Tarpon Investimentos S.A.

Individual and consolidated financial statements

December 31, 2011

This document is a free translation from the official "Demonstrações contábeis individuais e consolidadas em 31 de dezembro de 2011" of the Company submitted to CVM. It is for information purposes only. Any decision made should be based on the official document, available on the CVM website. In case of discrepancy, the Portuguese version should prevail.

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December 31, 2011

Contents

Management Report

Tarpon Investimentos S.A. ("Tarpon" or "the Company") is an independent asset manager dedicated to investments in public and private-equity. Tarpon conducts its investment activity through the funds and management accounts under its management ("Tarpon Funds"). Tarpon's goal is to provide, in the long run, above-market returns.

Tarpon's shares are traded on the Novo Mercado segment of the BM&FBOVESPA under the ticker TRPN3.

4Q11 Conference Call

Call in English

Date: Wednesday, February 8th 2012

Time:
1:00 pm (Brasilia)
10:00 am (US East)

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Webcast:
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Visit our IR website:
www.tarponinvest.com/ir

STOCK MARKET
Information as of: 02/06/2012

Market cap:
R$806.8 million
Stock quote TRPN3: R$16.74
O/S: 48,193,455

2011 - Highlights

Service gross revenues related to asset management business amounted to R$ 21.0 million in the last quarter and R$ 255.9 million in 2011.

✓ **Portfolio Funds performance**:

	2011	2010
Long-Only Equity in R$	5.25%	38.81%
Long-Only Equity in US$	(9.80)%	40.29%
Hybrid-Equity in US$	(3.19)%	44.22%
Ibovespa index in R$	(18.11)%	1.04%
IBX index in R$	(11.39)%	2.62%

✓ **New commitments:** On the quarter Tarpon Funds received net commitments in the amount of R$ 152 million;

✓ **Assets under management:** R$5.6 billion of Portfolio Funds strategies and R$ 1.3 billion of Co-Investment strategy, amounting R$ 6.9 billion of assets under management 16% increase over 2010;

✓ **Operating revenues:**

Revenues related to management fees: R$17.1 million in 4Q11, and R$ 64.6 million in 2011.
Revenues related to performance fees: R$3.9 million in 4Q11, and R$ 191.3 million in 2011.

✓ **Net income:** R$109.5 million as of December, 31 2011.

TRPN3 NOVO MERCADO BM&FBOVESPA

About Tarpon Investimentos

Tarpon Investimentos S.A. is an independent asset manager dedicated to value-oriented investments in public and private equity. Our goal is to provide, in the long-run, above-market returns.

Our investment philosophy is supported by six tenets:

Focus on intrinsic value
We search for investments that, in the long-run, provide above-market returns and where market prices reflect a substantial discount to intrinsic value.

Portfolio concentration
We believe in concentration: each invested company has a meaningful impact on the portfolio and allows us to obtain deep understanding of these companies.

Contrarian approach
We look for investment opportunities that are not evident and that are generally overlooked by the public market. We aim to develop an independent view from market consensus.

High Conviction
We have a disciplined investment process that allows us to have a high degree of conviction related to each investment decision.

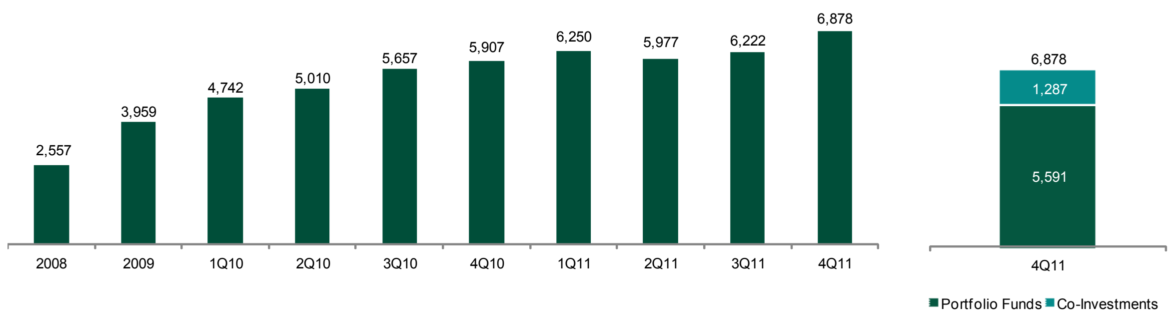
Long-term perspective
We are looking at long-term time frames to capture the potential value of each investment.

Value Creation
We often work to develop a value creation agenda together with our invested companies.

Assets under management

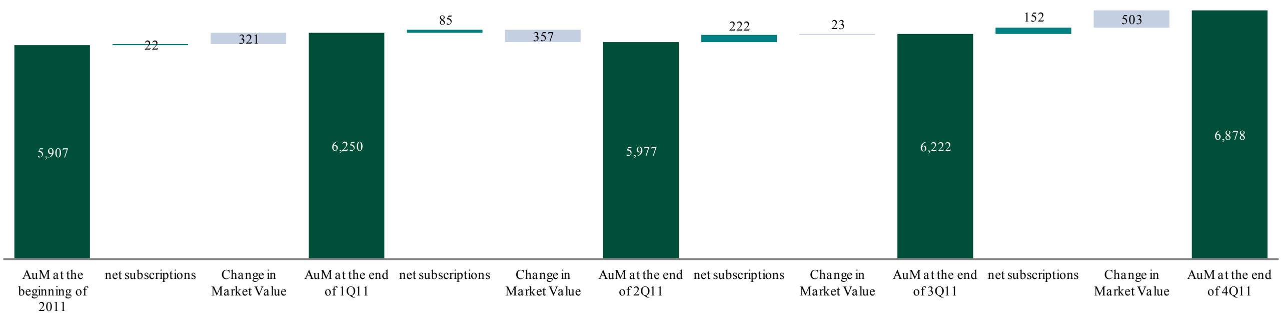
Our assets under management ("AuM") amounted to R$6.9 billion as of December 31st 2011, an increase of 16% when compared to R$5.9 billion AuM as of December 31st 2010 and an increase of 11% when compared to the third quarter of 2011.

Total AuM historical growth - R$ million



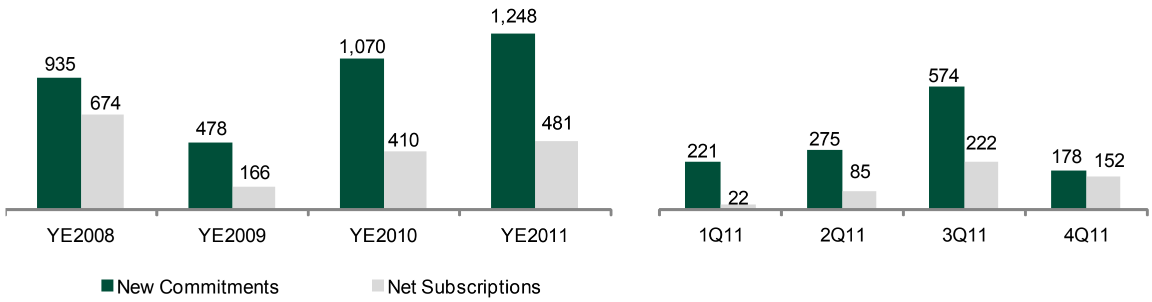
The AuM reflected net subscription of R$ 152 million in the quarter as well as the impact of R$ 503 million of change in market value of Portfolio Fund's (including changes in asset prices and exchange rates).

AuM growth - R$ million



New commitments: the Tarpon Funds received net commitments (new commitments net of redemptions paid in the quarter) in the amount of R$152 million during the quarter. The strategy of Tarpon's Portfolio Fund's fundraising effort is based on capital recycling; replacing potential redemptions with new subscriptions of similar sizes. For the Co-investment strategy, we continue to attract investors for especif Co-Investment opportunities in assets where the Portfolio Funds have already reached their optimal exposure.

Commitments - R$ million



Investment Strategy

We conduct our asset management activity through two main investment strategies:

Portfolio Funds

(Public and private equity investments)

The Portfolio Funds strategy comprises the Tarpon Funds that have flexibility to invest in either public equities or privately held companies in Brazil or other Latin American countries.

As of December 31st 2011, AuM allocated to the strategy amounted to R$5.6 billion.

Co-Investment Strategy

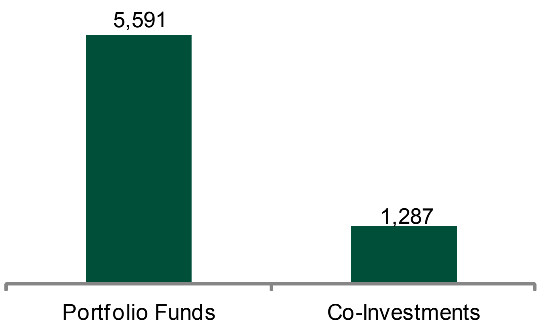
(Public and private equity investments)

The co-investment strategy serves as a sidecar/co-investment structure whose primary objective is to increase Tarpon's exposure to selected invested companies.

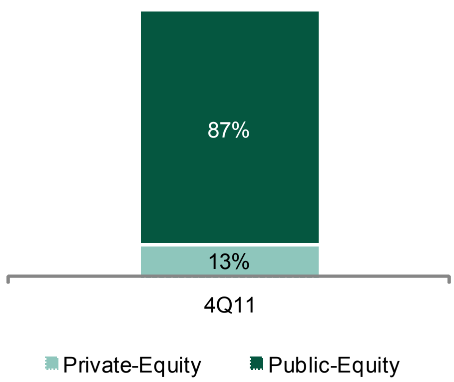
As of December 31st 2011, AuM allocated to the co-investment strategy amounted to R$1.3 billion.

As indicated in the chart below, public-equity allocation accounted for 87% of our AUM in terms of invested capital. Private-equity investments, at fair value, accounted for the remaining 13%.

AuM by investment strategy – R$ million



AuM by investment approach
(invested capital)

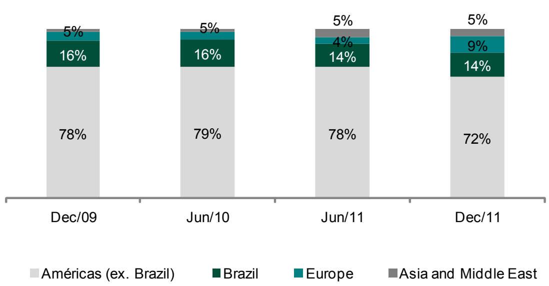


Investor base

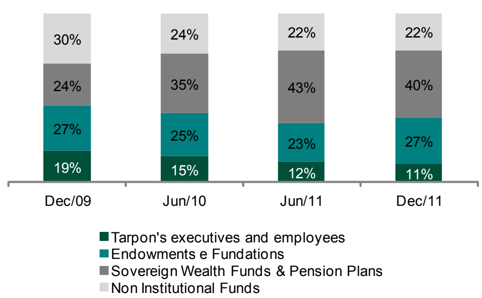
We aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with a long-term investment profile.

As of December 31st, 2011, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds accounted for 67% of total AuM. The capital invested by our executives and employees represented 11% of assets.

AuM by geographical region



AuM by investor type



Investment performance

During the quarter, the Portfolio Funds Long-Only Equity strategy posted positive net returns of 7.86% in R$ and 6.17% in US$. The accumulated annualized returns of this strategy is 32.49% in R$ and 31.61% in US$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of 7.16% (in US$) in the quarter. Net annualized performance is 26.12% since launch.

We do not follow any stock market index as a performance benchmark. For illustrative purposes, during the quarter, Ibovespa and IBX Indexes posted returns of 8.47% and 9.33%, respectively (both in R$).

		Performance(1)(2)					
Strategy	**Inception**	**4Q11**	**2011**	**LTM**	**2 years**	**5 year**	**Since launch (annualized)**
Portfolio Funds Long-Only Equity (R$)	May 2002	7.86%	5.25%	5.25%	46.09%	145.67%	32.49%
Portfolio Funds Long-Only Equity (US$)	May 2002	6.17%	-9.80%	-9.80%	26.54%	151.56%	31.61%
Portfolio Funds Hybrid-Equity (US$)	Oct 2006	7.16%	-3.19%	-3.19%	39.63%	175.97%	26.12%

Stock market index	**4Q11**	**2011**	**LTM**	**2 years**	**5 years**
Ibovespa (R$)	8.47%	-18.11%	-18.11%	-17.25%	27.61%
IBX (R$)	9.33%	-11.39%	-11.39%	-9.07%	35.28%
Ibovespa (US$)	7.23%	-27.26%	-27.26%	-23.19%	45.45%
IBX (US$)	8.08%	-21.29%	-21.29%	-15.60%	54.19%

(1) Performance net of fees.
(2) Performance up to December 31st, 2011.

Financial highlights

Summary of results

Financial highlights - R$ million

	2011	2010
Gross revenues	**255.9**	**217.1**
Management fees	64.6	53.8
Performance fees	191.3	163.3
Net revenues	**241.5**	**205.8**
Operating expenses	**(77.0)**	**(49.2)**
Recurring: general administration, payroll & others	(26.2)	(15.1)
Non recurring: stock option, variable comp., profit sharing	(50.8)	(34.1)
Results from operating activities	**164.5**	**156.6**
Operating margin	*64%*	*72%*
Results from financial activities	**10.2**	**9.4**
Finance Expense / Income	10.2	9.4
Income tax and social contribution	**(65.2)**	**(27.0)**
Net Income	**109.5**	**139.0**
Net margin	*45%*	*68%*
Earnings per share (R$/share) *	2.34	3.37
O/S	48,193	41,207
AuM (end of period)	6,878	5,907

(*) – Earnings per share are calculated using the weighted average shares.

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

Operating revenues

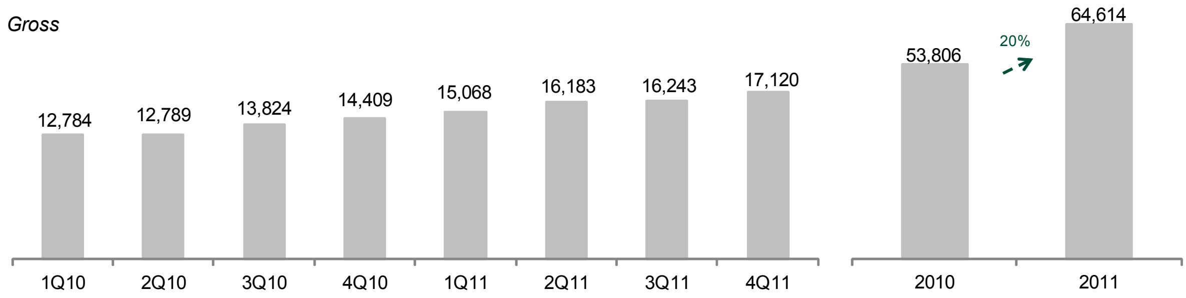
Operating revenues are composed of revenues related to management fees – recurring and more predictable income flow based on the Tarpon Funds' net asset value – and revenues related to performance fees income flow with higher volatility based on the performance rendered by the Tarpon Funds.

Revenues related to management fees

Management fees are charged on the Tarpon Funds on a monthly or quarterly basis, calculated over the amount of called capital.

During the quarter, gross revenues related to management fees amounted to R$17.1 million, equivalent to 81% of the operating revenues on the quarter. In the year, revenues related to management fees were R$64.6 million or 25% of operating revenues on the year. These revenues increased 20% when comparing 2011 with 2010.

Management fees revenues - R$'000



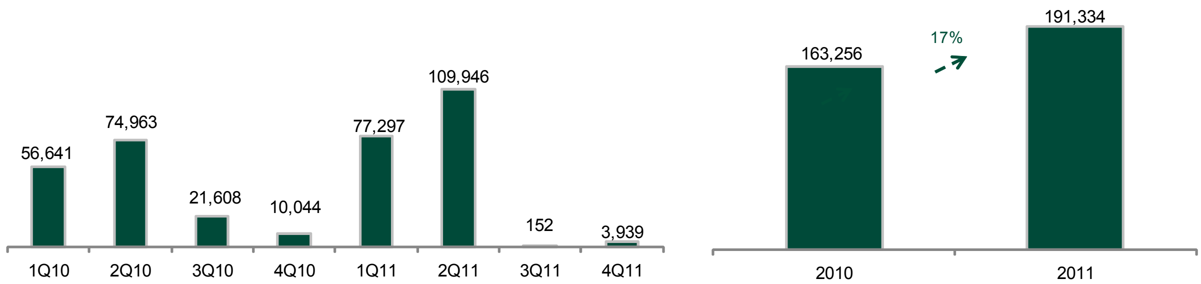
Revenues related to performance fees

The Tarpon Funds are entitled to collect performance fees when their performance exceeds certain hurdle rates. The majority of the Tarpon Funds' hurdles vary from 6% per year to an inflation index plus 6% per year.

The Tarpon Funds include the concept of a high water mark. Performance fees are charged only if the net asset value (NAV) of the fund's shares exceeds the NAV of the previous date of performance fee collection, adjusted for the hurdle rate.

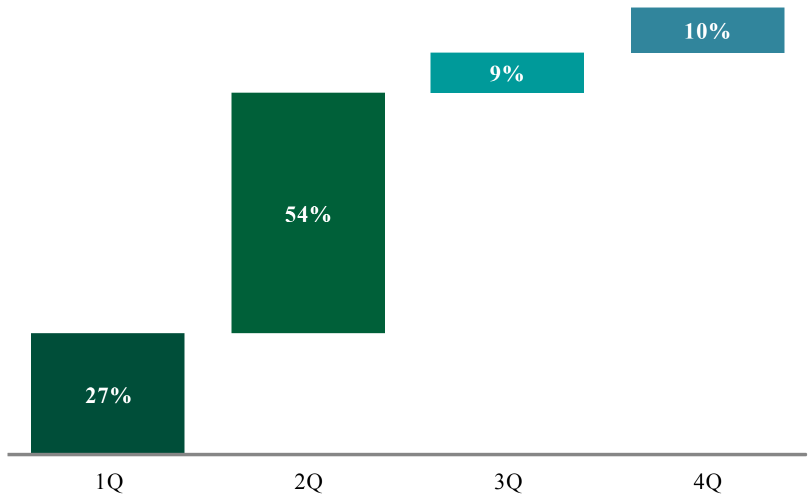
In the quarter, revenues related to performance fees amounted to R$3.9 million, accounting for 19% of overall operating revenues in the quarter. In the year, revenues related to performance fees accounted for R$ 191.3 million or 75% of Tarpon's total revenues.

Performance fees revenues - R$'000



Up to December 31st, 2011, performance fees revenues totaled R$ 191.3 million as a result of superior performance delivered by the Tarpon Funds.

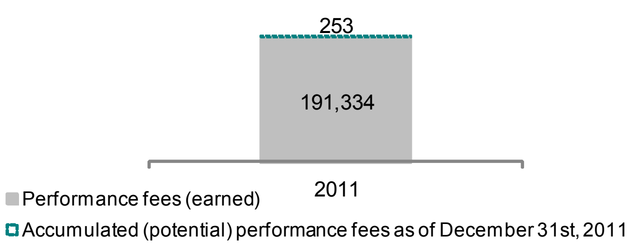
Below you will find our current performance collection schedule as a % of AuM, divided by quarter:



As of December 31st 2011, 6.42% of the Tarpon Funds' NAV was above their respective high water marks.

The Tarpon Funds are entitled to collect performance fees on distinct dates. As presented in the chart below, for illustrative purposes, if 100% of the Tarpon Fund's net asset value had been charged performance fees as of December 31st 2011, the additional amount in revenues related to performance fees would have been R$253 thousand (potential revenues based on the net asset value of funds as of such date). As we cannot predict the Tarpon Funds' performance, we cannot guarantee that this potential amount will be owed to Tarpon at any future date. The amount shown below may differ substantially from the actual realized amount.

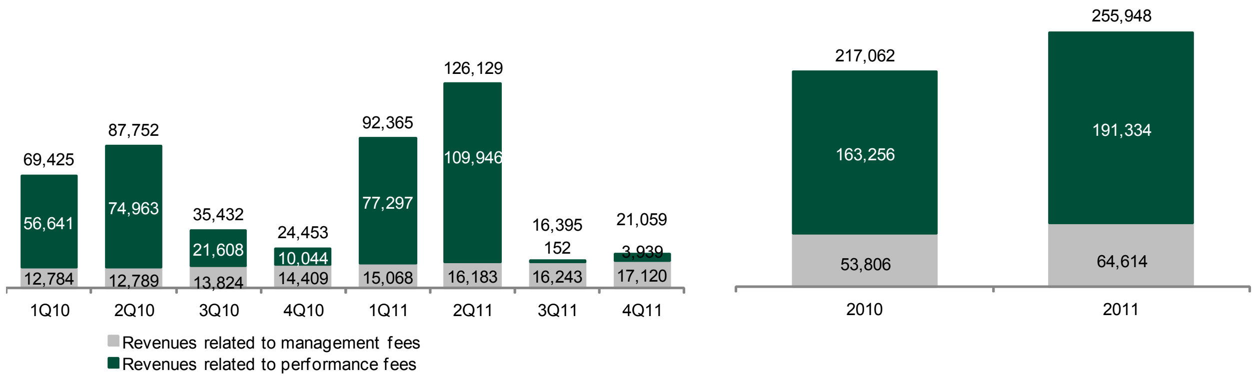
Performance fees revenues: earned and potential amount as of December 31th, 2011 - R$'000



Total operating revenues

The amount of revenues related to management and performance fees totaled R$21.0 million in the quarter a 14% decrease over the amount recorded in the same period of 2010. In year of 2011, the operating revenue amounted R$ 255.9 representing an increase of 18% when compared to the same period of 2010.

Total operating revenues - R$'000

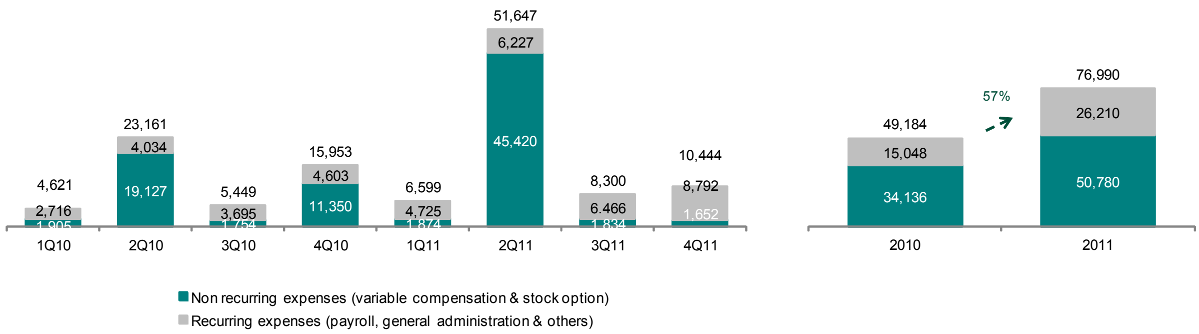


Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R$76.9 million during 2011 (64% of operating margin).

The recurring portion of operating expenses is comprised of general and administrative expenses, payroll expenses, and other expenses related to depreciation and travel expenses. In 2011, recurring expenses totaled R$26.2 million, equivalent to 34% of total operating expenses. The difference between 2011 and 2010 is primarily due to an increase in headcount and overall office structure.

Total operating expenses - R$'000



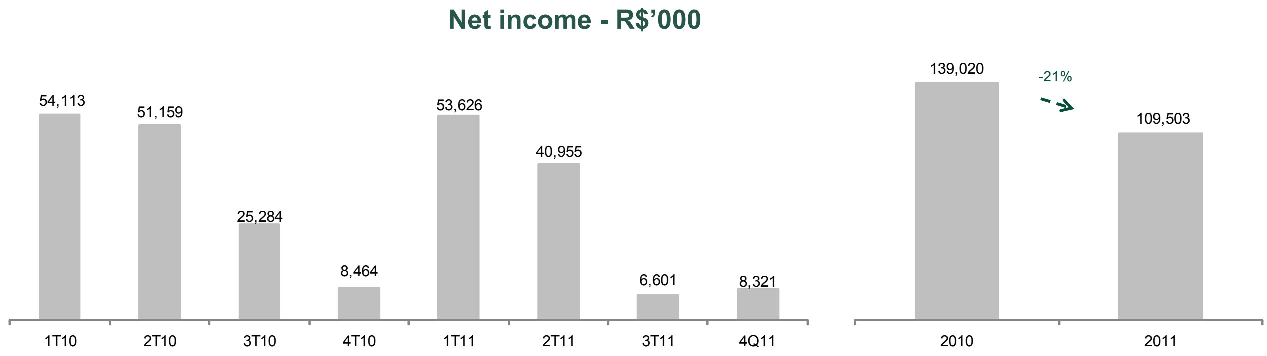
In 2011, non-recurring operating expenses amounted to R$50.8 million, that amount includes variable compensation, profit sharing program and provision of our stock option plan (with no cash impact).

Taxes

For 2011, income taxes and social contribution amounted to BRL 65.2 million.

Net Income

Net income in 2011 amounted to R$109.5 million, representing a net margin of 45%.



Corporate Governance

Tarpon shares are traded in the New Market segment of the BM&FBOVESPA, under the ticker TRPN3.

Investor Relations - IR

Shareholders, investors and market analysts have at their disposal information available on the Company's IR website (www.tarponinvest.com.br/ri). For further information, direct contact can be made with the IR department by e-mail (ri@tarponinvest.com.br) or by telephone: (11) 3074 5800.

Independent Auditors

The audit work of the financial statements related to the year ended December 31, 2011 was performed by KPMG Auditores Independentes. Tarpon's policy adopted for hiring audit non-related services from its independent auditors aims to assure that there are no conflicts of interest, loss of independence nor objectivity.

During the year ended December 31, 2011 no other service but financial auditing related to the financial statements was provided by the independent auditors.

Arbitration Clause

Tarpon Investimentos S.A. is related to an arbitration at the Market Arbitration Chamber, in accordance with an arbitration clause included in the Company's By-laws.

KPMG Auditores Independentes
R. Dr. Renato Paes de Barros, 33
04530-904 - São Paulo, SP - Brasil
Caixa Postal 2467
01060-970 - São Paulo, SP - Brasil

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Internet www.kpmg.com.br

Independent auditors' report on the financial statements

To
The Board of Directors and Shareholders of
Tarpon Investimentos S.A.
São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of Tarpon Investimentos S.A. ("the Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2011, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, in addition to the summary of the main accounting practices and other notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with accounting the practices adopted in Brazil and of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual financial statements

In our opinion, the aforementioned individual financial statements present fairly, in all material respects, the financial position of Tarpon Investimentos S.A. as at December 31, 2011, and the performance of its operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tarpon Investimentos S.A. as at December 31, 2011, and the consolidated performance of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As described in Note 2.1, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Tarpon Investimentos S.A. these practices only differ from the IFRS applicable to the separate financial statements, in respect of the evaluation of investments in subsidiaries, associates and joint ventures through the equity method, whereas for the purpose of IFRS this would be at cost or fair value. Our opinion is not qualified as a matter of this subject.

Other matters

Statement of added value

We have also audited the individual and consolidated statements of added value (DVA) for the year ended December 31, 2011, prepared under Management's responsibility, which presentation is required by the standards issued by the Brazilian Securities and Exchange Commission but is considered supplementary information under IFRS, which does not require the presentation of the DVA. These statements were subject to the same audit procedures described earlier and, in our opinion, are fairly presented, in all material aspects, in relation to the financial statements taken as a whole.

São Paulo, February 6, 2012

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original version in portuguese signed by
Jubran Pereira Pinto Coelho
Accountant CRC 1MG077045/O-0 T-SP

Tarpon Investimentos S.A.

Individual and consolidated balance sheets

December 31, 2011 and 2010

(In thousands of Reais)

		Consolidated		Individual	
Assets	**Notes**	**12/31/11**	**12/31/10**	**12/31/11**	**12/31/10**
Current					
Cash and cash equivalents	4	479	294	373	294
Financial assets measured at fair value through profit or loss	5	84,030	45,217	84,030	45,217
Receivables	7	8,958	21,282	8,490	21,282
Other assets	18b	30,955	1,523	30,918	1,523
		124,422	68,316	123,811	68,316
Non current					
Investments	8	-	-	1,091	-
Property, plant and equipment	9	2,253	1,435	1,682	1,435
		2,253	1,435	2,773	1,435
Total assets		126,675	69,751	126,584	69,751

		Consolidated		Individual	
Liabilities	**Notes**	**12/31/11**	**12/31/10**	**12/31/11**	**12/31/10**
Current					
Accounts payable	18c	592	9,952	501	9,952
Tax liabilities	18d	64,349	6,396	64,349	6,396
Labor liabilities	18e	1,984	1,319	1,984	1,319
Statutory obligations	10c	8,451	33,713	8,451	33,713
		75,376	51,380	75,285	51,380
Non current					
Accounts payable		191	381	191	381
		191	381	191	381
Shareholders' equity					
Capital	10a	6,116	4,180	6,116	4,180
Capital reserves	10e	26,507	2,102	26,507	2,102
Statutory reserve	10d	6,116	30	6,116	30
Legal reserve	10b	1,223	836	1,223	836
Stock option plan	14	11,013	10,842	11,013	10,842
Translation reserve	8	133	-	133	-
Equity attributable to controlling shareholders		51,108	17,990	51,108	17,990
Total liabilities and shareholders 'equity		126,675	69,751	126,584	69,751

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

Tarpon Investimentos S.A.

Individual and consolidated statements of income

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Notes	Consolidated		Individual	
		Years ended December 31		Years ended December 31	
		2011	**2010**	**2011**	**2010**
Management fee		59,249	51,010	58,507	51,010
Performance fee		182,950	154,810	182,950	154,810
Net operating revenue	12	242,199	205,820	241,457	205,820
Operating revenue and expense					
Personnel expenses	18e	(55,733)	(34,074)	(55,640)	(34,074)
Stock option plan	14	(7,155)	(7,699)	(7,155)	(7,699)
Administrative expenses	13	(15,099)	(6,104)	(14,492)	(6,104)
Income with financial assets measured at fair value through profit or loss		10,222	9,451	10,222	9,451
Equity in net income of subsidiaries	8	-	(125)	172	(125)
Other operating revenue/(expenses)		265	(1,308)	135	(1,308)
		(67,500)	(39,859)	(66,758)	(39,859)
Operating income		174,699	165,961	174,699	165,961
Income tax and social contribution	15	(65,196)	(26,941)	(65,196)	(26,941)
Net income		109,503	139,020	109,503	139,020
Attributable to controlling shareholders		109,503	139,020	109,503	139,020
Attributable to non-controlling shareholders		-	-	-	-
Number of shares at year end	11	48,193	41,207	48,193	41,207
Basic earnings per lot of one thousand shares, in R$	11a	2.34	3.37	2.34	3.37
Diluted earnings per lot of one thousand shares, in R$	11b	2.11	2.65	2.11	2.65

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

Tarpon Investimentos S.A.

Individual and consolidated statements of comprehensive income

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Consolidated	**Individual**
Net income of the year ended December 31, 2011	109,503	109,503
Other comprehensive income		
Cumulative translation adjustment	133	133
Comprehensive income as of December 31, 2011	109,636	109,636
Comprehensive income attributable to controllers	109,636	109,636
Comprehensive income attributable to non-controlling interests	-	-
Net income of the year ended December 31, 2010	139,020	139,020
Other comprehensive income		
Adjustment of assets to fair value	4,625	4,625
Reclassification into income - Adjustments to fair value	(4,630)	(4,630)
Comprehensive income as of December 31, 2010	139,015	139,015
Comprehensive income attributable to controllers	139,142	139,015
Comprehensive income attributable to non-controlling interests	(127)	-

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

Tarpon Investimentos S.A.

Individual and consolidated statements of changes in shareholders' equity

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Capital	Capital reserves	Statutory reserves	Legal reserve	Stock option plan	Equity appraisal adjustments	Translation reserve	Retained earnings	Equity attributable to controlling shareholders	Non-controlling shareholders	Total shareholders' equity
Balances at December 31, 2010	4,180	2,102	30	836	10,842	-	-	-	17,990	-	17,990
Capital increase from exercised options	1,936	17,421	-	-	-	-	-	-	19,357	-	19,357
Exercised options reversion	-	6,984	-	-	(6,984)	-	-	-	-	-	-
Stock option plan	-	-	-	-	7,155	-	-	-	7,155	-	7,155
Cumulative translation adjustment	-	-	-	-	-	-	133	-	133	-	133
Net income	-	-	-	-	-	-	-	109,503	109,503	-	109,503
Constitution of reserves	-	-	6,086	387	-	-	-	(6,473)	-	-	-
Dividends	-	-	-	-	-	-	-	(103,030)	(103,030)	-	(103,030)
Balances at December 31, 2011	6,116	26,507	6,116	1,223	11,013	-	133	-	51,108	-	51,108
Balances at December 31, 2009	4,004	2,019	30	801	3,227	5	-	-	10,086	127	10,213
Capital increase	176	83	-	-	(83)	-	-	-	176	-	176
Capital increase	-	-	-	35	-	-	-	(35)	-	-	-
Adjustment of assets to fair value	-	-	-	-	-	4,625	-	-	4,625	-	4,625
Reclassification into income - Adjustments to market value	-	-	-	-	-	(4,630)	-	-	(4,630)	-	(4,630)
Stock option plan	-	-	-	-	7,698	-	-	-	7,698	-	7,698
Net income	-	-	-	-	-	-	-	139,020	139,020	(127)	138,893
Dividends	-	-	-	-	-	-	-	(138,985)	(138,985)	-	(138,985)
Balances at December 31, 2010	4,180	2,102	30	836	10,842	-	-	-	17,990	-	17,990

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

Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Consolidated		Individual	
	Year ended December 31		Year ended December 31	
	2011	**2010**	**2011**	**2010**
Operating activities				
Net income from recurrent operations	109,503	139,020	109,503	139,020
Adjustments:				
Depreciation	301	122	277	122
Equity in net income of subsidiaries and affiliates	-	125	(172)	125
Increase/(decrease) in stock option plan	7,155	7,699	7,155	7,699
Changes in financial assets available for sale	-	(4,630)	-	(4,630)
Adjusted income/(loss)	116,959	142,336	116,763	142,336
Changes in assets and liabilities:				
(Increase)/decrease in receivables	12,324	(11,298)	12,792	(11,298)
(Increase)/decrease in other assets	(29,432)	(984)	(29,395)	(984)
Increase/(decrease) in accounts payable	(9,550)	4,257	(9,641)	4,257
Increase/(decrease) in tax liabilities	57,953	3,927	57,953	3,927
Increase/(decrease) in labor liabilities	665	775	665	775
Cash flows from operating activities	148,919	139,013	149,137	139,013
Investment activities				
Sell of financial assets available for sale	-	4,762	-	4,762
Changes in financial assets measured at fair value through profit or loss	(38,813)	(30,259)	(38,813)	(30,259)
Cumulative translation adjustment	133	-	133	-
(Acquisitions)/write-offs of investments in affiliates and subsidiaries	-	-	(786)	-
(Acquisitions)/write-offs of property, plant and equipment	(1,118)	(1,330)	(656)	(1,328)
Cash flows produced by investment activities	(39,798)	(26,827)	(40,122)	(26,825)
Financing activities				
Payment of dividends	(128,293)	(112,110)	(128,293)	(112,110)
Exercised share options	19,357	176	19,357	176
Cash flows from financing activities	(108,936)	(111,934)	(108,936)	(111,934)
Total cash flow	185	252	79	254
Net increase/(decrease) in cash and cash equivalents	185	252	79	254
Cash and cash equivalents at beginning of the year	294	42	294	40
Cash and cash equivalents at end of the year	479	294	373	294

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

Tarpon Investimentos S.A.

Individual and consolidated statements of added value

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Consolidated		Individual	
	Year ended December 31		Year ended December 31	
	2011	**2010**	**2011**	**2010**
Revenue	256,690	217,062	255,948	217,062
Performance and management fees	256,690	217,062	255,948	217,062
Inputs acquired from third parties	(14,533)	(7,110)	(14,079)	(7,110)
Materials-Electricity-Outsourced Services-Other	(14,533)	(7,110)	(14,079)	(7,110)
Gross added value	242,157	209,952	241,869	209,952
Withholdings	(301)	(122)	(277)	(122)
Depreciation	(301)	(122)	(277)	(122)
Net added value produced	241,856	209,830	241,592	209,830
Transferred added value	10,222	9,326	10,394	9,326
Equity in net income of subsidiaries and affiliates	-	(125)	172	(125)
Financial income and expenses	10,222	9,451	10,222	9,451
Added value to be distributed	252,078	219,156	251,986	219,156
Distribution of added value	252,078	219,156	251,986	219,156
Personnel	60,555	40,483	60,463	40,483
Direct remuneration	60,555	40,483	60,463	40,483
Taxes and contributions	82,020	39,653	82,020	39,653
Federal	70,071	29,646	70,071	29,646
Municipal	11,949	10,007	11,949	10,007
Interest earnings	109,503	139,020	109,503	139,020
Retained earnings for the year	103,030	138,985	103,030	138,985
Retained earnings for the year	6,473	35	6,473	35

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

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

Years ended December 31, 2011 and 2010

(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 managing securities portfolios and third-party funds, through investment funds, managed portfolios and other investment vehicles. In December 2003, the Company was transformed into a joint-stock entity. On June 6, 2011 the subsidiary of the company in New York (TISA NY, Inc.) was created, with the purpose of providing financial advisory services.

2 Presentation of the financial statements

2.1 Presentation of the individual and consolidated financial statements

The individual financial statements of the parent company were prepared in accordance with the accounting practices adopted in Brazil, and the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as with the accounting practices adopted in Brazil.

There is no difference between the consolidated shareholders' equity and the consolidated and individual net income reported by the Group and the shareholders' equity and net income of the parent company in its individual financial statements. The Group's consolidated and individual financial statements and the parent company's individual financial statements are therefore being presented side-by-side in a single set of financial statements.

These financial statements and the independent auditors' report were approved by the Board of Directors on February 6, 2012.

2.2 Functional and reporting currency

These financial statements have been prepared in the Company's functional and reporting currency, Brazilian Reais (R$).

2.3 *Use of judgments and estimates*

Preparing financial statements requires Management to make judgments and estimates that affect the application of accounting principles and the reported values of assets, liabilities, revenues and expenses, including the market value of securities and the stock option plan. Actual results may differ from these estimates. Estimates and assumptions are reviewed on a quarterly basis.

2.4 *Basis of consolidation*

Tarpon BR S.A. and Tarpon BR Participações Ltda.

The Company holds a direct voting stock interest of 32.5% and an indirect voting stock interest of 50% in Tarpon BR S.A., and for Tarpon BR Participações Ltda., the Company holds a direct interest of 50%. These interests are being disposed of, and will be excluded from the consolidation.

TISA NY, Inc.

TISA NY is a fully-owned subsidiary of Tarpon Investimentos S.A. The net income of TISA NY and its respective investments are measured by the equity method, (individual financial statements) and has its functional currency different from the presentation currency. Therefore, it is translated to the presentation currency as shown:

Assets and liabilities balances are converted to the current exchange rate based on the rate of the ending date of the consolidated financial statements;

Income statement amounts are translated to the current exchange rate based on the date of the transaction; and

All the resulting differences of the currency translation are presented within the shareholders' equity and in the statements of comprehensive income, as "Translation reserves" and "Cumulative translation adjustment", respectively.

Investments in subsidiaries and all balances between companies are eliminated when preparing the consolidate financial statements, and the minority interest in shareholders' equity and income is presented separately.

2.5 *New standards and interpretations issued but not yet adopted*

Certain IFRS standards, amendments and interpretations issued by IASB are not in force for the year ended December 31, 2011, as follow:

New standards, amendments and interpretations that will be in force for annual periods beginning January 1, 2012, and are not applicable in the preparation of these financial statements. It is not expected that any of these new standards will have material effects on the Company's financial statements, except for IFRS 9 - Financial Instruments, which is mandatory for periods beginning on January 1, 2015, that may modify the classification and measurement of potential financial instruments held by the Company.

The Brazilian Accounting Committee (CPC) has not yet issued related standards to the IFRS aforementioned, however there the expectation is that it will do so before the mandatory dates for such IFRS takes place. The anticipated adoption of the IFRS standards is conditioned to the prior approval of the Brazilian Securities and Exchange Comission (CVM) through a normative act.

3 Description of significant accounting policies

The significant accounting policies described below were applied consistently to Tarpon Investimentos S.A. and its foreign subsidiaries for the year ended December 31, 2011.

a. Revenue

Revenue comprises management and performance fees payable by Tarpon Funds. Management fees are calculated as a fixed and/or variable percentage of the net asset value of the funds, and are recognized as and when the services are provided. Performance fees, earned when the funds achieve a certain level of performance, as stipulated in their regulations, are recognized only when there is certainty as to the amount to be received and that payment will be made. Revenues related to performance fees are received when the performance of the Tarpon Funds overcome a determined parameter or minimum fee of profitability (hurdle rate) and are recognized when there is certainty about its value and receipt. The performance fees are generated when the Funds reach a determined performance, as defined in each respective liabilities and partnership agreements, and are recognized when there is certainty about its value and receipt.

b. Non-derivative financial instruments

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are held for trading and are represented by the Company's investments in investment funds (held in 2010), bank deposit certificates and securities held under repurchase agreements, which are recognized at fair value. Interest and gains and losses arising from adjustment to fair value were recognized in the income statement as "Net income from financial assets at fair value through profit or loss". The fair value of these assets is determined based on, respectively, the quota value stated by the fund manager and the value (adjusted by the interbank deposit fee) stated by the issuer of the bank deposit certificates and repurchase agreements at the end of each month.

Available-for-sale financial assets

Financial assets classified as available for sale, after their initial recognition, they are measured at fair value and changes, except impairment, are recognized directly in shareholders' equity. When an investment is redeemed or sold, the accumulated gain or loss in shareholders' equity is transferred to income.

Cash and cash equivalents

Cash and cash equivalents refer to cash balances used in the management of working capital.

c. Decrease in recoverable value

The book values of assets are reviewed at each reporting date to determine whether there are signs of impairment. If such signs are detected, the asset's recoverable value is estimated. Impairment is recognized if the asset's book value exceeds its recoverable value.

d. Investments in associated and subsidiary companies

Investments in associated and subsidiary companies are stated at their face value and adjusted using the equity method on the individual and consolidated financial statements.

The investments in associates and in the foreign subsidiary are accounted for its nominal amount and updated by the equity method in the individual financial statements.

e. *Property, plant and equipment*

Property, plant and equipment is recognized at acquisition cost, net of accumulated depreciation, calculated using the straight line method, which takes into consideration the estimated economic useful life of the relevant item and its residual value. Annual depreciation rates are 10% for furniture, fixtures, machinery and equipment, 10% for facilities, 20% for data processing systems, 20% for communication and security systems, and 25% for software licenses. Improvements on third-party property are depreciated over the term of the relevant rental agreement (five years), at the rate of 20% per year.

f. *Short-term employee benefits and profit sharing plan*

Employees and management key-personnel are entitled to fixed compensation and eligible to participate in our biannual profit sharing plan. A provision is recognized for the estimated biannual amount payable in profit sharing earnings, in cash, when the Company has a legal or constructive obligation (under the plan) to pay this amount to employees and the amount can be reliably estimated.

Employees and management key-personnel are not entitled to any kind of "post-employment" benefits, other long-term benefits and termination of employment contract benefits.

g. *Provisions*

A provision is recognized if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market conditions and the risks specific to the liability.

h. Stock option plan

The effects of the stock option plan are calculated based on fair value at the options grant date and recognized in the balance sheet and statement of income on a *pro-rata* basis, over the vesting period of each grant.

i. Income tax, social contribution and other taxes

Up to December 31, 2010, the Company used the presumed income method of determining taxable income, which is based on total gross revenue for a given quarter. The calculation base for corporate income tax (IRPJ) and social contribution (CSLL) was calculated as 32% of gross revenue, plus financial revenues. These taxes were calculated as respectively 15% plus a surcharge of 10% and 9% of the calculation base determined as described above.
The PIS and COFINS rates were respectively 0.65% and 3% on revenue from management and performance fees earned from Brazilian funds.

Due to the higher levels of revenue reported in 2010, the Company was required to use a new tax determination method ("Lucro Real") as from January 1, 2011 A provision for income tax was established at the base rate of 15% of taxable income, plus a surcharge of 10% when certain limits are exceeded. The provision for social contribution on income before income tax is calculated at the rate of 9%. Income tax and social contribution paid in advance are registered in Assets as Tax recoverable (see Note 18 b).

The Company adopted the Transition Taxation System (*Regime Tributário de Transição - RTT*) for determining Income Tax and Social Contribution for the year ended December 31, 2011, as allowed under Act 11.941/09 to maintain the tax neutrality of the changes in Brazilian corporate legislation introduced by Act 11.638/09 and other changes in accounting practices arising from convergence with IFRS.

The PIS and COFINS rates were respectively 1.65% and 7.60% on revenues from management and performance fees earned from Brazilian funds less creditable expenses.

The ISS rate on revenue from management fee, including the management of Brazilian funds and direct management of offshore funds and portfolios, has been changed to 2%.

PIS, COFINS and ISS are recognized as tax expense on revenue.

j. Other assets and liabilities

Other assets are stated at their realization value, including any yield and monetary restatement (on a daily "*pro-rata*" basis), and a provision for losses, when deemed necessary. Other liabilities include their known or determinable amounts, plus charges and/or monetary and exchange variations incurred on a daily "*pro-rata*" basis.

k. Receivables

Receivables are measured at their realization value, less any impairment.

l. Financial disclosures per segment

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment) and is subject to risks and rewards that are different from those of other segments.

The Company engages in only one type of business (asset management services) and therefore no segment information by business type is presented.

m. Comprehensive income

The result of changes in the fair value of financial instruments classified as available for sale (in 2010), the net income for the quarter/nine-months period and for the translation changes from the consolidation of the foreign subsidiary.

n. Statements of added value

The Company has prepared the individual and consolidated statements of added value (DVA) according to the technical standard CPC 9 - Statement of added value, which are presented as an integral part of the financial statements in accordance with the accounting practices adopted in Brazil applicable to public companies. As for IFRS, the DVA represents additional financial information.

(In thousands of Reais)

o. *Earnings per share*

Basic earnings per share are calculated by dividing profit and loss attributable to controlling and non controlling shareholders of the company by the weighted average number of common and preferred shares outstanding in the respective period. Diluted earnings per share are calculated by adjusting the aforesaid average number of shares outstanding for the effects of the dilutive options granted under the stock option plan during the reporting periods, pursuant to CPC 41 and IAS 33.

4 Cash and cash equivalents

Individual and consolidated cash and cash equivalents stated for the years ended December 31, 2011 and 2010 are represented by cash and banks balances.

5 Financial assets stated at fair value through profit or loss and financial assets available for sale

	Consolidated and Individual	
	December 2011	**December 2010**
Financial assets stated at fair value through profit or loss		
Securities held under repurchase agreements	42,941	16,370
Bank deposit certificate	41,089	28,847
	84,030	45,217

Operations indexed to the variation of the Brazilian Interbank Deposit Rate (DI), entered with first rate banks. Its fair value is classified as level 3 and is determined by discounting future cash flows to present value at market-observable rates and adjusting them for the credit risk of the counterparties as assessed by Management.

6 Financial instruments

a. Risk management

The Company is exposed to risks largely resulting from the use of financial instruments, including:

Credit risk

Credit risk arises from the possibility of the Company and its subsidiaries suffering losses due to the default of their counterparties or of financial institutions in which they have funds or financial investments. The Company's policy is to keep its exposure to credit risks to a minimum. Management revises and approves all investment decisions to ensure all investments are made in highly liquid assets issued by reputed institutions.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and stock prices, may affect revenue or the value of financial instruments. The Company's policy is to minimize exposure to market risk by diversifying its investment portfolio in terms of pre- or post-fixed rates and/or equity indices.

b. Financial assets measured at fair value through profit or loss

	Valuation method - 2011 and 2010	**Exposure to market value or interest rate risk?**
Bank Deposit Certificates	Adjusted by the Interbank Deposit rate	Yes
Securities held under repurchase agreements	Adjusted by the Interbank Deposit rate	Yes

c. Derivative financial instruments

As of December 31, 2011 and 2010 and throughout the reporting periods, the Company had no balances of derivative financial instruments.

d. Sensitivity analysis - Effects of changes in fair value

Pursuant to CVM Instruction 475 of December 17, 2008, the Company confirms that it is not exposed to material market and/or interest rate risks.

Existing financial instruments are used only for temporary cash management and, as of December 31, 2011, consisted of securities held under repurchase agreements and bank deposit certificates (CDB). Although their risk is considered low, management continually monitors fluctuations in the stock and interest rate markets, which could have a direct or indirect impact on the fair value of these financial instruments.

e. Cash and cash equivalents

Funds are not allocated to interest-earning deposits and therefore no specific interest rate is applicable.

f. Other financial assets and liabilities

The fair value of other financial assets and liabilities is substantially the same as the book value reported in the balance sheets, as measured at fair value or due to the short period to maturity.

7 Receivables

Management fees payable by funds are calculated monthly and paid at the beginning of the following month, or quarterly. Performance fees are calculated semi-annually and/or annually, as contractually stipulated, and paid on January 31, March 31, April 30, June 30, July 31, September 30, and December 31 each year.

(In thousands of Reais)

	Individual	
	December 2011	**December 2010**
Management fee (i)	4,783	11,495
Performance fee (i)	3,707	9,787
	8,490	21,282

(i) At the time of approval of these financial statements, 100% of the outstanding receivables related to the year ended December 31, 2011 had been settled.

	Consolidated	
	December 2011	**December 2010**
Management fee (ii)	5,251	11,495
Performance fee (ii)	3,707	9,787
	8,958	21,282

(ii) At the time of approval of these financial statements, 100% of the outstanding receivables related to the year ended December 31, 2011 had been settled.

8 Investments

On July 6, 2011, the subsidiary of the Company in New York (TISA NY, Inc.) was constituted. On that date, one thousand quotas were issued at US$ 1.00 each and, on July 15, 2011, 50,000 quotas were issued at US$ 10.00 each.

Below is disclosed the balance changes:

TISA NY - in thousands R$

Balance as of December 31, 2010	-
Issuance - July 6, 2011	2
Issuance - July 15, 2011	784
Equity method	172
Foreign currency translation	133
Balance as of December 31, 2011	1,091

TISA NY - em USD		TISA NY - em R$					
Equity shareholders	**Income 2011**	**Equity shareholders**	**Income 2011**	**Foreign exchange translation**	**Participation in capital in %**	**Equity method**	**Book value of the investment**
501	80	786	172	133	100%	172	1,091

(In thousands of Reais)

9 Property, plant and equipment

Property, plant and equipment of the Company is composed of:

Consolidated

	Facilities	Machinery and equipment	Computers	Software	Furniture and fixtures	Communication and security systems	Improvements on third-party property	Total
Balances at December 31, 2009	21	25	86	-	68	9	-	209
Acquisitions	12	17	56	28	-	-	558	671
Write-offs	(13)	-	-	-	-	-	(12)	(25)
Transfers	-	-	-	(13)	-	-	-	(13)
Depreciation	(3)	(3)	(28)	(7)	(10)	(4)	(36)	(91)
Balances at December 31, 2010	17	39	114	8	58	5	510	751
PPE acquired through finance leasing	-	-	-	-	527	157	-	684
Total balances at December 31, 2010	17	39	114	8	585	162	510	1,435
Balances at December 31, 2010	17	39	114	8	58	5	510	751
Acquisitions	-	32	7	556	153	3	412	1,163
Write-offs	-	-	-	-	-	-	-	-
Depreciation	(4)	(6)	(38)	(25)	(14)	(3)	(130)	(220)
Balances at December 31, 2011	13	65	83	539	197	5	792	1,694
PPE acquired through finance leasing	-	-	66	26	373	94	-	559
Total balances at December 31, 2011	13	65	149	565	570	99	792	2,253

(In thousands of Reais)

Individual

	Facilities	Machinery and equipment	Computers	Software	Furniture and fixtures	Communication and security systems	Improvements on third-party property	Total
Balances at December 31, 2009	21	25	86	-	68	9	-	209
Acquisitions	12	17	56	28	-	-	558	671
Write-offs	(13)	-	-	-	-	-	(12)	(25)
Transfers	-	-	-	(13)	-	-	-	(13)
Depreciation	(3)	(3)	(28)	(7)	(10)	(4)	(36)	(91)
Balances at December 31, 2010	17	39	114	8	58	5	510	751
PPE acquired through finance leasing	-	-	-	-	527	157	-	684
Total balances at December 31, 2010	17	39	114	8	585	162	510	1,435
Balances at December 31, 2010	17	39	114	8	58	5	510	751
Acquisitions	-	9	-	556	-	-	2	567
Write-offs	-	-	-	-	-	-	-	-
Depreciation	(4)	(5)	(37)	(26)	(11)	(3)	(109)	(195)
Balances at December 31, 2011	13	43	77	538	47	2	403	1,123
PPE acquired through finance leasing	-	-	66	25	374	94	-	559
Total balances at December 31, 2011	13	43	143	563	421	96	403	1,682

See Note 18(a) for the payable amounts related to the finance leasing installments.

10 Shareholders' equity

a. Capital

Share capital at December 31, 2011 was R$ 6,116 (R$ 4,180 at December 31, 2010), represented by 48,194 thousand common shares (41,207 thousand at December 31, 2010).

b. Legal reserve

A reserve of 5% of the yearly net income is established in accordance with art. 193 of Act 6,404/76. This reserve, that will not exceed 20% of the capital, has the objective to assure the capital integrity and will only be used to compensate losses or to raise capital. Contributions to this reserve which may no longer be required when its balance, added to the capital reserves mentioned in art. 182, first paragraph, of Act 6,404/76, exceed 30% of the capital.

c. Dividends

Our by-laws require distribution of a minimum mandatory dividend of 25% of net income, adjusted in accordance with the by-laws.

The provision of R$33,713 established at December 31, 2010 was paid in the first half of 2011. On July 28, 2011, was approved by the Board of Directors the proposed dividend payment for the net income of the first half of 2011, amounting to R $ 94.580, that was paid during the month of August 2011.

Based on the statutory provision, the Board of Directors approved the proposal for the distribution of dividends in the amount of R$ 8,451, ad referendum the General Meeting and based in the positive manifestation of the controlling shareholder.

d. Statutory reserve

Our by-laws establish that up to 10% of annual net income, adjusted as stipulated in the bylaws and after deducting the minimum mandatory dividend, can be allocated to a statutory reserve for the purpose of redemption, repurchase or acquisition of Company shares, or to develop business, limited to the Company’s capital. On December 31, 2010 the reserve amounted to R$ 30, and in the year ended December 31, 2011, it was constituted R$ 6,086, amounting R$ 6,116.

(In thousands of Reais)

e. *Capital reserve*

The balance of the capital reserve results from the issuance of new shares and transfer of the exercised options from the stock option plan, as shown below:

		Allocation by the issuance price				
Period	**Nature**	**Issuance of new shares (quantity - thousand)**	**Capital**	**Capital reserve**	**Amounts transferred from the stock option plan to capital reserve**	**Total capital reserve**
Openning balances at December 31, 2009		41,174	4,004	2,019	-	2,019
March 10, 2010	Exercise of call options of the Company shares, as the stock option plan	33	176	83	-	83
Balances at December 31, 2010		41,207	4,180	2,102	-	2,102
January 7, 2011	Exercise of call options of the Company shares, as the stock option plan	4,553	1,239	11,150	3,326	14,476
July 4, 2011		1,941	566	5,096	3,108	8,204
August 15, 2011		493	131	1,175	550	1,725
Balances at December 31, 2011		48,194	6,116	19,522	6,984	26,507

11 Earnings per share

a. *Basic earnings per share*

Earnings per share were calculated based on profit attributed to shareholders and the weighted average number of common shares, as demonstrated below.

	Consolidated and Individual	
	December 31, 2011	**December 31, 2010**
Net income attributable to shareholders	109,503	139,020

(In thousands of Reais)

Weighted average number of common shares (Consolidated and Individual)

	December 31	
	2011	**2010**
Common shares as at January 1	41,207	41,174
Shares issued during the period	6,987	33
Shares on December 31	48,194	41,207
Weighted average number of common shares in the Company	46,835	41,201
Basic earnings per share for the year	2.34	3.37

b. *Diluted earnings per share*

For the diluted earnings per share, the exercise of the call options of the Company's shares already granted were considered:

	December 31	
	2011	**2010**
Net income attributable to shareholders	109,503	139,020
Weighted average number of common shares	46,835	41,201
Adjustments for the call option	5,033	11,311
Weighted average number of common shares for diluted earnings per share	51,868	52,512
Diluted earnings per share - R$	2.11	2.65

(In thousands of Reais)

12 Net operating revenue

	Individual	
	December 2011	**December 2010**
Revenue from management fees	62,339	53,806
Revenue from performance fees	193,609	163,256
Tax on revenue **(i)**	(14,491)	(11,242)
	241,457	205,820

(i) Taxes on gross revenue (ISS, PIS and COFINS).

	Consolidated	
	December 2011	**December 2010**
Revenue from management fees	63,081	53,806
Revenue from performance fees	193,609	163,256
Tax on revenue (i)	(14,491)	(11,242)
	241,457	205,820

(i) Taxes on gross revenue (ISS, PIS and COFINS).

Revenue from management fees is recognized as the relevant management services are provided and calculated as a fixed and/or variable percentage of the net asset value of the funds under management.

Performance fees are earned when the performance of Tarpon Funds exceeds a given hurdle rate, Most funds have hurdle rates ranging from 6%, to inflation plus 6% per year.

Tarpon Funds employ the high water mark concept, in which performance fees are only payable by Tarpon Funds if their quota value on the payment date exceeds the quota value on the previous payment date (i,e, the last water mark), adjusted for the hurdle rate.

(In thousands of Reais)

At December 31, 2011, 6.42% of the assets under our management were above the relevant high-water mark.

Consequently, revenue from performance fees may vary significantly from year to year as a function of: fluctuations in the value of net assets, portfolio performance against the minimum acceptable rate of return (benchmark) for each fund and the realization of private equity investments (since performance fees related to these investments are charged only upon realization of the investment).

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

	Performance						
Strategy	**Start**	**4Q11**	**2011**	**12 months**	**2 years**	**5 years**	**From beginning (annualized)**
Long-Only Equity (R$)	May 2002	7.86%	5.25%	5.25%	46.09%	145.67%	32.49%
Long-Only Equity (USD)	May 2002	6.17%	-9.80%	-9.80%	26.54%	151.56%	31.61%
Hybrid Equity (USD)	October 2006	7.16%	-3.19%	-3.19%	39.63%	175.97%	26.12%
Índices de mercado							
Ibovespa (R$)		8.47%	-18.11%	-18.11%	-17.25%	27.61	
IBX (R$)		9.33%	-11.39%	-11.39%	-9.07%	35.28%	
Ibovespa (USD)		7.23%	-27.26%	-27.26%	-23.19%	45.45%	
IBX (USD)		8.08%	-21.29%	-21.29%	-15.60%	54.19%	

(In thousands of Reais)

13 Administrative expenses

	Consolidated	
	December 2011	**December 2010**
Outsourced services	7,461	2,211
Travel expenses	1,574	1,023
IT expenses	182	456
Office maintenance	2,434	2,314
Other	3,448	100
Total	15,099	6,104

	Individual	
	December 2011	**December 2010**
Outsourced services	7,190	2,211
Travel expenses	1,569	1,023
IT expenses	182	456
Office maintenance	2,263	2,314
Other	3,288	100
Total	14,492	6,104

14 Stock option plan

The Company’s shareholders approved a stock option plan under which options may be issued entitling their holders to purchase shares representing 25% of the shares in the Company (equivalent to 13,724 million common shares on the date the plan was approved), on a fully diluted basis.

The plan aims to enable the participants: administrators (members of the Board of Directors and management), executives (employees who are part of management and other employees, including those linked to Tarpon invested funds) and other participants (service providers individuals for Tarpon), by determination of the Board, to acquire common shares, representing up to 25% of the shares of the Company. Each option granted allows the participant the right to subscribe one share of the Company.

Out of the total options granted in the plan, (a) up to 70% could have been granted from the current date of delivery of the plan, (b) up to 7.5% could have been granted as of July 1, 2009 (c) up to 7.5% could have been granted as of July 1, 2010, (d) up to 7.5% could have been granted as of July 1, 2011, and (e) up to 7.5% may be granted from July 1, 2012. The options do not granted in any grant date set out above may be granted on the dates of subsequent grants.

Options granted are exercisable as follow:

- The first portion of options granted on March 10, 2009became exercisable in the proportion of 20% on March 10, 2009; 20% on July 1, 2009; and 20% on each of the 3 anniversaries subsequent to July 1, 2009;

- The second portion of options granted March 10, 2009became exercisable in the proportion of 20% on July 1, 2009 and 20% on each of the 4 anniversaries subsequent to July 1, 2009; and

- The options granted as from July 1, 2009, 20% will become exercisable in the proportion of 20% on the 1st of July of each of the 5 years subsequent to the year in which these options were granted, with exception to the forfeited options. The same rule is valid for the options granted as from July 1, 2010, July 1, 2011 and July 1, 2012.

Any granted and unexercised options held by individuals leaving the Company will become available to be granted at any time up to July 1, 2017, and any options so granted will become exercisable in portions of 20% in each of the 5 years subsequent to the respective grant date.

If at any time the current controlling shareholders cease to jointly hold at least 30% of the Company's total shares, 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 of the relevant Vesting Date (including options vesting on the First Grant Date).

Options under the plan can only be exercised if certain requirements are met by the beneficiary, including the requirement that the beneficiary remain with the Company, In the event of voluntary termination or termination without cause, the exercisable portion of options held by the beneficiary may be exercised within 30 days of termination, and any unexercised or non-exercisable options will become available to be granted under the stock option plan, In the event of termination for cause, the beneficiary loses eligibility to exercise any of the options granted under the plan, In such event, any unexercised or non-exercisable options will become available to be granted under the stock option plan.

On March 22, 2010, it was decided on the Shareholders' Meeting, the amendment of the stock option plan to state that the exercise price of each option granted equals the greater of (i) R$ 5.60 per share (adjusted for dividends distributed by the Company from the date of initial approval of the Plan until the date of grant of the related option) and (ii) 75% of the market price of shares on the date preceding the grant date. The exercise price of options will be reduced by dividends paid by the Company, up to the highest value of R $ 2.53 per share or 45% of the price of shares on the date preceding the grant.

The option exercise price must be paid by the participants in cash. No participant may sell the shares acquired for a period of 12 months from the date of exercise of its option.

(In thousands of Reais)

Below are the descriptions of each grant (consolidated and individual):

	Granted				Forfeited			Exercised					To be exercised		
	Quantity (thousand)	**Fair value of the options on grant date – R$ per share**	**Total in thousand R$**	**Exercise price on the grant date**	**Quantity (thousand)**	**Fair value of the options on grant date - R$ per share**	**Total in thousand R$**	**Quantity**	**Average exercise price**	**Total in thousand R$**	**Exercise dates**	**Average market price at each exercise**	**Quantity (thousand)**	**Exercise price on December 31, 2011**	**Total in thousand R$**
1st and 2nd grant (March 10, 2009)	7,662	0.38	2.951	5.6	(201)	0.38	(85)	5,874	2.62	15,549	March 10, 2010, January 7, 2011, July 4, 2011 and August 15, 2011	15.94	1,587	2.53	4.016
3rd grant (November 30, 2009)	2,493	4.08	10.181	5.4	(168)	4.08	(693)	955	3.06	2,920	January 7, 2011, July 4, 2011 and August 15, 2011	15.96	1,370	2.53	3.466
4th grant (February 19, 2010)	530	4.67	2.477	5.63	(92)	4.67	(431)	94	3.38	318	July 4, 2011 and August 15, 2011	15.99	344	3.38	870
5th grant (August 19, 2010)	1,115	6.72	7.488	8.59	(127)	6.72	(855)	96	6.86	746	July 4, 2011 and August 15, 2011	15.99	892	5.87	5.236
6th grant (August 8, 2011)	960	8.07	7.745	11.4	(30)	8.07	(242)	-		-			930	11.40	10.602
Plan total	12,760		30.842		(618)		(2,306)	7,019		19.532			5.123		24.191

(In thousands of Reais)

As for the balance in the stock option plan account, both in equity and in income (consolidated and individual), we have:

In thousand R$	**December 31, 2011**	**December 31, 2010**
Stock option plan	7,155	7,699
Exercised **(*)**	(6,984)	(83)

(*) Amounts transferred from the stock option plan account to capital reserve account, due to the exercise of options.

The evaluation of the stock option plan is prepared using the binomial tree model, applied on the date of each grant considering the market parameters. The following assumptions were adopted on the date of each grant:

	March 10, 2009 (*)	**November 30, 2009**	**February 19, 2010**	**August 19, 2010**	**August 8, 2011**
Average annual volatility	70%	34%	28%	23%	20%
Current share price	1.29	6.87	7.84	11.45	15.20
Exercise price of options under the plan in accordance with the program	5,60	5,40	5,23	8,59	11,40
Free risk interest rate	13.00%	8.75%	8.63%	10.75%	11.90%
Expected dividends	6.2%	4.7%	4.5%	6.9%	6.0%

(*) On this date, Tarpon Investimentos SA's shares were not traded on the BM&FBovespa.

In determining the expected volatility, the Ibovespa and the trading price of Tarpon shares (TRPN3) were used as a parameter, during the periods which the options were granted.

(In thousands of Reais)

15 Calculation of income tax and social contribution

Taxable income (Year ended December 31, 2011)

Apuração da base de cálculo	**Consolidated and Individual** **2011**
Income before income tax and social contributions	174,699
Income tax and social contribution at current rates (respectively 25% and 9%)	(59,398)
Effects of additions and (exclusions) on tax calculation	
RTT adjustment	29
Options plan	(2,433)
Equity method revenue	58
Donations	(589)
Management variable remuneration	(4,608)
Income tax and social contribution	(66,941)
Tax benefits	1,732
Food worker program (PAT)	13
Income tax and social contribution for the year	(65,196)

Presumed income (year ended December 31, 2010)

Determination of the calculation base	**Consolidated and Individual** **2010**
Gross operating revenue	217,062
Presumed income (32%)	69,460

(In thousands of Reais)

Determination of the calculation base	Consolidated and Individual 2010
Financial revenue	9,858
Income tax (IR) and social contribution (CS) calculation base	79,318
IR (15%)	(11,897)
IR surcharge (10%)	(7,906)
CS (9%)	(7,138)
Total	(26,941)

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-party transactions

The main balances of related party assets and liabilities as of December 31, 2011 and 2010, as well as the related-party transactions that affected income for the quarters then ended, are the result of transactions between the Company and its subsidiaries, affiliates and key Management personnel.

The Company engages in transactions with related parties that are inherent to fund management (See Notes 7 and 12), statutory obligations and remuneration of Management.

(In thousands of Reais)

These transactions were conducted on an arm's length basis and are listed below:

	Consolidated			
	Assets/(liabilities)		**Revenue/(expense)**	
	2011	**2010**	**December 31, 2011**	**December 31, 2010**
Receivables	8,958	21,282	242,199	205,820
Accounts payable	(107)	(305)	-	(25,654)
Dividends payable	(8,451)	(33,713)	-	-
Dividends approved	(103,030)	(138,985)	-	-
Short term benefits to D&O (*)	-	(1,811)	(16,362)	(3,228)
Share-based payment to D&O	-	-	(656)	(662)

(*) Key management personnel is not entitled to any post-employment benefits, other long-term benefits and benefits on termination of employment contract.

18 Further information

a. Finance leasing

Property, plant and equipment acquired through finance leases (see Note 9), have the following liability:

	Minimum future lease payments	Interest	Present value of minimum lease payments
Less than 1 year	283	53	230
Between 1 and 5 years	206	15	191
More than 5 years	-	-	-
Balance at December 31, 2011	489	68	421

(In thousands of Reais)

	Minimum future lease payments	Interest	Present value of minimum lease payments
Less than 1 year	219	77	142
Between 1 and 5 years	399	38	361
More than 5 years	-	-	-
Balance at December 31, 2010	618	115	503

b. *Other assets*

Other assets at December 31, 2011 in the consolidated and individual financial statements substantially consist of IRRF, CSLL, PIS and COFINS paid in advance of R$ 28,522 and other recoverable taxes of R$ 781 (R$ 1,411 at December 31, 2010) and prepaid expenses of R$ 1,615 individual and R$ 1,652 (R$ 69 at December 31, 2010).

c. *Accounts payable*

Comprised, essentially, by provider payables of R$ 185 (individual) and R$ 275 (consolidated) and R$ 180 at December 31, 2010 (individual and consolidated), as well as financial liability related to finance leasing of R$ 489 (individual and consolidated) and R$ 618 at December 31, 2010 (individual and consolidated). Also, as at December 31, 2010, the profit sharing program of R$ 9,535.

d. *Tax obligations*

Comprised of R$ 23 in third-party taxes (R$ 6 as of December 31, 2010), R$ 821 in PIS and Cofins (R$ 188 as of December 31, 2010), R$ 169 in ISS (R$ 864 as of December 31, 2010) and R$ 63,336 in IRPJ and CSLL (R$ 5,338 as of December 31, 2010).

e. *Labor obligations and personnel expenses*

This balance comprises social security charges, provision for vacation and Christmas bonus, amounting to a total of R$ 1,984 (R$ 1,319 at December 31, 2010, including profit sharing program). Personnel expenses consist of expenses on salaries and related charges of R$ 55,640 (individual) and R$ 55,733 (consolidated). As at December 31, 2010, R$ 34,074 (individual and consolidated).

f. *Investments in associated and subsidiary companies*

Up until May 6, 2010, the Company, through its interests in Tarpon BR S,A, and Tarpon BR Participações Ltda,, held a 25% interest in Paraná Consultoria de Investimentos S,A, ("Paraná"), a consulting company, Since the Company had no significant control over operating and financial decisions in Parana, this venture was treated as an investment and recorded using the equity method of accounting, This indirect interest was disposed of at a loss of R$ 100.

* * *

Senior Management

Chief Executive Officer
José Carlos Reis de Magalhães Neto

Investor Relations Officer
Rafael Sonder

Accountant
Caroline Miranda
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