in the same period of 2012, mainly due to the net income and variations of working capital in the period.

Considering the disbursements for recurring Capex, operating cash flow was R$212.3 million in 2Q13. Adding the Capex for special projects, operating cash flow was R$207.6 million. The Company's free cash flow was R$41.7 million in 2Q13.

Operating cash flow after recurring Capex corresponded to 146.0% of EBITDA in 2Q13. After the disbursements for Capex, both recurring and for special projects, cash flow corresponded to 142.7% of EBITDA in the period.

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 2Q13, registering financial trading volume of R$3.6 billion and 380,874 orders in the period, which represents average daily trading volume of R$57.5 million. On June 28, 2013, Kroton's market capitalization was R$8.3 billion.

During 2Q13, the stock price gained 19.1%, while the Brazil Index (Ibovespa) fell 15.8%, the SMLL 12.0%, the ITAG 8.9%; the IGC 8.6%; and the ICON 2.6%. 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.

SHARE BUYBACK PROGRAM

As per the Material Fact notice dated July 2, 2013, approval was given for a Share Buyback Program. The program provides for the acquisition of up to 6,701,883 common shares issued by the Company, which correspond to 2.5% of the free-float shares.

The program has a term of 365 days and aims to maximize value creation for shareholders, considering that the shares may be held in treasury, cancelled and/or subsequently sold, and may also be used to meet any exercise of options under the scope of the stock option plans.

DIVIDENDS

In the Meeting held on August 8, 2013, the Board of Directors approved the distribution of dividends related to the results for the second quarter of 2013 in the amount of R$23.6 million, which corresponds to R$0.08823 per common share and to 25% of distributable net income. Shareholders of record on August 8, 2013 are entitled to the dividends.

ASSOCIATION BETWEEN KROTON AND ANHANGUERA

As disclosed through the Material Fact notice on June 18, 2013, the legal, accounting and financial due diligence of both companies was concluded. Moreover, on June 21, 2013, all documents required to proceed with the Association Agreement of both companies was filed with Brazil's antitrust agency CADE.

Therefore, with the conclusion of the due diligence, the only conditions pending for the definitive implementation of the association between the two companies are: approval by CADE and approval by the Shareholders' Meetings of both companies.

For more information on the Association, please go to Kroton's Investor Relations website.

ABOUT KROTON EDUCACIONAL

Kroton Educacional S.A. (BM&FBovespa: KROT3) is one of the largest for-profit private educational organizations in the world. Operating for over 45 years, Kroton has a nationwide presence in all of Brazil's states. As of June 2013, Kroton had approximately 515,000 Postsecondary students in both the On-Campus and Distance Learning formats, primarily through its 53 Postsecondary units and 487 active Undergraduate Distance Learning centers. In Primary and Secondary Education, its main business is offering Learning Systems, which in 2013 serves 804 private schools in the country.

RELATIONSHIP WITH INDEPENDENT AUDITORS

In compliance with CVM Instruction 381/03, we hereby inform you that we engaged Deloitte Touche Tohmatsu Auditores Independentes to provide the following services in 2013: audit of the financial statements prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards ("IFRS"s); review of internal controls; and review of the quarterly interim financial information in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 – "Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade" and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). The Company engaged the independent auditor to provide due diligence services and audit services of the net sales and services revenue financial statement of an acquired subsidiary, and fees paid for these special services totaled R$410,000.

The information in the performance report on Nonrecurring events and expenses, Recurring Capex, Adjusted net revenue, Profit (loss) for the period, Finance income (costs), Number of students, MEC valuation percentages, Balances of nonrecurring events, and Average ticket has not been reviewed by the independent auditor.