Tarpon Investimentos S.A.

Interim individual and consolidated financial statements
Quarters ended March 31, 2010 and 2009

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Quarters ended March 31, 2010 and 2009

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Management report

Market Context

As a reaction to the signs of support offered to Greece by the leaders of the European Community, Ibovespa closed the quarter with a high of 2.60%. Despite the move towards lower risk aversion presented by the Stock Exchange and the increase observed in commodities prices, the Brazilian currency devaluated against the dollar by 2.29% during the quarter (R$1.74 in December 2009 compared to R$ 1.78 at March 31, 2010). The fixed interest short term rate increased and the long term rates declined, as a result of the market expectations towards higher inflation for 2010 and the positive perception of foreign investors regarding the Brazilian long term securities.

The asset management activity

Tarpon Investimentos S.A. ("Tarpon" or "Company") is an independent asset manager dedicated to investments in public and private equity.

Tarpon' strategy is to search for non obvious investment opportunities, usually overlooked by the market, with prices significantly below its assessment of fair market value and with significant potential of long term appreciation.

On each of its portfolio companies, Tarpon is keen to deploy a value creation agenda and share its expertise in themes such as capital allocation, strategic management, and corporate governance, among others.

Tarpon's business model consists of rendering services related to the management of third party funds and segregated accounts.

Revenues related to management fees: remuneration calculated based on Tarpon Funds' net asset value. Management fees are charged on a monthly or quarterly basis.

Revenues related to performance fees: remuneration calculated based on the performance of the fund when a hurdle rate is exceeded. Once the fund's performance exceeds the applicable hurdle, a performance fee is payable over the profits exceeding the hurdle. This remuneration is payable on distinct dates for each of the funds.

Investment vehicles

The Company carries its investments based on three main strategies:

Long-Only Equity:

The Long Only Equity strategy comprises the funds and managed accounts that invest exclusively in Brazilian publicly traded companies listed at the BM&FBOVESPA. This strategy is pursued, among others, by the Fundo Tarpon, denominated in R$ and dedicated to qualified Brazilian investors, and by the Tarpon Fund, denominated in US$ and dedicated to foreign qualified investors.

Hybrid-Equity:

The Hybrid Equity strategy is adopted by the Tarpon All Equities Fund ("TAEF") and is dedicated to foreign qualified investors. This strategy has the flexibility to invest in publicly traded companies and private equity in Brazil or other South American countries.

Co-Investment Strategy:

The co-investment strategy is adopted by the Tarpon Special Opportunities Fund ("TSOF") and is dedicated to foreign qualified investors. Launched in January/2010, the new product will serve as a sidecar/co-investment fund, which primary objective is to co-invest with the other Tarpon Funds in certain special public and private equities. The proceeds of each tranche committed to the TSOF will have two year to be called and three years to be divested from each opportunity (renewable for additional one-year periods).

Investor base

The Tarpon Funds´ investor base is majorly comprised of foreign institutional investors with long term approach, which results in alignment between the Company's philosophy with its investors.

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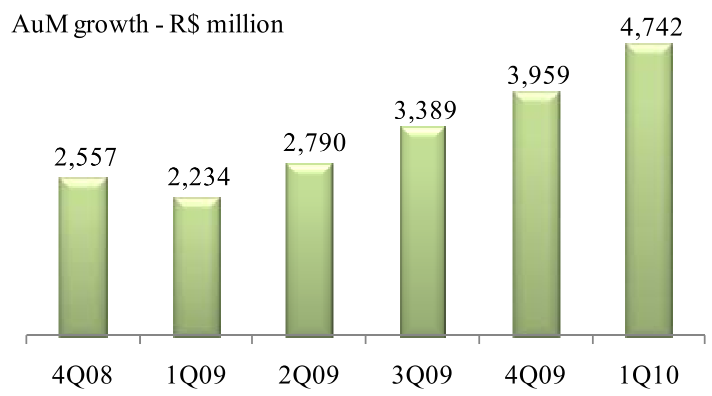
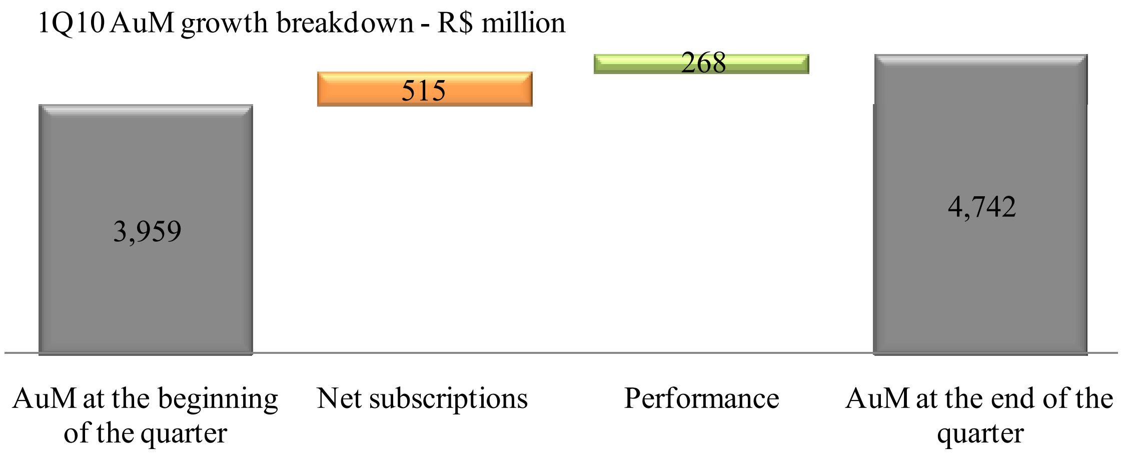
Comments on operational performance

Assets under management



The assets under management ("AuM") amounted to R$4.7 billion as of March 31st, 2010, representing a 20% increase over the R$ 4.0 billion of AuM as of December 31st, 2009. When compared to the 1Q09, the increase in AuM amounted to 112%.

The growth in AuM reflects the significant results in terms of net funding and performance.



✓ **Fund Performance**: the net positive performance posted by the Tarpon Funds contributed to aR$268.0 million increase in the AuM in the 1Q10.

✓ **Net subscriptions**: the Tarpon Funds received net commitments (balance between new commitments and redemptions) in the amount of R$515.0 million during the 1Q10.

The year began with highlights in the fundraising, which amounted to R$641 million (January to March 2010). As announced to the market in March 2010, the commitments came in the context of a partnership established by TIG Holding Ltd. and Alberta Investment Management Corporation (on behalf of certain pensions, endowments and government funds of the Province of Alberta, Canada) for the new co-investment fund under Tarpon's management, known as the "Special Opportunities Fund".

The objective of the new product is to invest in specific opportunities in public or private equity together with the funds and managed accounts. The initial commitment to TSOF amounted to US$275 million (R$497 million).

Return on the Tarpon Funds

During the quarter, the Long Only Equity strategy pursued by Fundo Tarpon and Tarpon Fund posted net returns of 8.1% (in R$) and 5.5% (in US$), respectively. In the same period, the Hybrid Equity strategy pursued by the Tarpon All Equity Fund posted net returns of 5.8% (in US$).

As our mandate is to deliver absolute and uncorrelated returns, we do not follow any stock market index as performance benchmark. However, just for illustrative purposes, during the same period, the Ibovespa and IBX Indexes posted returns of 2.6% (0.3% in US$) and 1.9% (-0.4% in US$), respectively.

				Performance(4)				
Strategy	**Vehicle**	**Inception date**	**AUM(1)(2)(3)**	**1Q10**	**LTM**	**3 years**	**5 years**	**Since launch (annualized)**
Long - Only Equity	**Fundo Tarpon***	May/02	R$580 m	8.1%	102.3%	57.0%	158.3%	35.8%
Long - Only Equity	**Tarpon Fund****	May /02	R$1,254 m	5.5%	150.1%	77.5%	233.8%	36.7%
	Managed account*	Dec/06		9.15%	111.3%	55.0%	85.1%	20.3%
Hybrid - Equity	**Tarpon All Equities Fund****	Oct/06	R$2,205 m	5.8%	152.8%	73.4%	-	29.9%

(1) As of March 31st, 2010.
(2) Includes committed but uncalled capital. Management and performance fees are not collected over the uncalled capital.
(3) Direct private equity investments are not included.
(4) *Performances* net of fees.

** Performance in R$*
***Performance in US$*

1. Comments on financial performance

Financial highlights - R$ million				Δ	
	1Q 2010	1Q 2009	2009	1Q10/1Q09	1Q10/2009
Gross revenues	**69.4**	**2.5**	**42.8**	**2684%**	**62%**
Management fees	12.8	2.5	29.6	413%	-57%
Performance fees	56.6	0.0	13.2	-	329%
Net revenues	**65.9**	**2.4**	**40.6**	**2693%**	**62%**
Operating expenses	**(4.6)**	**(2.3)**	**(24.6)**	**102%**	**-81%**
Recurring: general administration, payroll & others	(2.7)	(1.4)	(9.8)	93%	-72%
Non recurring: bonus & stock option	(1.9)	(0.9)	(14.8)	115%	-87%
Results from operating activities	**61.2**	**0.1**	**15.9**	**92398%**	**285%**
Operating margin	*93%*	*3%*	*39%*	*3212%*	*137%*
Net Income	**54.1**	**(0.4)**	**16.0**	**-12720%**	**238%**
Net margin	*82%*	*-18%*	*39%*	*-552%*	*108%*
Adjusted net income (1)	**56.0**	**0.5**	**19.2**	**12099%**	**191%**
Earnings per share (R$/share)	1.31	(0.01)	0.39	-12710%	238%
O/S ('000)	41,207	41,174	41,174	-	-

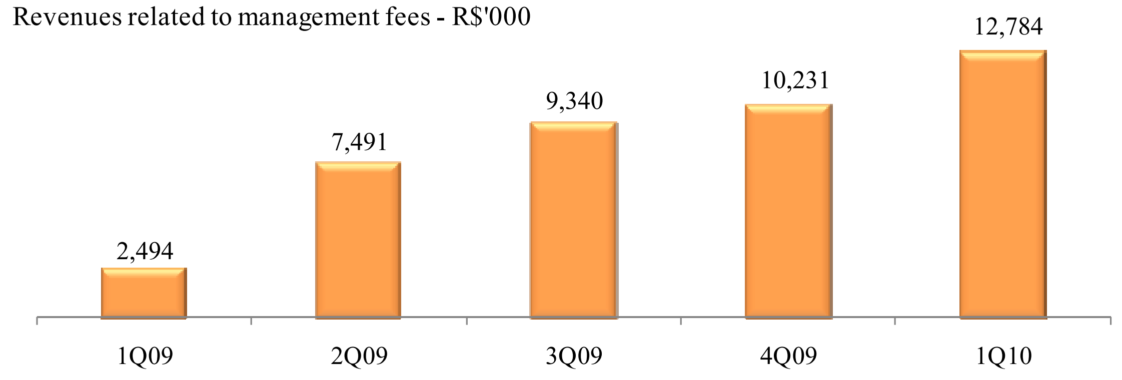
(1) Net income adjusted by the reversion of the Company's stock option plan provision that has no cash impact.

Note: the margin indicated is calculated over the net operating revenues.

Operating income

- ✓ **Management fees**

The revenues related to management fees, calculated based on the volume of assets under managed during the quarter, amounted to R$12.8 million, equivalent to 18% of total operating revenues recorded in the1Q10.

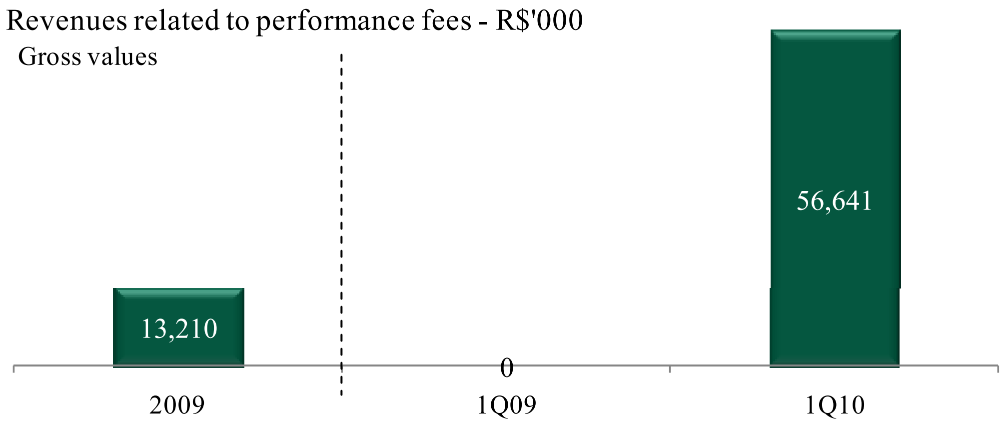


When compared to the 1Q09, the amount of revenues related to management fees recordedin the 1Q10 represented an increase of 413%. The increase in revenues in comparison to the 1Q09 is explained by (i) the increase of Tarpon Funds' average AuM base, equivalent to a 112% increase during the twelve-month period, and (ii) the corporate restructuring involving the Company occurred in March 2009.

The amount of revenues related to management fees recorded in the 1Q10 was equivalent to 43% of the overall amount recorded in the FY2009.

- ✓ **Performance fees**

The revenues related to performance fees during the quarter amounted to R$56.6 million. This amount was equivalent to 82% of the overall operating revenues in the period.

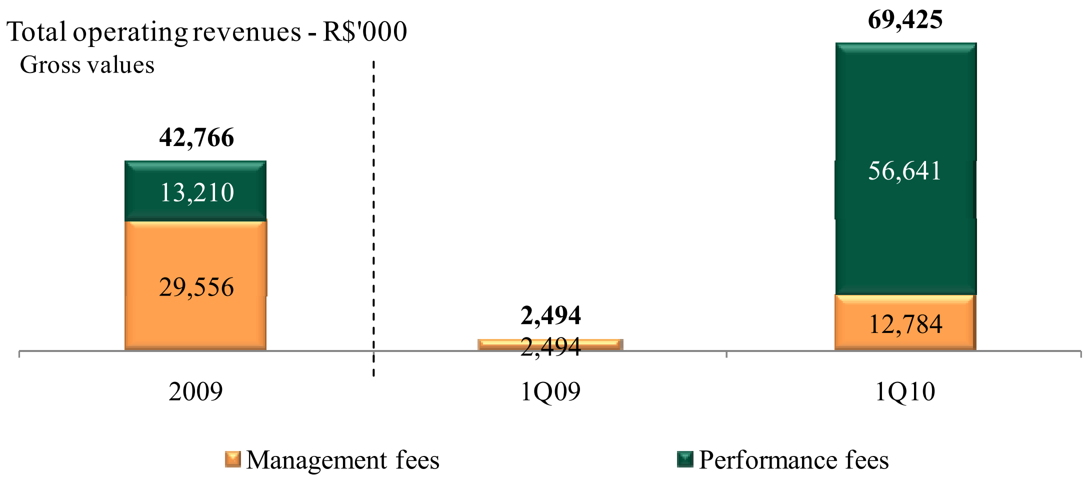


The revenues related to performance fees were calculated based on the net asset value of the funds and managed accounts that were above the water mark on its respective dates of performance fees collection.

The revenues related to performance fees earned in the 1Q10 represented a 329% increase over the amount recorded during the FY2009. The satisfactory result for the quarter reflects the recovery of the performance of the Tarpon Funds in the period subsequent to the international financial crisis.

- ✓ **Total operating revenues**

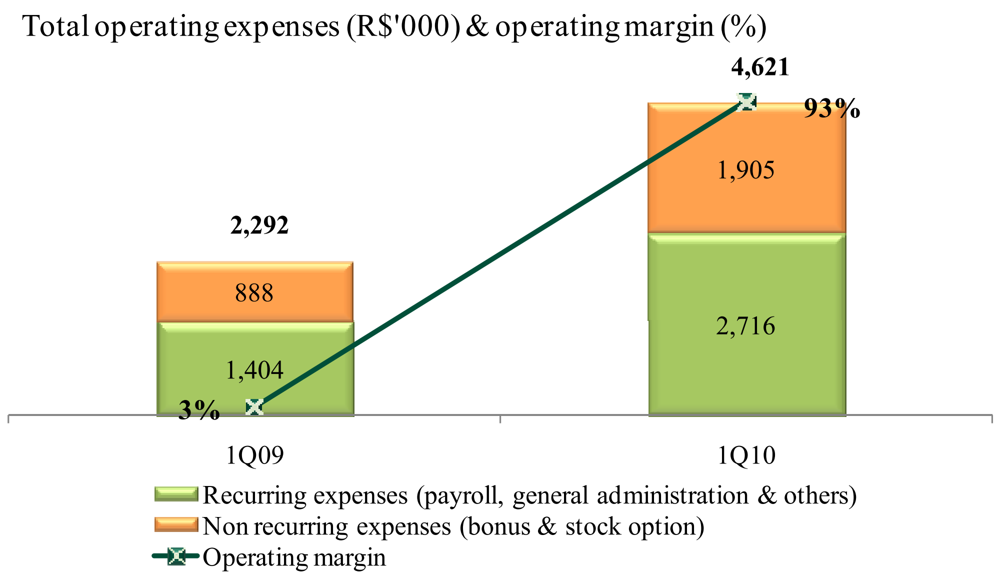
Based on the amount of revenues related to management and performance fees, total operating revenues for the quarter amounted to R$69.4 million, a 62% increase over the amount recorded in the FY2009.



Operating expenses

The operating expenses are comprised of recurring expenses (administrative, payroll and others), and non recurring expenses (provision for the stock option plan), amounting to R$4.6 million in 1Q10, compared to R$2.3 million registered in 1Q09.

In 1Q10, the Company reported an operational margin of 93%. The operational margin of 3% for 1Q09 was affected by the corporate restructuring implemented in March 2009.



✓ **Recurring expenses**

Of the total expenses for 1Q10, 59% (R$2.6 million) refer to recurring expenses related to payroll, social security charges and general administrative expenses. The recurring expenses reported an increase of 84% compared to 1Q09, explained mainly by the increase in the number of Company's employees.

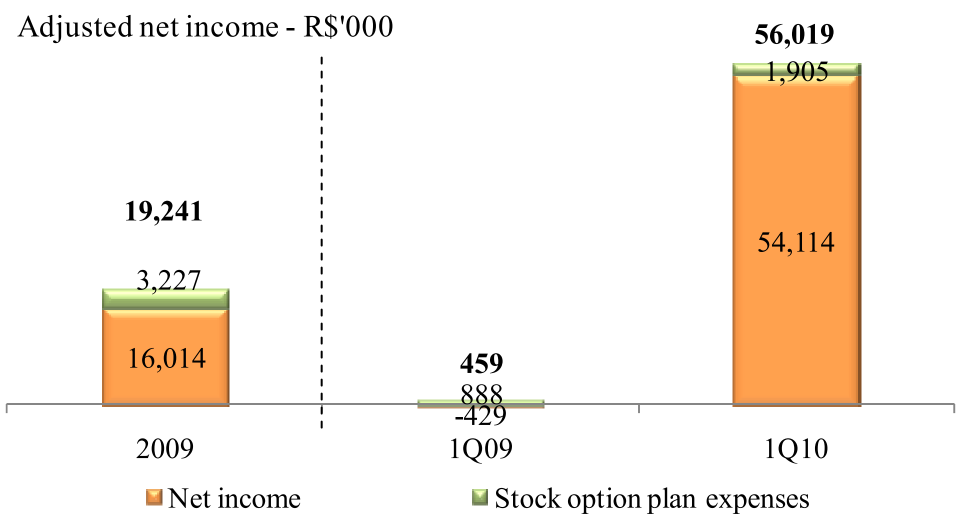
✓ **Non recurring expenses**

During the quarter, R$1.9 million (or 41% of total operating expenses) was related to the provision of the stock option plan offered to executives. In 1Q09, the expenses with the plan amounted to R$0.9 million. The stock option plan provision did not impact the Company's cash flow.

Adjusted net income

The adjusted net income for the quarter amounted to R$54.1 million (R$1.31 per share), compared to a loss of R$0.4 million in 1Q09 and profit of R$16.0 million for the FY2009.

The adjusted net income, which takes into consideration the reversal of the expense from the Company's stock option plan that has no cash impact, amounted to R$56.0 million for the period, representing a 191% increase compared to adjusted net income for FY2009.



Corporate Governance

As part of Tarpon's commitment to the best corporate governance practices, the Company adhered to the "Novo Mercado" segment at the BM&FBOVESPA. Tarpon's shares are traded under the ticker TRPN3.

Investor Relations - IR

Shareholders, investors and market analysts can have access to the Company's information on its IR webpage (www.tarponinvest.com/ir). For further information, direct contact can be established by e-mail (ir@tarponinvest.com.br) or by the telephone: +55 (11) 3074 -5830.

Independent auditors

The audit of the financial statements for the first quarter of 2010 was performed by KPMG Auditores Independentes. The Company’s policy for contracting services from its independent auditors, which are not related to the external audit, seeks to ensure that there is no conflict of interests, or loss of independence or objectivity.

During the first quarter of 2010, the independent auditors did not provide services to Tarpon other than the audit of the financial statements.

The Company´s directors have reviewed discussed and they agree with the financial statements for the period ended March 31, 2010, and the respective independent auditors’ report.

April 30th, 2010

Management Board

Board of Directors

KPMG Auditores Independentes
R. Dr. Renato Paes de Barros, 33
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Caixa Postal 2467
01060-970 - São Paulo, SP - Brasil

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Independent auditors' report on the special review

To Management and Shareholders
Tarpon Investimentos S.A.
São Paulo - SP

1. We have reviewed the financial information included in the interim individual and consolidated financial statements of Tarpon Investimentos S.A. ("Company")for the interim ended March 31, 2010, comprising the balance sheet, statements of income, changes in shareholders' equity, cash flows and added value and the notes to these financial statements, which are the responsibility of its management.

2. Our review was conducted in accordance with the specific rules established by the Brazilian Institute of Independent Auditors (IBRACON) and the Federal Accounting Council (CFC), and consisted mainly of: (a) inquiries and discussions with management responsible for the accounting, financial and operating areas of the Company and its subsidiaries, with respect to the criteria adopted for preparing the quarterly financial information; and (b) a review of the post balance sheet information and events that have or could have significant impacts on the financial position and operations of the Company.

3. Based on our review, we are not aware of any significant modifications that should be made to the aforementioned financial information included in the interim individual and consolidated financial statements for it to be in accordance with accounting practices adopted in Brazil and the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the interim financial information.

4. As reported in Note 2, during 2009, the CVM approved various Technical Statements, Interpretations and Guidelines, issued by the Accounting Pronouncements Committee (CPC), which are effective for 2010, and modify the accounting practices adopted in Brazil. These changes were adopted by the Company to prepare the interim financial information for the quarter ended March 31, 2010, and are disclosed in Note 2. The interim financial information for the previous period, presented for comparison purposes, was adjusted to include the changes in accounting practices adopted in Brazil, effective for 2010.

5. Our review report on the financial information presented in the interim financial information for the quarter ended March 31, 2009, and our report on the financial statements for the year ended December 31, 2009, presented for comparison purposes with the financial information presented in the interim financial information, as referred in the first paragraph, do not include any qualifications, and were issued on May 05, 2009, and February 10, 2010, respectively.

São Paulo, April 30, 2010

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
Cláudio Rogélio Sertório
Accountant CRC 1SP212059/O-0

Tarpon Investimentos S.A.

Individual and consolidated balance sheets

March 31, 2010 and December 31, 2009

(In thousands of Reais)

Assets	Notes	Consolidated 2010	Consolidated 2009	Individual 2010	Individual 2009
Current assets					
Cash and cash equivalents	4	24	42	19	40
Financial assets measured at fair values through profit or loss	5/6	12,316	14,958	12,316	14,958
Financial assets available for sale	5/6	4,720	106	4,720	106
Receivables	8	65,482	9,984	65,482	9,984
Other assets	9	713	539	717	541
		83,255	25,629	83,254	25,629
Non current assets					
Investments in subsidiaries and associated comp	18	197	255	99	127
Property, plant and equipment	7	255	256	255	256
		452	511	354	383
Total assets		83,707	26,140	83,608	26,012

Liabilities	Notes	Consolidated 2010	Consolidated 2009	Individual 2010	Individual 2009
Current liaibilities					
Accounts payable	18.a	634	808	634	807
Tax liabilities	18.b	11,356	2,469	11,356	2,469
Labor liabilities	18.c	718	5,812	718	5,812
Dividends payable		5	6,838	5	6,838
		12,713	15,927	12,713	15,926
Shareholders' equity					
Share capital	10.a	4,180	4,004	4,180	4,004
Capital reserves	10.e	2,102	2,019	2,102	2,019
Statutory reserve	10.d	30	30	30	30
Legal reserve	10.b	801	801	801	801
Market-to-market adjustments of financial assets available for sale		4,619	5	4,619	5
Stock option plan		5,049	3,227	5,049	3,227
Retained earnings		54,114	-	54,114	-
		70,895	10,086	70,895	10,086
Minority interest		99	127	-	-
Total shareholders´ equity and liabilities		83,707	26,140	83,608	26,012

See the accompanying notes to the interim individual and consolidated financial statements

Tarpon Investimentos S.A.

Individual and consolidated statements of income

Quarters ended March 31, 2010 and 2009

(In thousands of Reais)

		Consolidated		Individual	
	Notes	**2010**	**2009**	**2010**	**2009**
Revenues					
Management fee		12,784	2,494	12,784	2,494
Performance fee		56,641	-	56,641	-
		69,425	2,494	69,425	2,494
Deductions					
Taxes on service income		(3,575)	(136)	(3,575)	(136)
Net operational revenue	12	65,850	2,358	65,850	2,358
Operational income/(expenses)					
Personnel expenses	18.c	(1,846)	(1,038)	(1,846)	(1,038)
Stock option plan	14	(1,905)	(888)	(1,905)	(888)
Administrative expenses	13	(931)	(648)	(931)	(648)
Income from financial assets measured at fair value through profit or loss		669	(346)	669	(346)
Equity in income of subsidiaries and associated companies		(57)	603	(28)	121
Other operational income /(expenses)	18.d	61	282	61	282
		(4,009)	(2,035)	(3,980)	(2,517)
Net operational income		61,841	323	61,870	(159)
Income tax and social contribution	15	(7,756)	(270)	(7,756)	(270)
Net income before minority interests		54,085	53	54,114	(429)
Minority interest		29	(482)	-	-
Net income/(loss) for the period		54,114	(429)	54,114	(429)
Number of shares at the end of the period		41,207	41,174	41,207	41,174
Net income/(loss) per share -R$ - Earnings per share	11	1.31	(0.01)	1.31	(0.01)

See the accompanying notes to the interim individual and consolidated financial statements.

Tarpon Investimentos S.A.

Consolidated statements of changes in shareholders' equity

Quarters ended March 31, 2010 and 2009

(In thousands of Reais)

	Share Capital	Capital reserves	Statutory reserves	Legal reserve	Adjustment at market value of assets available for sale	Treasury shares	Stock Option plan	Retained earnings	Minority interests	Total
Balances at December 31, 2009	4,004	2,019	30	801	5	-	3,227	-	127	10,213
										-
Capital increase	176	83	-	-	-	-	(83)	-	-	176
Adjustment of assets to market value	-	-	-	-	4,614	-	-	-	-	4,614
Stock option plan	-	-	-	-	-	-	1,905	-	-	1,905
Net income	-	-	-	-	-	-	-	54,114	(28)	54,086
Balances at March 31, 2010	4,180	2,102	30	801	4,619	-	5,049	54,114	99	70,994
Balances at December 31, 2008	116	2,543	3,918		(31)	-	-	-	182	6,728
										-
Capital increase	3,888	-	(3,888)	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	(524)	-	-	-	(524)
Cancellation of shares	-	(524)	-	-	-	524	-	-	-	-
Stock option plan	-	-	-	-	-	-	3,227	-	-	3,227
Adjustment of assets to market value	-	-	-	-	36	-	-	-	-	36
Legal reserve	-	-	-	801	-	-	-	(801)	2,108	2,108
Dividend distribution	-	-	-	-	-	-	-	(15,213)	-	(15,213)
Net income	-	-	-	-	-	-	-	16,014	(2,163)	13,851
Balances at December 31, 2009	4,004	2,019	30	801	5	-	3,227	-	127	10,213

See the accompanying notes to the interim individual and consolidated financial statements.

Tarpon Investimentos S.A.

Individual and consolidated cash flows statements

Quarters ending March 31, 2010 and 2009

(In thousands of Reais)

	Consolidated		Individual	
	2010	**2009**	**2010**	**2009**
Operational activities				
Net income/(loss) for the period	54,114	(429)	54,114	(429)
Adjustments:				
Depreciation	12	12	12	12
Equity in income of subsidiaries	28	(121)	28	(121)
Increase/(Decrease) in stock option plan	1,905	-	1,905	-
Adjusted net income/(loss)	56,059	(538)	56,059	(538)
Changes in assets and liabilities:				
(Increase)/Decrease in accounts receivable	(55,498)	(1,208)	(55,498)	(1,208)
(Increase)/Decrease in other assets	(174)	(19)	(176)	(25)
Increase/(Decrease) in accounts payable	(174)	(40)	(173)	552
Increase/(Decrease) in tax liabilities	8,887	169	8,887	170
Increase/(Decrease) in labor liabilities	(5,094)	3	(5,094)	3
Cash flows from operational activities	4,006	(1,633)	4,005	(1,046)
Investment activities				
Changes in financial assets at fair value	2,642	717	2,642	706
Decrease/Increase in investments	-	21	-	151
Changes in permanent assets	(9)	(27)	(11)	(25)
Dividends received in advance	-	393	-	(314)
Cash flows from investment activities	2,633	1,104	2,631	518
Financial activities				
Dividend payments	(6,833)	-	(6,833)	-
Exercise of stock options	176	-	176	-
Treasury shares	-	524	-	524
Cash flows from financing activities	(6,657)	524	(6,657)	524
Total cash flows	(18)	(5)	(21)	(4)
Net Increase/(Decrease) of cash and cash equivalents	(18)	(5)	(21)	(4)
Cash and cash equivalents at January 01	42	33	40	27
Cash and cash equivalents at March 31	24	28	19	23

See the accompanying notes to the interim individual and consolidated financial statements

Tarpon Investimentos S.A.

Individual and consolidated statements of added value

Quarters ending March 31, 2010 and 2009

(In thousands of Reais)

	Consolidated		Individual	
	2010	**2009**	**2010**	**2009**
Income	69,425	2,494	69,425	2,494
Performance and management fees	69,425	2,494	69,425	2,494
Supplies acquired from third parties	(836)	(354)	(836)	(354)
Third party services	(836)	(354)	(836)	(354)
Gross added value	68,589	2,140	68,589	2,140
Retentions	(12)	(12)	(12)	(12)
Depreciation, amortization and exhaustion	(12)	(12)	(12)	(12)
Net added value produced	68,577	2,128	68,577	2,128
Added value received in transfer	641	(225)	641	(225)
Equity in income of subsidiaries	(28)	121	(28)	121
Financial income and expenses	669	(346)	669	(346)
Total added value to distribute	69,218	1,903	69,218	1,903
Distribution of added value	69,218	1,903	69,218	1,903
Personnel	3,393	1,725	3,393	1,725
Direct remuneration	3,393	1,725	3,393	1,725
Taxes and contributions	11,711	607	11,711	607
Federal	8,466	508	8,466	508
Municipal	3,245	99	3,245	99
Remuneration of own capital	54,114	(429)	54,114	(429)
Retained earnings/loss for the period	54,114	(429)	54,114	(429)

See the accompanying notes to the interim individual and consolidated financial statements.

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

Quarters ending March 31, 2010 and 2009

(In thousands of Reais)

1 Operations

Tarpon Investimentos S.A. (the “Company” or “Tarpon“) was incorporated in June 2002, initially as a limited liability company, with its head office in São Paulo. The Company’s corporate activities consisted of administering securities portfolios and managing third party funds, through investment funds, managed portfolios and other investment vehicles, in Brazil and overseas. In December 2003, the Company was transformed into a corporate stock entity..

In March 2007, the corporate structure of the Company was reorganized and it became a subsidiary of TIG Holding Ltd. (formely known as Tarpon Investment Group Ltd., “TIG”) through the contribution of ordinary shares, from its shareholders, to TIG’s capital.

On March 10, 2009, all of the shareholders present at the TIG General Meeting approved the corporate restructuring, aimed at segregating the fund management activities, on one hand, from its proprietary investment activities, on the other. The corporate restructuring consisted, amongst other acts, in the capital reduction of TIG, through the proportional transfer by TIG to its shareholders of all of the ordinary shares issued by the Company that belonged to TIG. The shareholders of TIG continued to hold the same investment interest in TIG as they had held before the restructuring and in addition, received an equivalent investment interest in the Company. As a result of the restructuring: (i) TIG activities consisted exclusively of proprietary investment activities; and (ii) the Company started to provide management services for all of the funds and portfolios previously managed by TIG and the Company (“Tarpon Funds”).

Within the context of the corporate restructuring, on February 16, 2009, TIG, as the predominate shareholder of the Company, approved, amongst others: (i) a capital increase in the Company through the capitalization of the reserve; (ii) the division of shares; (iii) the purchase of treasury shares; (iv) the registration of the Company as a public stock corporation with the CVM and listing of the Company’s ordinary shares on the New Market segment of the BM&F BOVESPA; (v) alteration to the Company’s statutes to adapt them to the New Market Listing Regulation; and (vi) adoption of the Company stock option plan.

These financial statements and the respective audit report on the special review were approved by the Board of Directors on April 30, 2010.

2 Presentation of the financial statements

2.1 Presentation of the interim individual and consolidated financial statements

The interim individual and consolidated financial statements were prepared based on accounting practices adopted in Brazil, which include corporate law, the pronouncements, orientations and interpretations issued by the Accounting Pronouncements Committee and the rules issued by the Brazilian Securities Commission (CVM).

As permitted by CVM Resolution 603, of November 10, 2009, complemented by CVM Resolution 626, of March 31, 2010, Company Management decided not to delay adopting all of the CPCs in force and homologated by the CVM for the consolidated financial statements for the year to end on December 31, 2010. Consequently, on March 31, 2010, all of the CPCs, including those effective as from January 01, 2010, applicable to the Company, were adopted.

To ensure consistent presentation, the consolidated financial statements as of March 31, 2010 and 2009 were prepared and are presented on the same aforementioned accounting basis. Adapting the accounting practices to the new accounting guidelines did not create significant impacts on the Company's consolidated financial statements.

2.2 Functional and presentation currency

The financial statements were prepared in Reais (R$), which is the Company's functional and presentation currency.

2.3 Accounting estimates and judgments

2.4

The preparation of the financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting principles, as well as the amounts presented for assets, liabilities, income and expenses, including determination of market values of the securities and stock option plan. The actual results may differ from the estimates. The assumptions and estimates are revised quarterly. The results of the reviews of the accounting estimates are recognized in the period the reviews are performed.

2.5 Consolidation basis

The consolidated financial statements include Tarpon BR S.A., in which the Company holds a direct interest of 32.5% and an indirect interest of 50% in the voting capital and Tarpon BR Participações Ltda., in which the Company holds a direct interest of 50% in the capital. The investments in these subsidiaries and all of the balances between the companies were eliminated for purposes of preparing the interim consolidated financial statements, and the minority interest in the shareholders' equity and in the results is presented separately.

3 Significant accounting practices

The accounting practices described below were applied consistently for Tarpon Investimentos S.A. and its subsidiaries for the quarters/year presented in the financial statements.

a. Revenue

Revenue comprises management and performance fees payable by Tarpon Funds. The management fees are calculated based on a fixed and/or variable percentage of the Funds' net asset value, and recognized as the respective services are provided. The performance fees are earned when the funds reach a certain performance level, as defined in the funds regulations, and are recognized just when there is certainty as to the amount to be received and its recovery.

b. Non derivative financial instruments

i. Financial assets at fair value through profit or loss

Financial assets measured at fair values through profit or loss are represented by the Company's investments in investment funds and certificates of bank deposits which are recognized at market values. The gains and losses were recognized in the statements of income. The market values of these assets are determined based on the quota value informed by the fund´s administrator and the CDB´s nocional value adjusted by the interbank deposit rate informed by the CDBs issuer bank, respectively, at the end of each month.

ii. Financial assets available for sale

The Company’s investments in equity securities are classified as available for sale. Subsequent to the initial recognition, they are valued at fair values and any fluctuations, except reductions to recoverable values, are recognized directly in the shareholders’ equity. When an investment is no longer recognized, the accumulated gain or loss recorded to shareholders’ equity is transferred to profit or loss.

iii. Cash and cash equivalents

Cash and cash equivalents refer to cash balances used in the normal administration of the Company’s working capital.

c. Impairment

The book values of the Company’s assets are revised at each balance sheet date, to determine whether there is any evidence of loss of recoverable values (impairment). If such evidence exits, the asset’s recoverable value is estimated. Impairment of the asset is recognized in the event of the book value of the asset is greater than its recoverable value.

d. Investments in subsidiary and associated companies

Investments in associated and subsidiary companies are stated at their nominal values and adjusted using the equity method.

e. Property, plant and equipment

Property, plant and equipment are measured at acquisition cost, net of accumulated depreciation, calculated using the straight line method at the rates stated in Note 7, which takes into consideration the estimated economic useful lives of the assets, and the respective residual values.

f. Short term benefits for employees and profit sharing plan

Employees are entitled to fixed remuneration and to participate in the company's six monthly profit share plan. A provision is recognized for the estimated amount payable for the six monthly profit share, in cash, when the Company meets the legal or constituted obligation to pay this amount to its employees and when it is possible to make a reliable estimate of the liability.

g. Provisions

A provision is recognized if, as the result of a past event, the Company has a legal or constituted obligation that enables a reliable estimate to be made and provided any loss is evaluated as being probable. Provisions are determined discounting future estimated cash flows at a rate that reflects the market conditions in force and the risks characteristic of the liability.

h. Share based option plan

The effects of the share based option plan are calculated based on the fair value at the options grant date and recognized in the balance sheet and statement of income.

i. Income tax, social contribution and other taxes

The Company adopted the presumed income regime, which is subordinated to the total revenue in a quarter. The rate of 32% of revenue, plus financial revenues is used for purposes of determining the calculation basis of corporate income tax (IRPJ) and Social contribution (CSLL). The aforementioned taxes are calculated at the rate of 15%, plus a surcharge of 10% for IRPJ and the rate of 9% for CSLL, respectively, on this determined basis.

Contribution for Social Integration Program (PIS) and Tax for Social Security Financing (COFINS) rates are 0.65% and 3%, respectively, and are due on management and performance fees, earned from the Brazilian funds. Service Tax (ISS) is charged at the rate of 2.5% due on revenues from management of the Brazilian funds and 5% on revenues related to non-Brazilian funds management. PIS, COFINS and ISS are registered as tax expenses on revenue.

j. Other assets and liabilities

Other assets are stated at realization values, including, when applicable, yields and monetary variations earned (on a daily *"pro-rata"* basis), and a provision for losses, when considered necessary. Other liabilities stated include known and determinable amounts, plus charges and monetary adjustments (on a base daily *"pro-rata"* basis) incurred.

k. Receivables

Receivables are measured at cost amortized based on the effective interest rate method, less any reductions to their recoverable values.

l. Financial disclosures per segment

A segment is a component of a company that is dedicated either in providing goods or rendering services (business segment), or providing goods or services in a particular economic environment (geographic segment), which is subject to risks and rewards that differ from the other segments.

In March 2009, the Company implemented a corporate restructuring, aimed at segregating its fund management activities from its proprietary investment activities. Consequently, the Company only undertakes one type of activity (rendering services related to portfolio management) and therefore, no segment information by business type is presented.

4 Cash and cash equivalents

	Consolidated		Individual	
	2010	**2009**	**2010**	**2009**
Cash and bank	24	42	19	40

(In thousands of Reais)

5 Financial assets measuredat fair values through profit or loss and financial assets available for sale

	Consolidated and Individual	
	2010	**2009**
Financial assets measured at fair values through profit or loss		
Investment fund **(a)**	2,001	2,609
Certificate of bank deposit **(b)**	10,315	12,349
	12,316	14,958
Financial assets available for sale		
Investments in shares - BrasilAgro	89	106
Subscription Bonus - BrasilAgro	4,631	-
	4,720	106

(a) Investment fund with a portfolio comprised of shares of Brazilian corporations.

(b) Certificates indexed to Brazilian Interbank Deposit rate with maturity in May and September of 2010 and issued by top line Brazilian bank.

6 Financial instruments

a. *Risk management*

The Company is exposed to risks from the use of financial instruments, which include:

Credit risk

Refers to the possibility of the company and its subsidiaries incurring losses from defaults by their counterparties or the financial institutions holding their funds or financial investments. The Company's policy is to minimize its exposure to credit risk. Management revises and approves all investment decisions in order to ensure that they are made only in highly liquid assets, issued by reputable institutions.

Market risk

Risk that changes in market prices, such as interest rates and equity prices, may affect the Company´s income or the value of its financial instruments. The Company's policy is to minimize exposure to market risk, seeking to diversify its investments portfolio in terms of pre or post fixed rates and/or equity indices.

b. *Financial assets available for sale*

	2010 **Valuation method**	**2009** **Valuation method**	**Exposure to market value or interest rate risk?**
Investments in BrasilAgro shares	Market value	Market value	Yes
BrasilAgro subscription bonus	Negotiated value	-	Yes

(In thousands of Reais)

c. *Financial assets measured at fair value through profit or loss*

	2010 Valuation method	**2009 Valuation method**	**Exposure to market value or interest rate risk?**
Investment funds	Quota value informed by the Fund´s manager	Quota value informed by the Fund´s manager	Yes
Certificates of bank deposits	Valuated by indexation rate - DI	Valuated by indexation rate - DI	Yes

d. *Subscription bonus*

The Company was granted, at no cost, subscription bonuses, which, when exercised, will be equivalent to 2,903,890 shares in BrasilAgro - Companhia Brasileira de Propriedades Agrícolas.

The exercise price of these bonuses was established at R$ 10 (post split) on the issue date, on March 15, 2006, and will be adjusted in the event of new issues of shares by the offer price of these shares. The exercise price of these bonuses is also subject to annual adjustments, based on the variation in the Brazilian consumer price index (IPC-A). The bonuses can be exercised and are valid for 15 years, as from the issue date.

According to the Management’s opinion, these subscription bonuses are not negotiated on an active market and therefore, a reasonable market value cannot be attributed to them at March 31, 2010. However, given that the process for negotiating these bonuses was concluded April 28, 2010, as reported in Note 19, the bonuses were valued at the amount attributed during these negotiations, with this being the only market value available at the time of publishing the financial statements.

e. *Derivative financial instruments*

At March 31, 2010, and during the quarter, the Company did not have any balances recorded as derivative financial instruments.

f. *Sensitivity analysis - Effect on variation of fair value*

In compliance with the ruling in CVM Instruction 475 of December 17, 2008 the Company confirms that it is not exposed to market and/or interest rate risks considered relevant.

The existing financial instruments are used only for temporary cash management, and comprise an investment in investment fund (16%) and certificates of bank deposits indexed to the Brazilian Interbank Deposit Rate (84%). Although the risk is considered low, management continually monitors the fluctuations in the stock and interest rate markets, which could have a direct or indirect impact on the market value of these financial instruments.

g. *Cash and cash equivalents*

The funds are not allocated to any type of financial investment, and therefore no interest rate is applicable.

h. *Other financial assets and liabilities*

The market values of other financial assets and liabilities are practically the same as the book values reported in the balance sheets, and measured at market values or short term maturity.

(In thousands of Reais)

7 Property, plant and equipment

Property, plant and equipment consist of fixtures and fittings, machinery and equipment, facilities, data processing system, communication and security systems and software licenses. These assets are depreciated using the straight line method according to the estimated economic useful lives of the assets, as follows: fixtures and fittings and machinery and equipment (10% per annum); facilities (10% per annum); data processing system (20% per annum); communication and security system (20% per annum) and software licenses (25% per annum). The depreciation charge for fixed assets amounted to R$ 12 during the quarter.

8 Receivables

The management fees due by the funds are calculated monthly and paid at the end of each month and/or quarter. The performance fees are calculated every six months period and/or annually, depending on each fund´s terms, and paid on January 31, March 31, April 30, June 30, July 31, September 30, and December 31, of each year.

	Consolidated and individual	
	2010	**2009**
Management fee (*)	9,718	9,032
Performance fee (*)	55,764	952
	65,482	9,984

(*) At the time of approval of these financial statements, 50% of the receivables had been settled.

(In thousands of Reais)

9 Other assets

	Consolidated		Individual	
	2010	**2009**	**2010**	**2009**
Taxes recoverable	621	342	621	342
Prepayments	51	191	51	191
Advances	41	-	41	-
Other credits	-	6	4	8
	713	539	717	541

10 Shareholders' equity

a. Share capital

Share capital at March 31, 2010, was divided into 41,207 thousand ordinary nominative shares, amounting to R$ 4,180. On March 10, 2010, a total of 33 thousand shares were issued, for the amount of R$ 176, as a result of stock option conversion process related to options granted within the ambit of the share based option plan (see note 14).

Share capital at December 31, 2009 was divided into 41,174 thousand ordinary nominative shares, amounting R$ 4,004. On May 25, 2009, a total of 3,580 thousand shares were cancelled which had been held in Treasury, for the amount of R$ 524.

Share capital at December 31, 2008 was divided into 114,567 ordinary shares, all nominative, amounting to R$ 116.

b. Legal reserve

This is constituted at the rate of 5% of yearly net income, in accordance with the terms of article 193 of law 6.404/76, up to a limit of 20% of the share capital.

c. Dividends

The Company's by-laws set forth the distribution of a minimum mandatory dividend of 25% of yearly net income, adjusted in accordance with the by-laws.

d. Statutory reserve

On March 10, 2009, the Company capitalized its profits reserves, in the amount of R$ 3,888, with the issue of new shares, and at March 31, 2010, the remaining balance was R$ 30.

The by-laws establish that up to 10% of the yearly net income adjusted according to the terms of the by-laws, after deducting the minimum mandatory dividend, can be allocated to the investment reserve, for the purpose of redemption, repurchase or acquisition of the Company's shares, or to develop the Company's activities.

e. Capital reserve

On March 10, 2010, the Company registered the amount of R$ 83 as premium on the issuance of shares (See item a and Note 14).

On May 25, 2009 the Company used part of the balance from the capital reserve to cancel 3,580 thousand ordinary shares for the amount of R$ 524 with a balance of R$ 2,019 remaining at December 31, 2009.

11 Earnings per share

a. Basic earnings per share

The basic earnings per share calculation was based on the Company's net income attributed to shareholders and the weighted average of common shares, as shown below.

(In thousands of Reais)

	Consolidated and individual
	In the quarter
Net income of the quarter attributable to shareholders	54,114
Weighted average number of ordinary shares	
Ordinary shares at January 1	41,174
Shares issued during the period	33
Shares cancelled during the period	-
Weighted average number of shares	41,182
Basic earnings per share	1.31

b. Diluted earnings per share

If dilution of the stock option plan, approved by the shareholders on March 10, 2009, by the total number of options included in the plan (13,724 thousand) and granted (10,607 thousand) is considered, the net income attributed to the shareholders would be, respectively, R$ 0.99 and R$ 1.04 per share for the quarter ended March 31, 2010.

12 Revenue from services

	Consolidated and individual	
	2010	**2009**
Management fee	12,784	2,494
Performance fee	56.641	-
Taxes on revenue	(3,575)	(136)
	65,850	2,358

(In thousands of Reais)

Management fees are recognized as the services are rendered and are calculated monthly based on a fixed and/or variable percentage applied on the funds' net asset value.

Performance fees are calculated every six months period and/or annually and paid on January 31, March 31, April 30, June 30, July 31, September 30, and December 31, of each year. Consequently, if the market value of the investments in the Tarpon Funds is reduced on these dates, even if only temporarily, the performance fee income will also decrease.

In addition, all of the funds have ''high water marks'' for which performance fees are not due for a specified period, even if the fund reported a positive return during this period, if the fund had reported higher losses in previous periods. Thus, if a fund reports losses in one period, it is not required to make the performance fee payment until it exceeds the previous "high water mark". At March 31, 2010, all of the assets under management were above the respective "high water mark".

Consequently, the income from performance fees may be subject to significant variations from year to year, depending on: fluctuations in the fund´s portfolio net assets values, the performance of the portfolios compared to the hurdle rates (benchmark) for each fund and the realization of private equity investments (since the performance fees related to these investments are charged only upon the realization of the investment).

Presented below is a summary of the track record of the net returns, which reflects the monthly return to the investor, net of (i) management fee; (ii) performance fee; and (iii) all fees and expenses generated by the fund. The calculation of the net return for the strategies is based on gross return at the closing of the month and the aforementioned items may make the actual net returns for each investor be different from those presented below.

History of net return

Strategy	**Vehicle**	**Jan-mar 2010**	**Jan-mar 2009**	**Hurdle rate**
Long-Only Equity	Tarpon FIA (Brazilian vehicle)	8.14%	-5.93%	IGPM + 6%
	Tarpon Fund (non-brazilian vehicle)	5.52%	-4.66%	Libor

(In thousands of Reais)

History of net return				
Strategy	**Vehicle**	**Jan-mar 2010**	**Jan-mar 2009**	**Hurdle rate**
	Managed portfolio (non-brazilian vehicle)	9.15%	-6.77%	IPCA + 6%
Hybrid Strategy	Fundo Tarpon All Equities	5.79%	-4.68%	6%

13 Administrative expenses

	Consolidated and individual	
	1st quarter 2010	**1st quarter 2009**
Third party services	447	359
Travel expenses	147	97
Computer system	72	73
Office maintenance	234	87
Other expenses	31	32
	931	648

14 Share based option plan

The Company's shareholders approved a share based option plan, as the basis for issuing options that will grant the titleholders the right to purchase shares representing up to 25% of the shares issued by the Company (equivalent to 13,724 thousand common shares at the granting date), on a fully diluted basis.

On March 10, 2009 ("First Grant Date"), the Company's Board of Directors granted 7,662 thousand options representing 55.8% of the total options under the plan, of which 77 thousand were returned as a result of the titleholders leaving the Company.

On November 30, 2009, the Company's Board of Directors granted a further 2,493 thousand options, and on February 19, 2010, it granted 530 thousand options, which, together with the first granting of options (including returned options), amounted to 10,608 thousand options, which represent 77.30% of total options under the plan.

On March 10, 2010, the Company's Board of Directors approved the issue of 33 thousand shares, which referred to exercising 20% of the options (exercisable) granted to an employee on March 31, 2009.

At any date, until July 01, 2017, the Company may grant addicional 29 thousand options. In addition, as from July 01, 2010, 2011 and 2012, the Company may grant additional amounts, equivalent to 7.5% of the total options under the plan.

The beneficiaries of the options are the Company´s Directors (except for the independent members), vice-presidents and employees (including those related to the Tarpon Funds` investiment entities), in accordance with the allocation that is determined by the Company´s Management Board.

The options under the plan were (will be) vested in the proportions and on each of the dates listed below ("Vesting Dates"):

a. The first part of the options granted on March 10, 2009, equivalent to 50.2% of the total options of the plan, may be exercised at the rate of 20% on March 10, 2009, 20% on July 1, 2009 and 20% on each of the three anniversaries subsequent to July 01, 2009;

b. The second part of the options granted on March 10, 2009, equivalent to 6.0% of the total options of the plan, may be exercised at the rate of 20% on July 1, 2009 and 20% on each of the four anniversaries subsequent to July 01, 2009; and

c. The options granted after July 1, 2009 can be exercised in the proportion of 20% on July 1 of each of the five financial years subsequent to the year such options were granted.

Notwithstanding the foregoing, in certain events, including if the controlling shareholders cease to hold, together, at least 30% of the total shares at any moment, all of the options granted under the plan will vest immediately.

Each portion of the options granted under the plan will expire on the fifth anniversary from the respective Vesting Date (including options vested on the First Grant Date).

The options from the plan can only be exercised after certain requirements, by the beneficiary, have been fulfilled by the beneficiary on the respective date of exercising the option, which includes the requirement that the relationship between the beneficiary and the Company be maintained. In the event the relationship between the beneficiary and the Company ended voluntarily, or ends with no just cause by the Company, the beneficiary can only exercise that part of the options which is vested at such time, within a period of 30 days from ending the relationship. The options that are not exercised or that cannot be exercised will again be available to be granted under the share based option plan.

In the event the relationship with the Company is ended by the Company, for just cause, the beneficiary will not have the right to exercise any of the options received. In this case, all of the options not exercised or not exercisable will again be made available for granting within the ambit of the share based option plan.

The evaluation of the share based option plan was prepared using the binominal model, which was applied at the time of each option being granted, considering market parameters.

The following assumptions were adopted for the most recent options granted: (a)average of annual volatility rate of 28%; (b) current share price of R$ 7.84; (c) exercise price of options from the plan of R$ 5.23 per share, reduced for any dividends and other distributions made by the Company; and (d) the risk free interest rate of 8.63%.

During the quarter ended March 31, 2010 the recorded amount in the statements of income for the adjustment to market value of the share based option plan was R$ 1,905.

(In thousands of Reais)

15 Reconciliation of income tax and social contribution

	Consolidated and Individual	
	1st quarter 2010	1st quarter 2009
Revenue	69,425	2,494
Presumed income (32%)	22,216	798
Financial revenues	615	15
Calculation basis of corporate income tax (IR) and social contribution (CS)	22,831	813
IR (15%)	(3,425)	(122)
IR surcharge (10%)	(2,277)	(75)
CS (9%)	(2,054)	(73)
Total	(7,756)	(270)

16 Contingencies

There are no contingent liabilities or legal obligations - taxes and social security - that have not been recorded and no legal proceedings that could represent possible or probable losses.

17 Related parties

The main asset and liability balances at March 31, 2010 and 2009, and the transactions that affected the results for the period, from operations with related parties, refer to transactions between the Company and its subsidiaries, associated companies, joint ventures and key management staff.

(In thousands of Reais)

The Company reported transactions with related parties that are inherent to fund management (See Notes 8 and 12) and transactions with its investment interests and the respective payments of dividends and remuneration of key management. In addition, the Company has accounts payable to its previous owner (See Note 18.a).

These transactions were performed under market conditions in force on the dates of the operations.

	Consolidated and individual			
	Asset/(Liability)		Income/(expense)	
	2010	2009	2010	2009
Receivables	65,482	9,984	69,425	2,494
Accounts payable	(553)	(524)	(7)	(7)
Dividends	(5)	(6,838)	-	-
Directors remuneration (*)	-	-	(180)	(288)
Total	64,924	2,622	69,238	2,199

(*) The Ordinary General Meeting determines the maximum annually remuneration amount that could be paid to Company´s Director and officers, and for the year 2010, it was determined to be R$ 12,000.

18 Other information

a. Accounts payable

This refers to amounts due to supplies in the amount of R$ 81 and accounts payable to TIG Holding Ltd. that refer to the repurchase of shares issued by the Company, in the amount of R$ 553, adjusted by an annual composite rate of Libor plus 3%, amounting to R$ 634.

b. Tax liabilities

The amounts due at March 31, 2010 refer to R$ 6 for third party taxes, R$ 277 for PIS and COFINS, R$ 3,053 for ISS, R$ 258 for labor charges, and R$ 7,762 for IRPJ and CSLL, amounting to a total of R$ 11,356.

c. Personnel and Labor liabilities

The balance comprises social security charges and the provision for vacation, thirteenth salary, amounting to a total of R$718.

d. Other operational income and expenses

The amount of R$ 61 refers to the depreciation of fixed assets for the period, reimbursement of travel expenses, marketing and fundraising expenses, financial expenses, and monetary adjustments of taxes.

e. Investments in subsidiaries and associated companies

The Company holds 50% of the investment in a *joint venture*, Paraná Consultoria de Investimentos S.A. ("Paraná"), an advisory consulting company incorporated in Brazil. Since the Company does not have any voting power over the operational and financial resolutions of Paraná, it is treated as an investment and recorded using the equity method. At March 31, 2010, the aforementioned company reported an net asset value of R$ 394 (R$ 510 in 2009) and a negative net income for the quarter of R$ 116 (R$ 42 negative in 2009).

f. First time adoption of International Accounting Standards

Considering the importance and requirement that Brazilian accounting practices be consistent with international accounting practices, and seeking greater transparency and reliability in its financial information, as well as adopting the prerogatives from the resolutions issued by the Brazilian Securities Commission, related to this topic, Management does not predict any significant accounting effects arising from fully adopting international accounting standards according to the pronouncements issued by the International Accounting Standards Board - IASB, for its consolidated financial statements, for the year ended on December 31, 2010.

The effects from the transition from Brazilian accounting practices to international practices did not significantly affect the net asset or the net income of the Company, during the quarter, to the extent that an accounting reconciliation is required to be presented.

19 Subsequent event

On April 28, 2010, we sold all of the shares and subscription bonus of BrasilAgro (Notes 5 and 6), in the total amount of R$ 4,758, to be paid within 180 days from the date of the effective transfer of the shares and subscription bonuses.

* * *

Management Representatives

Chief Executive Officer
José Carlos Reis de Magalhães Neto

Chief Financial Officer
Eduardo Silveira Mufarej

Accountant
Bruno Vergasta de Oliveira
CRC 1RJ-093416/O-0 T-SP