Tarpon Investimentos S.A.

Individual and consolidated financial statements as of December 31, 2012

KPMG Auditores Independentes
January 2013
KPDS 41886

Contents

Performance Report

Market Context

Investment funds under our management invest in companies listed in stock exchange and also in private equity funds.

Ibovespa, an indicator of the average performance of share quotations in BM&F Bovespa, closed the third quarter of 2012 with appreciation of 3.00%. The appreciation was modest due to the concerns of investors with the deadlock in the discussion on tax benefits and U.S. government spending and weak economic growth in Brazil in 2012. In the same period, North-American indices S&P 500, Dow Jones and Nasdaq dropped 2.65%, 3.71% and 5.00%, respectively, and the London stock exchange index - FTSE appreciated 3.19%.

In case of companies listed in BM&F Bovespa, which represent the majority of funds portfolio managed by Tarpon, we observed that Brasil Foods, Metalúrgica Gerdau and Marisa Lojas strongly appreciated, while Metalúrgica Gerdau' shares remained stable.

Highlights - 2012

In September 2012, we launched the Tarpon Partners, a group of investment funds in our hybrid portfolio strategy.

With the creation of Tarpon Partners, we expect to achieve two main objectives: (i) to extend the liquidity profile of our clients, ensuring greater capital stability; and (ii) to significantly expand our ability to make illiquid or longer term investments.

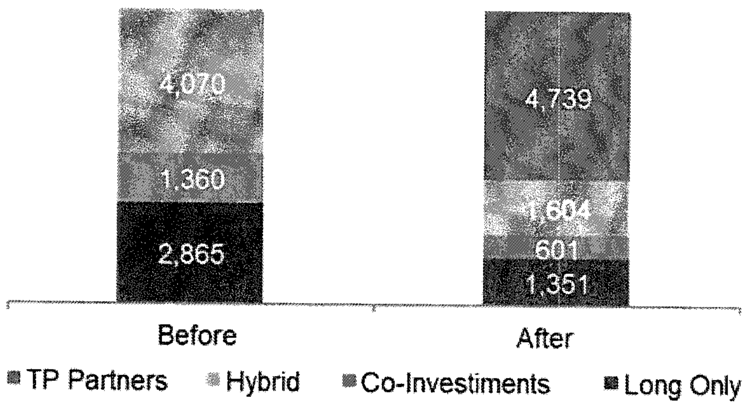
Currently, Tarpon Partners has approximately R$ 4.7 billion, including the migration of existing investments (portion of such migration is in the final stages of implementation) and new commitments. We intend to continue receiving new contributions in Tarpon Partners.

Like other funds in our hybrid portfolio strategy, the Tarpon Partners will have its portfolio invested in public equities and private equity (including interests in private companies or public companies when our investment involves active participation). But in Tarpon Partners, the limit for allocation in private equity investments is greater, equivalent to up to 75% of fund's assets.

The liquidity terms of Tarpon Partners are also differentiated from other funds within the strategy. Tarpon Partners' investor may withdraw, on a quarterly basis, up to 1/12 of the respective securities investment balance, so that payment period for exchange investments' full redemption will be 3 years. For private equity investments, they may be maintained by an indefinite period of time, Tarpon shall seek the listing of privately-held securities or transfer illiquid investments to the liquid pool until the 8th anniversary (including extensions) of each investment.

Tarpon Partners' management fee is 0.75% per annum. In line with the significant extension of the fund's liquidity profile, the performance rate will be equivalent to 20% on yield above the Extended Consumer Price Index (IPCA) + 6% per year, to be initially charged in June 2013 and subsequently every two years.

Bellow you find the segregation of AuM after the migration:



Fund management activities

Tarpon, manages, through its subsidiary, funds directed to stock exchange investments and private-equity funds for the purpose of providing, in the long-term, absolute returns that are higher than market average.

Our investment philosophy consists of six pillars:

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

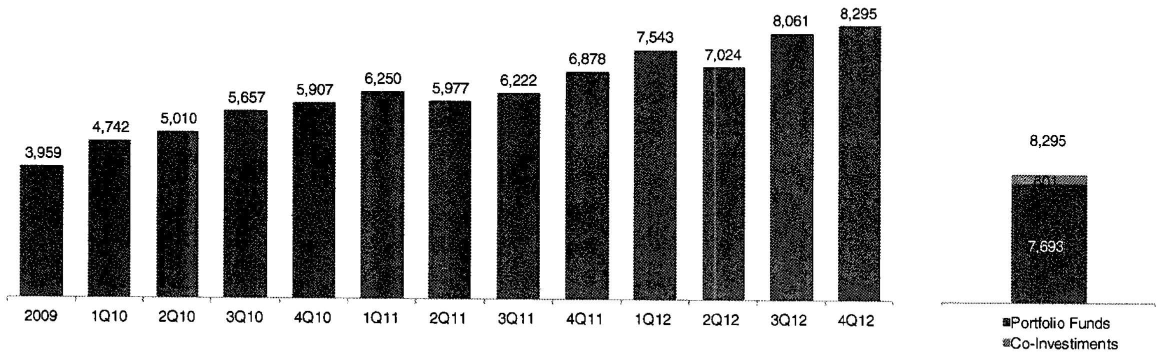
We are looking at long-term time frames to capture the potential value of each investment.

Value Creation

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

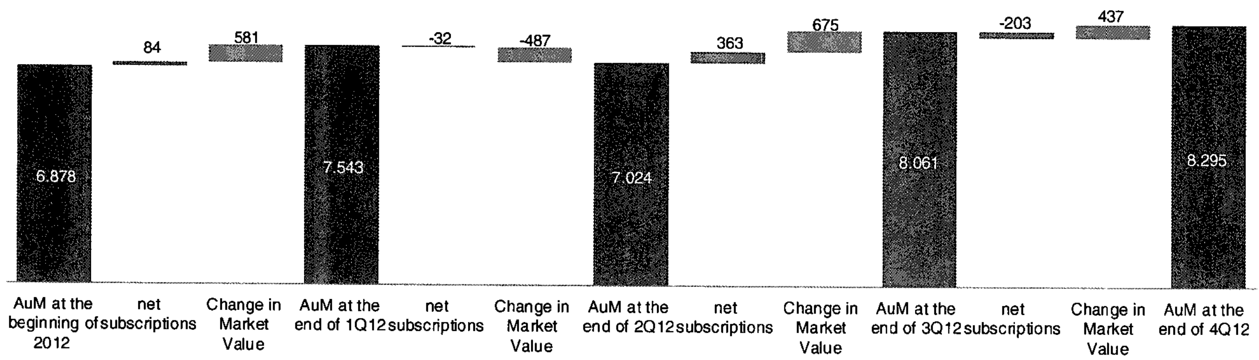
Our assets under management ("AuM") amounted to R$8.3 billion as of December 31, 2012, an increase of 3% when compared to R$8.1 billion AuM as of September 30, 2012. There was an increase of 21% in relation to the 4Q11 as follows:

Historical growth of Aum Total - R$ million



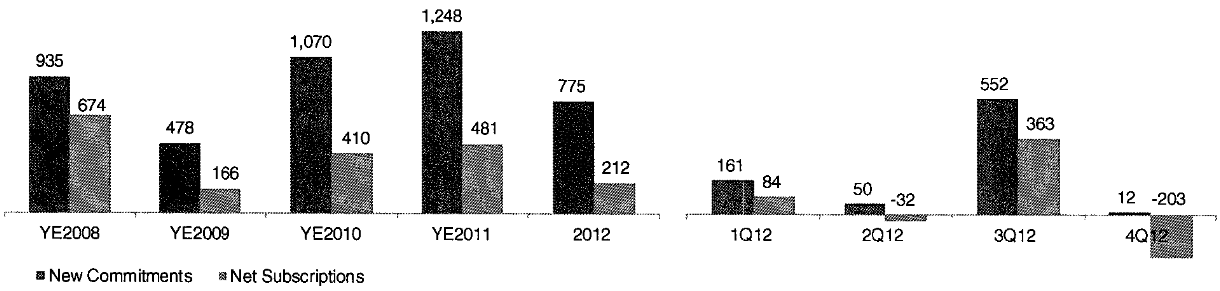
AuM of the quarter reflected negative net funding of R$203 million, and the impact of R$437 million of funds' assets positive market value variation (including variation in assets price and foreign exchange adjustment).

Breakdown of growth for AuM - R$ million



New commitments: the Tarpon Funds received net redemptions (new commitments net of redemptions paid in the quarter) in the amount of R$203 million during the fourth quarter of 2012, and received net subscriptions of R$ 212 million in 2012.

Commitments - R$ million



<u>Strategies of Investment</u>

The two main strategies for investments are as follows:

Portfolio Funds

(investment in stock exchange and private equity)

Investment strategy in portfolio funds includes funds that invest in listed corporations as well as in unlisted companies.

On December 31, 2012, AuM of funds portfolio totaled R$7.7 billion.

Co-Investment Strategy
(investment in stock exchange and private equity)

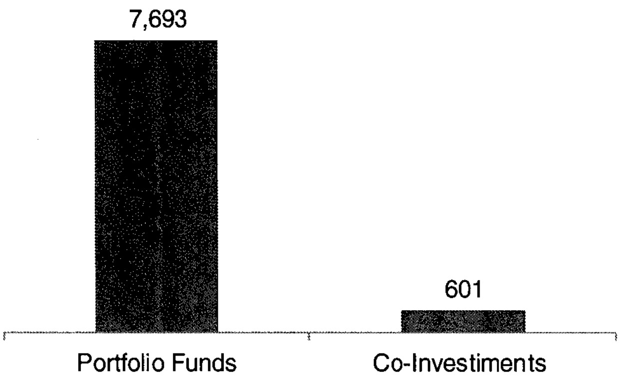
Co-investment strategy includes funds whose purpose is to invest in specific opportunities and in other Tarpon portfolio funds, both for stock exchange and private-equity strategies.

Funds using this strategy invest in companies whose portfolio funds already have the exposure we consider as ideal, permitting us to increase participation of funds in some investees.

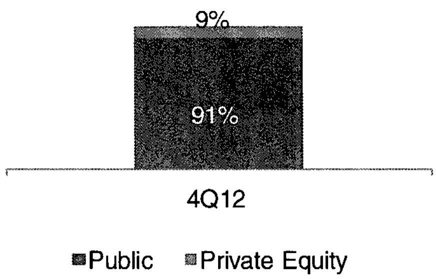
On December 31, 2012, AuM of co-investment strategy totaled R$0.6 billion.

On December 31, 2012, as illustrated in charts below, the amount of AuM allocated to stock exchange investments represented 91% of total invested capital. Investment in private-equity funds, marked to market, corresponded to 9% of our AuM.

AuM per strategy of investment – R$ million



AuM per type of approach
(capital invested)

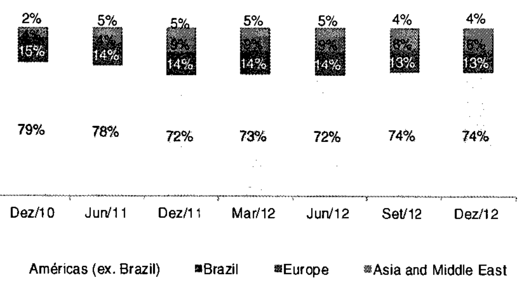


Investor base

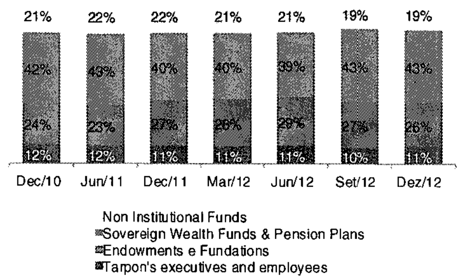
We sought to attract and retain a sophisticated basis of investors, aligned with our investment philosophy and with long-term investment profile.

On December 31, 2012, institutional investors, such as university funds (endowments), foundations, pension funds and sovereign funds, corresponded to 69% of assets managed by us. Invested capital of our executives and employees represented 11% of AuM.

AuM per type of geographical region



AuM per type of investor



Portfolio Funds Performance

In the quarter, strategy for investing in Long Only Equity portfolio funds presented net performance of 8.66% in R$ and 7.78% in US$. Annualized historic return of this strategy, net of fees and expenses, is 31.23% in R$ and 29.23% in US$.

Hybrid Equity portfolio funds strategy presented net quarterly performance of 6.87% in US$ and 8.95% in R$. Historic annualized return is 22.68% in US$ and 9.14% in R$.

Only for illustration purposes, in the 4Q12 Ibovespa and IBX indices presented returns in R$ of 3.00% and 4.85%, respectively. In US$, returns for Ibovespa and IBX were 2.35% and 4.19%, respectively.

		Performance[1][2]					
Strategy	Beginning	4Q12	2012	12 months	2 years	5 years	Since the beginning (annualized)
Long Only Equity Portfolio Funds (R$)	May 2002	8.66%	19.84%	19.84%	26.13%	121.40%	31.23%
Long Only Equity Portfolio Funds (US$)	May 2002	7.78%	9.43%	9.43%	-1.30%	84.24%	29.33%
Hybrid Equity Portfolio Funds (R$)	Oct 2011	8.95%	12.11%	12.11%	-	-	9.14%*
Hybrid Equity Portfolio Funds (US$)	Oct. 2006	6.87%	6.12%	6.12%	2.74%	90.32%	22.68%

Market indexes	4Q12	2012	12 months	2 years	5 years
Ibovespa (R$)	3.00%	7.40%	7.40%	-12.05%	-4.59%
IBX (R$)	4.85%	11.55%	11.55%	-1.16%	2.08%
Ibovespa (US$)	2.35%	-1.42%	-1.42%	-28.29%	-17.30%

IBX (US$)	4.19%	2.40%	2.40%	-19.41%	-11.52%

(1) Net fees and expenses performance.
(2) Performance presented up to December 31, 2012.
* Yield calculated from the beginning of the strategy October 26, 2011.

Financial performance

Financial highlights - R$ million

	2012	2011
Gross revenues	**100.1**	**255.9**
Management fees	79.5	64.6
Performance fees	20.6	191.3
Net revenues	**96.9**	**241.5**
Operating expenses	**(40.7)**	**(77.0)**
Recurring: general administration, payroll & others	(30.1)	(26.2)
Non recurring: stock option, variable comp., profit sharing	(10.6)	(50.8)
Results from operating activities	**56.2**	**164.5**
Operating margin	58%	68%
Results from financial activities	**6.0**	**10.2**
Finance Expense / Income	6.0	10.2
Income tax and social contribution	**(21.5)**	**(65.2)**
Net Income	**40.7**	**109.5**
Net margin	42%	45%
Earnings per share (R$/share) *	0.85	2,27
O/S	47,849	48,193
AuM (end of period)	8,295	6,878

(*) Income per share is calculated using shares weighted average.
Nb: Net and operating margins are calculated on net operating income.

Operating income

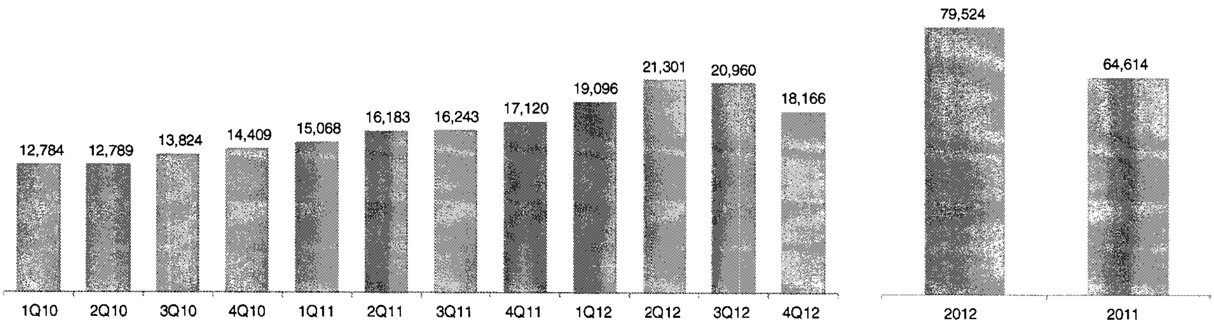
Operating revenues are comprised of remuneration on services provided to Fundos Tarpon referring to management fees – recurring revenues flow, calculated based on Fundos Tarpon net assets – and to performance fees – highly-volatile revenues flow, calculated based on Fundos Tarpon performance.

Fees related to management fees

Management fee is calculated on invested capital volume.

In the 4Q12, gross revenues from management fees totaled R$18.2 million, which is equivalent to 99% of total operating revenues in the quarter. Revenues related to management fees decreased 13% when compared to the 3Q12 and grew 6% when compared to the 4Q11.

Revenues related to management fees - R$'000



Fees related to performance fees

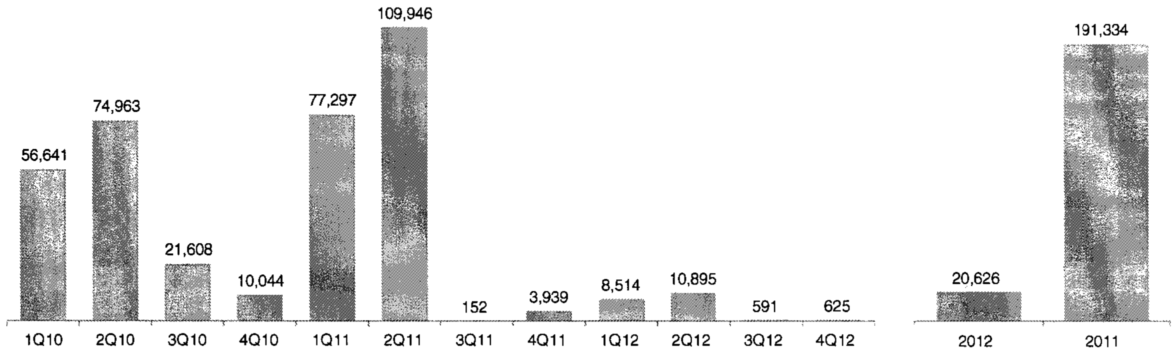
Fees related to performance fees are received when performance of Fundos Tarpon exceeds a certain minimum profitability parameter (hurdle rate). The parameter of most funds under management is an absolute value that vary from 6% to inflation index + 6% p.a.

Fundos Tarpon follow the concept of ''high water mark''. Accordingly, performance fees are owed only if respective fund share value at collection time exceeds share value at the time of last performance collection, that is, last high water mark adjusted at respective profitability parameter.

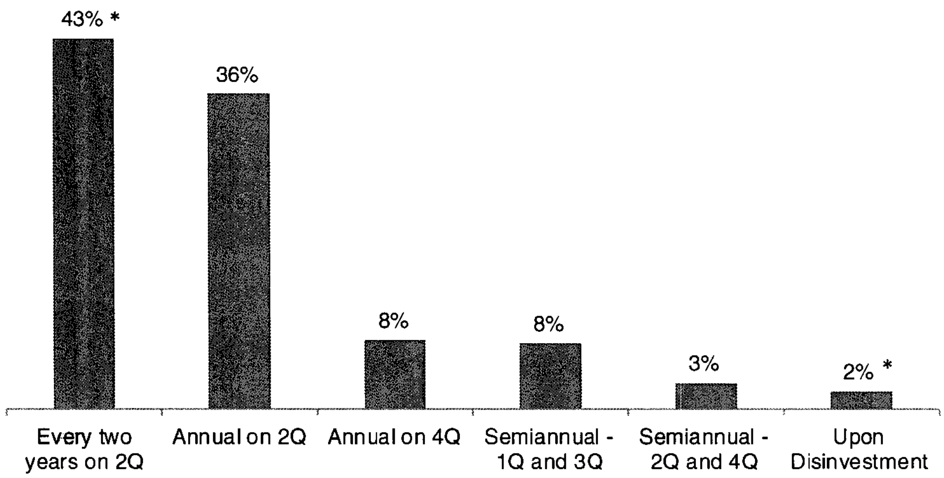
In the 4Q12, revenues from performance fees totaled R$0.6 million, which is equivalent to 1% of total operating revenues of the quarter. Revenues related to performance fees increased 6% when compared to the 3Q12 and decreased 84% when compared to the 4Q11.

Performance fee revenues - R$'000

Percentage of our AUM per performance fees collection period is as follows:



Distribution of Performance Collection - %AUM

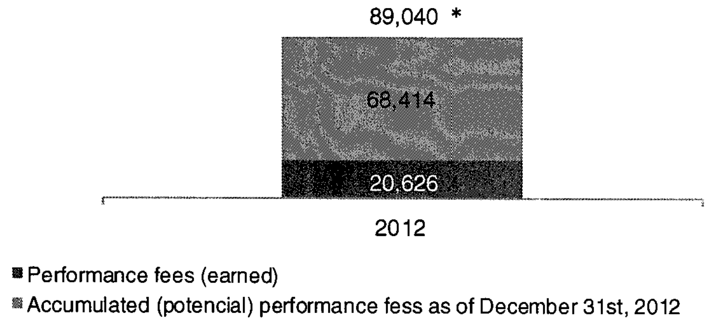


* A portion of funds that migrated to Tarpon Partners fund in the 4Q12 results from the co-investment strategy, that is, performance rate was determined upon divestiture and will now be calculated twice a year.

On December 31, 2012, 30.15% of Fundos Tarpon net assets were higher than respective high water marks, excluding those who charge fees on disinvestment. Fundos Tarpon performance fees are charged at different dates of the year, according to the terms negotiated in the respective regulations

Only for illustration purposes, if 100% of Fundos Tarpon net assets paid performance fees on December 31, 2012, the amount of additional revenues would be R$68.4 million (based on Fundos Tarpon net assets on said date). As we cannot foresee the variation of fund shares, effective amount may substantially vary. This is an estimated amount, thus it is not guaranteed that these amounts will be effectively owed to Tarpon on respective dates.

Performance fees revenues: earned and potential amount as of December 31, 2012 - R$'000

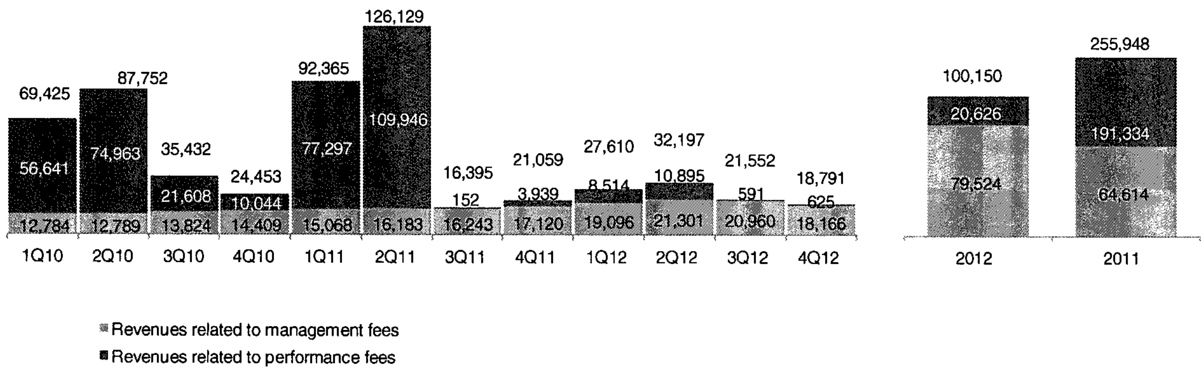


* This is an estimated amount, thus it is not guaranteed that these amounts will be effectively owed to Tarpon on respective dates.

Total Revenue

Operating revenue in the 4Q12 was R$18.8 million, representing a fall of 13% over the 3Q12 and 11% over 4Q11.

Total operating revenues - R$'000

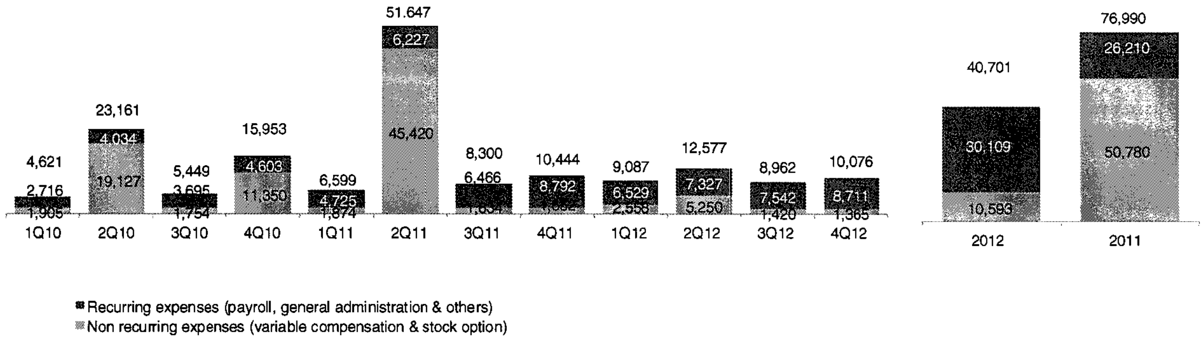


Operating expenses

Operating expenses, divided into recurring and non-recurring expenses, totaled R$10.1 million in the quarter (operating margin of 58%).

The portion of recurring expenses is comprised of administrative expenses, salaries and payroll charges, and other expenses such as depreciation and travel expenses. In the fourth quarter of 2012, recurring expenses totaled R$8.7 million, which is equivalent to 86% of total quarterly expenses. When we compared with the 3Q12, we verified an increase of 14%, and when compared to the 4Q11, a decrease of 2%.

Total operating expenses - R$'000



In the fourth quarter of 2012, non-recurring portion of expenses totaled R$1.4 million referring to the provision for our stock option plan (with no cash effect).

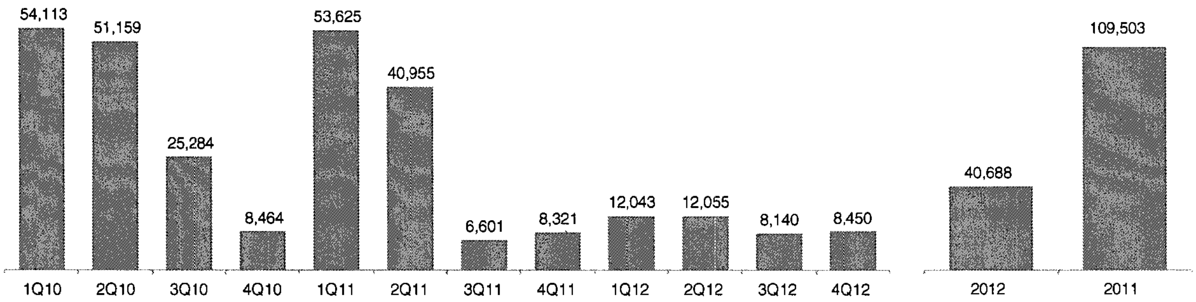
Taxes

In the year 2012, the income and social contribution taxes totaled R$ 21.5 million.

Net income

The net income totaled R$40.7 million, resulting in a net margin of 42%.

Net income - R$'000



Corporate Governance

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

Investor Relations - IR

Shareholders, investors and market analysts have at their disposal information available in IR Company website (www.tarpon.com.br). For further information, contact directly the RI Department through email (RI@tarpon.com.br) or through a telephone call: (5511) 3074 5800.

Independent Audit

In compliance with CVM Instruction 381/03, in the year, Tarpon did no contract neither had services provided by KPMG Auditores Independentes other than external audit services in levels higher than 5% of the total costs of external audit services. Agreed-upon procedures for financial information review were the other services rendered by external auditors

Commitment clause

Tarpon Investimentos S.A. is bound to arbitration at the Market's Arbitration Chamber, as per the arbitration clause in its Bylaws.

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Independent auditors' report on the individual and consolidated financial statements

To the Board Members and Directors of
Tarpon Investimentos S.A.
São Paulo - SP

We have examined the individual and consolidated financial statements of Tarpon Investimentos S.A. ("Company"), identified as Individual and Consolidated, respectively, comprising the balance sheet as of December 31, 2012 and the related statements of income, comprehensive income, changes in net assets and cash flows, for the year then ended, as well as the summary of the significant accounting practices and other explanatory notes.

Responsibility of management for the financial statements
Company's management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and the internal controls it deemed necessary to enable the preparation of these financial statements free of material misstatements, regardless of whether caused by fraud or error.

Responsibility of the Independent auditors
Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian auditing and international accounting standards. These standards require the fulfillment of ethical requirements by the auditors and that the audit be planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free of significant distortions.

An audit involves the carrying out of procedures selected to obtain evidence related to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of significant distortion in the financial statements, regardless of whether the latter are caused by fraud or error. In this risk assessment, according to auditing standards, the auditor considers relevant internal controls for the preparation and adequate presentation of the financial statements of the Company, to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the efficacy of these internal controls of the Company. An audit also includes the evaluation of the adequacy of adopted accounting practices and reasonability of accounting estimates made by Management, as well as an assessment of the presentation of financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.
Opinion on the individual financial statements
In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of Tarpon Investimentos S.A. as of

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December 31, 2012, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

Emphasis on the individual financial statements

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 differ from IFRS applicable to segregate financial statements only as it refers to the evaluation of interest in subsidiaries and jointly-owned subsidiaries under the equity method, while for IFRS purposes, it would be at cost or fair value. Our opinion is not qualified in this respect.

Opinion on the consolidated financial statements

In our opinion, the individual aforementioned financial statements present fairly, in all material respects, the financial position of Tarpon Investimentos S.A. as of December 31, 2012, the performance of its operations and its cash flows, consolidated for the year then ended, in conformity with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Other matters

Statements of added value

We have also examined the individual and consolidated statements of value added (DVA) for the year ended December 31, 2012, prepared under responsibility of Company's management, whose presentation is required by Brazilian Corporate Law for publicly-held companies and as supplementary information under IFRS that do not require the presentation of a statement of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, January 28, 2013

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report 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, 2012 and 2011

(In thousands of reais)

		Consolidated		Individual	
Assets	**Notes**	**12/31/2012**	**12/31/2011**	**12/31/2012**	**12/31/2011**
Current assets					
Cash and cash equivalents	4	3.317	479	1.098	373
Financial assets measured by fair value through profit or loss	5	32.379	84.030	32.379	84.030
Derivative financial instruments	6c	1.977	-	1.977	-
Receivables	7	15.766	8.958	-	8.490
Deferred taxes	15	4.229	-	4.229	-
Other assets	18b	18.956	30.955	9.687	30.918
		76.624	124.422	49.370	123.811
Noncurrent liabilities					
Investment	8	-	-	18.061	1.091
Property, plant and equipment	9	1.980	2.253	-	1.682
		1.980	2.253	18.061	2.773
Total assets		78.604	126.675	67.431	126.584

		Consolidated		Individual	
Liabilities	**Notes**	**12/31/2012**	**12/31/2011**	**12/31/2012**	**12/31/2011**
Current liabilities					
Accounts payable	18c	792	592	191	501
Taxes payable	18d	28.726	64.349	20.170	64.349
Labor obligations	18e	2.042	1.984	42	1.984
Statutory payables		21.510	8.451	21.510	8.451
		53.070	75.376	41.913	75.285
Noncurrent liabilities					
Accounts payable	18c	15	191	-	191
		15	191	-	191
Net assets					
Capital	10a	6.216	6.116	6.216	6.116
Capital reserves	10e	-	26.507	0	26.507
Statutory reserve	10d	3.052	6.116	3.052	6.116
Legal reserve	10b	1.223	1.223	1.223	1.223
Treasury shares		-	-	-	-
Equity evaluation adjustment		(4)	-	(4)	-
Option plan	14	14.503	11.013	14.503	11.013
Accumulated translation adjustment	8	528	133	528	133
Retained earnings (loss)		-	-	-	-
Net assets attributable to controlling shareholders		25.518	51.108	25.518	51.108
Total liabilities and net assets		78.604	126.675	67.431	126.584

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, 2012 and 2011

(In thousands of reais)

		Consolidated		Individual	
		Years ended December 31		Years ended December 31	
	Notes	2012	2011	2012	2011
Management fee		77.014	59.249	41.544	58.507
Performance fee		19.890	182.950	18.722	182.950
Net operating income	12	96.904	242.199	60.266	241.457
Operating income and expenses					
Personnel expenses	18e	(18.296)	(55.733)	(11.824)	(55.640)
Option plan	14	(6.429)	(7.155)	(4.877)	(7.155)
Administrative expenses	13	(14.554)	(15.099)	(7.730)	(14.492)
Income (loss) with financial assets measured at fair value through profit or loss		5.978	10.222	5.978	10.222
Equity in net income of subsidiaries	8	-	-	14.160	172
Other operating income (expenses)		(1.422)	265	325	135
		(34.723)	(67.500)	(3.968)	(66.758)
Operating income		62.181	174.699	56.298	174.699
Income and social contribution taxes	15	(21.493)	(65.196)	(15.610)	(65.196)
Current		(25.722)	(65.196)	(19.839)	(65.196)
Deferred		4.229	-	4.229	-
Net income for the period		40.688	109.503	40.688	109.503
attributable to controlling shareholders		40.688	109.503	40.688	109.503
Quantity of shares at the end of the period	11	47.849	48.193	47.849	48.193
Basic earnings per thousand shares - R$	11a	0,86	2,34	0,86	2,34
Diluted earning per thousand shares - R$	11b	0,74	2,11	0,74	2,11

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, 2012 and 2011

(In thousands of reais)

	Consolidated	Individual
Net income for the year ended December 31, 2012	40.688	40.688
Comprehensive income		
Accumulated translation adjustment	528	528
Equity evaluation adjustment	(4)	(4)
Total comprehensive income at December 31, 2012	41.212	41.212
Comprehensive income attributable to parent companies	41.212	41.212
Net income for the period ended December 31, 2011	109.503	109.503
Comprehensive income		
Accumulated translation adjustment	133	133
Equity evaluation adjustment	-	-
Total comprehensive income at December 31, 2011	109.636	109.636
Comprehensive income attributable to parent companies	109.636	109.636

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

Tarpon Investimentos S.A.

Consolidated statements of changes in shareholders' equity

Years ended December 31, 2012 and 2011

(In thousands of reais)

	Capital	Capital reserve	Statutory reserves	Legal reserve	Treasury shares	Option plan	Adjustments to asset valuation	Accumulated translation adjustment	Retained earnings	Net assets attributable to controlling shareholders	Total shareholders' equity
Balances at December 31, 2011	6.116	26.507	6.116	1.223	-	11.013	-	133	-	51.108	51.108
Interest on own Capital	100	5.021	-	-	-	-	-	-	-	5.121	5.121
Equity evaluation adjustment	-	-	-	-	-	-	(4)	-	-	(4)	(4)
Repurchase of shares	-			-	(48.753)	-	-	-	-	(48.753)	(48.753)
Option plan	-	-	-	-	-	6.429	-	-	-	6.429	6.429
Reversal of exercised options	-	2.940	-	-	-	(2.940)	-	-	-	-	-
Cancellation of Company's shares	-	(34.468)	(6.116)	-	48.753	-	-	-	(8.169)	-	-
Accumulated translation adjustment	-	-	-	-	-	-	-	396	-	396	396
Net income	-	-	-	-	-	-	-	-	40.688	40.688	40.688
Constitution of reserves	-	-	3.052	-	-	-	-	-	(3.052)	-	-
Intermediary dividends proposed	-	-	-	-	-	-	-	-	(29.467)	(29.467)	(29.467)
Balances at December 31, 2012	6.216	-	3.052	1.223	-	14.502	(4)	529	-	25.518	25.518
Balances at December 31, 2010	4.180	2.102	30	836	-	10.842	-	-	-	17.990	17.990
Interest on own Capital	1.936	17.421	-	-	-	-	-	-	-	19.357	19.357
Legal reserve	-	-	-	-	-	-	-	-	-	-	-
Adjustment to market value	-	-	-	-	-	-	-	-	-	-	-
Reclassification to income – Adjustment to market value	-	-	-	-	-	-	-	-	-	-	-
Option plan	-	-	-	-	-	7.155	-	-	-	7.155	7.155
Reversal of exercised options	-	6.984	-	-	-	(6.984)	-		-	-	-
Accumulated translation adjustment	-	-	-	-	-	-	-	133	-	133	133
Constitution of reserves	-	-	6.086	387	-	-	-	-	(6.473)	-	-
Net income	-	-	-	-	-	-	-	-	109.503	109.503	109.503
Intermediary dividends proposed	-	-	-	-	-	-	-	-	(103.030)	(103.030)	(103.030)
Balances at December 30, 2011	6.116	26.507	6.116	1.223	-	11.013	-	133	-	51.108	51.108

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, 2012 and 2011

(In thousands of reais)

	Consolidated		Individual	
	Years ended December 31		Years ended December 31	
	2012	2011	2012	2011
Operational activities				
Net income of recurring operations	40.688	109.503	40.688	109.503
Adjustments:				
Depreciation	503	301	251	277
Equity income (loss)	-	-	(14.160)	(172)
Increase/(decrease) in option plan	6.429	7.155	4.877	7.155
Deferred taxes	(4.229)	-	(4.229)	-
Change in equity evaluation adjustment	4	-	4	-
Change in derivative financial assets	(1.977)	-	(1.977)	-
Adjusted income (loss)	41.418	116.959	25.455	116.763
Changes in assets and liabilities				
(Increase) decrease in receivables	(6.808)	12.324	8.490	12.792
Increase (decrease) in other assets	11.999	(29.432)	21.231	(29.395)
Increase (decrease) in accounts payable	24	(9.550)	(501)	(9.641)
Increase (decrease) in tax payable	(35.623)	57.953	(44.179)	57.953
Increase (decrease) in labor obligations	58	665	(1.942)	665
Cash flow from operating activities	11.068	148.919	8.554	149.137
Investment activities				
Variation of financial assets at fair value through profit or loss	51.651	(38.813)	51.651	(38.813)
Accumulated translation adjustment	528	133	528	133
(Acquisitions)/write-offs of investments in associated and subsidiary con	-	-	-	(786)
(Acquisitions)/write-offs of property, plant and equipment and lease	(369)	(1.118)	32	(656)
Cash flow from investment activities	51.810	(39.798)	52.211	(40.122)
Financing activities				
Repurchase of shares	(48.753)	-	(48.753)	-
Payment of dividends	(16.408)	(128.293)	(16.408)	(128.293)
Exercise of stock options	5.121	19.357	5.121	19.357
Cash flow from financing activities	(60.040)	(108.936)	(60.040)	(108.936)
Total cash flow	2.838	185	725	79
Net increase (decrease) in cash and cash equivalents	2.838	185	725	79
Cash and cash equivalents at the beginning of the year	479	294	373	294
Cash and cash equivalents at the end of the year	3.317	479	1.098	373

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, 2012 and 2011

(In thousands of reais)

	Consolidated		Individual	
	Years ended December 31		Years ended December 31	
	2012	**2011**	**2012**	**2011**
Revenues	100.150	256.690	63.002	255.948
Performance and Management fee	100.150	256.690	63.002	255.948
Inputs acquired from third parties	(15.473)	(14.533)	(7.154)	(14.079)
Materials-Power-Third-party services-Other	(15.473)	(14.533)	(7.154)	(14.079)
Gross added value	84.677	242.157	55.848	241.869
Retentions	(503)	(301)	(251)	(277)
Depreciation	(503)	(301)	(251)	(277)
Net added value produced	84.174	241.856	55.597	241.592
Added value received as transfer	5.978	10.222	20.138	10.394
Equity income (loss)	-	-	14.160	172
Financial income and expenses	5.978	10.222	5.978	10.222
Total added value payable	90.152	252.078	75.735	251.986
Distribution of added value	90.152	252.078	75.735	251.986
Personnel	22.563	60.555	15.121	60.463
Direct remuneration	22.563	60.555	15.121	60.463
Taxes, rates and contributions	26.901	82.020	19.926	82.020
Federal	25.056	70.071	18.391	70.071
Municipal	1.845	11.949	1.535	11.949
Remuneration of own capital	40.688	109.503	40.688	109.503
Dividends	29.467	103.030	29.467	103.030
Retained earnings for the year	3.052	6.473	3.052	6.473
Cancellation of shares	8.169	-	8.169	-

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

Notes to the individual and consolidated financial statements

(In thousands of Reais)

1 Operations

Tarpon Investimentos S.A. (the "Company" or "Tarpon") was established in June 2002, and was initially organized as a limited liability company engaged in operating as securities portfolio administrator and third parties' funds manager, through investment funds, administrated portfolios and other investment vehicles. In December 2003, the Company became a publicly-held corporation.

In July 2011, a subsidiary of the Company was established in New York (TISA NY, Inc.) to provide financial advisory services. On March 28, 2012, the Company acquired shares of Tarpon All Equities (Cayman), Ltd. and TSOP Ltd.. Finally, on April 25, 2012, the Company established Tarpon Gestora de Recursos S.A. ("Tarpon Gestora"), which is engaged in administrating portfolios and managing own and third parties' funds in funds, portfolios and other investment vehicles, in Brazil and abroad.

On May 30, 2012, the Board of Directors approved internal corporate reorganization according to which administration of third parties' funds is now conducted by Tarpon Gestora, and the Company started to operate exclusively as a *holding*. The purpose of this reorganization was to focus third parties' funds administration in a single entity, conciliating regulatory requirements from different courts in which the Company and its subsidiaries operate, including TISA NY Inc., wholly-owned subsidiary of the Company in the United States of America.

Reorganization was conducted through the transfer to Tarpon Gestora of some assets owned by the Company and associated to third parties' funds administration. On August 20, 2012, Tarpon Gestora obtained from CVM (Brazilian Securities and Exchange Commission) authorization to administrate securities portfolios, and began providing Fundos Tarpon management services as of September 1, 2012.

2 Presentation of financial statements

2.1 Presentation of individual and consolidated financial statements

The parent company's individual financial statements were prepared according to the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil BR GAAP.

There is no difference between the net assets and consolidated income (loss) and the individual presented. Accordingly, the consolidated and consolidated financial statements are being presented side by side in a single set of financial statements.
These financial statements and the respective Independent auditors' report on the review of financial statements were approved by the Board of Directors on January 28, 2013.

2.2 Functional currency and presentation

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

2.3 Use of estimates and judgments

The preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses including the calculation of market values and stock option plan. Actual results may differ from estimates. The assumptions and estimates are quarterly reviewed.

2.4 Consolidation basis

The consolidated financial statements include Tarpon Gestora de Recursos S.A., TISA NY, Inc., Tarpon All Equities (Cayman), Ltd., TSOP Ltd. and Tarpon BR S.A..

Tarpon Gestora de Recursos S.A.

On April 25, 2012, Tarpon Investimentos S.A. became the holder of Tarpon Gestora de Recursos S.A. shares totaling 500 shares at the par value of R$1.00.

On August 31, 2012, the Company subscribed a capital increase of Tarpon Gestora, from R$0.5 to R$ 763, through the issue of 762,292 new nominative common shares with no par value of R$ 1.00. The shares were paid up on the same subscription date through a contribution in assets and current local currency.

TISA NY, Inc.

TISA NY is a Company's wholly-owned subsidiary. TISA NY income and its respective investment are evaluated at the equity method (individual accounting statements) whose functional currency is different from the parent company functional currency.

Tarpon All Equities (Cayman), Ltd. and TSOP Ltd.

On March 28, 2012, Tarpon Investimentos S.A. became the holder of shares of Tarpon All Equities (Cayman), Ltd. and of TSOP Ltd, at the proportion of 50,000 shares worth US$1.00 and 1 share worth US$1.00. These companies operate as general partners of some foreign investment funds and its functional currency is different from the parent company's functional currency.

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

In Tarpon BR S.A, the Company holds 50% of direct interest in voting capital. This company is in the process of closing, and will no longer be consolidated.

Until December 31, 2011, the Company held 50% of direct interest in Tarpon BR Participações Ltda. On March 27, 2012, there was the Company's wind up.

Investments in subsidiaries established abroad are translated into presentation currency, as follows:

i. The asset and liability balances are translated at the current foreign exchange rate on the closing date of the Consolidated Financial Statements;

ii. Income accounts are translated at foreign exchange quotations on transaction date; and

iii. All differences resulting from foreign exchange translations are recognized in Net assets and in Consolidated Statement of Comprehensive Income, under line "accumulated translation adjustments".

Investments in subsidiaries and all balances between these companies were eliminated on preparation of consolidated accounting statements.

2.5 New standards and interpretations issued and not yet adopted

News Standards, amendments to Standards and interpretations are applicable for annual periods started as of January 1, 2012, and have not been applied to the preparation of these financial statements. None of these new Standards are expected to have a material effect on the Company's interim financial statements except for IFRS 9 - Financial Instruments which is mandatory as of January 1, 2015 and may change classification and measurement of any financial assets maintained by the Company.

The CPC (Accounting Pronouncements Committee) has not yet issued pronouncements equivalent to the aforementioned IFRSs, although that is expected to be done before the date when they are required to come into effect. The advanced adoption of IFRS pronouncements is conditioned to the prior approval by a regulatory act by the Brazilian Securities Commission ("CVM").

3 Significant accounting policies

The main accounting practices described below were consistently applied for the Company and its foreign subsidiaries in the year ended December 31, 2012.

a. Revenues

Revenues are comprised of fees deriving from management services for Fundos Tarpon portfolio, referring to administration and performance fees. Management fees are generated in accordance with a fixed and/or variable percentage on funds' net assets and recognized as respective services are provided. Performance fees are generated when the performance of funds exceeds a certain parameter or minimum profitability rate (hurdle rate), as defined in respective regulations, and are recognized when their value and receipt is certain.

b. Non-derivative financial instruments

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through income are intended for trading and are represented by the Company's investments in bank deposit certificates and repurchase and resale agreements. The interest, gains and losses derived from the adjustment at fair value were recognized in the statements of income under "Income from financial assets measured at fair value through profit or loss". Fair values of these assets are determined based on value adjusted at the interbank deposit rate (DI) informed by the bank that issued CDB's and the repurchase and resale agreement, at the end of each month.

Financial assets available for sale

Financial assets classified as available for sale after initial recognition are evaluated at fair value, and their fluctuations, except for reduction to recoverable value, are directly recognized in net assets. When an investment fails to be recognized, the gain or loss accumulated in net assets is transferred to net income.

Cash and cash equivalents

Cash and cash equivalents refer to cash balances and demand deposits used to manage the Company's working capital.

c. Impairment

The carrying values of the Company are reviewed each balance sheet date to determine whether there is sign of loss in the recovery value (impairment). If such indication exists, the recovery value of the asset is estimated. A loss in recovery value is recognized (impairment) if the carrying value of the asset exceeds its recoverable value.

d. Investments in subsidiaries and foreign subsidiary

The investments in associated companies are stated at nominal value and restated under the equity method in the individual and consolidated financial statements.

The investments in subsidiaries and foreign subsidiary are stated at nominal value and restated under the equity method in the individual financial statements.

e. Property, plant and equipment

Property, plant and equipment is recorded by the acquisition cost, net of the respective accumulated depreciations, calculated using the straight-line method which considers the economic useful life and the respective residual values. The annual depreciation rates are: furniture and fixtures and machinery and equipment (10%), facilities (10%), data processing systems (20%), communications and security systems (20%) and software licenses (25%). Leasehold improvements are depreciated over lease contract effective period (five years), at the annual rate of 20%.

f. Short-term benefits to employees and managers

Employees and managers are entitled to fixed and variable remuneration plus profit sharing, as applicable. The provision for estimated amount to be paid as semi-annual profit sharing in cash is recognized when the Company complies with legal (conditions established in the plan) or constructive obligation of paying said value and the obligation may be reliably estimated.

Employees and managers are not entitled to any type of post-employment benefits, other long-term benefits, or job termination benefits.

g. Provisions

A provision is recognized if, as a result of past events, the Company has a legal or constructive obligation that allows a reliable estimate, and provided that losses are evaluated as probable. Reserves are determined by discounted estimated future cash flows at a rate that reflects the current market conditions and the characteristic risks of the liability.

h. Stock option plan

Effects of the stock option plan are calculated based on fair value prevailing on the date options are granted (granting), and are recognized in the balance sheet and in the statement of income on a pro-rata basis, over vesting period of each granting.

i. Income and social contribution taxes and other taxes

In the current year, the Company used as tax regime the Taxable Income. Thus, provision for income tax is formed at the basic rate of 15% of the taxable income, plus a surtax of 10% on certain limits. The provision for social contribution tax is calculated based on the rate of 9%. Amounts paid as income tax and social contribution advances are being accounted for in assets, under taxes recoverable (see note 18 b).

It is worth to emphasize that the Company adopted the Transitory Tax Regime (RTT) for calculating corporate income tax and social contribution as opted by the Law 11941/09 whose purpose is to maintain the tax neutrality of the amendments to the Brazilian corporate law introduced by Law 11638/07 and other amendments in accounting standards performed in the convergence context for IFRS.

PIS and COFINS rates are 1.65% and 7.60%, respectively, and are levied only on revenues from administration and performance fees deriving from Brazilian funds, less corresponding expenses.

ISS rate levied on portfolio management revenues, including management of Brazilian funds and direct management of foreign funds and portfolios is 2%.

PIS, COFINS and ISS due amounts are accounted for as taxes on revenues.

Deferred income tax and social contribution assets deriving from recoverable taxes on income earned abroad were established considering expected realization.

j. Other assets and liabilities

Other assets have been stated at realizable values, including, when applicable, income and monetary variations (on a pro rata daily basis) accrued and a provision for losses, when considered necessary. Liabilities presented include known or calculated amounts, plus charges and monetary variations (on a pro rata daily basis) incurred.

k. Receivables

Receivables are recorded at realization values, including provision for losses, when applicable.

l. Segment reporting

A segment is a Company's unit which is dedicated to provide products or services (business segment), or products or services in a particular economic environment (geographical segment), which is subject to risks and rewards which differ from those of other segments.

The Company, through its subsidiaries, carries out a single type of business (the rendering of services related to the management of portfolios) and, consequently, no further division of the segment by type of business is presented.

m. Comprehensive income

Results from net income for the current years and foreign exchange variation arising from the consolidation of foreign subsidiaries and equity evaluation adjustment.

n. Statements of added value

The Company prepared individual and consolidated statements of added value in accordance with the rules of technical pronouncement CPC 9 - Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to publicly-held companies, whereas under IFRS they represent additional financial information.

o. Earnings per share

The basic earnings per share are calculated based on the result for the year ended December 31, 2012, attributable to the Company's controlling and non-controlling shareholders and the weighted average of outstanding common shares in the respective year. Diluted earnings per share are calculated through the aforementioned average of outstanding shares, adjusted by the possible exercise of the share purchase options, with a dilutive effect on the years presented, in accordance with CPC 41 and IAS 33.

4 Cash and cash equivalents

Cash and cash equivalents are represented in the consolidated and individual as of December 31, 2012 and 2011 by the balances of cash and demand deposits.

5 Financial assets measured at fair value through profit or loss

	Individual and Consolidated	
	December 2012	**December 2011**
Financial assets measured at fair value through profit or loss		
Purchase and sale commitments (*)	18,419	42,941
Bank deposit certificates	13,960	41,089
	32,379	84,030

Operations indexed to the variation of the Interbank Deposit (DI) rate entered into with a prime bank. Its fair value is classified as level 3, considering its calculation based on the adjustment of future cash flows to present value at observable market rates, and adjusted by the credit risk of the counterparties, in accordance with Management's internal assessment.

6 Financial instruments

a. Risk management

The Company is basically exposed to the risks from the use of financial instruments:

Credit risk

Refers to the possibility of the Company and its subsidiaries incurring losses arising out of default of their counterparties or financial institutions depository of resources or financial investments. The Company's policy is to minimize the exposure to credit risk. Management reviews and approves all the decisions taken with regard to investments, in order for them to be made only in highly liquid assets issued by prime financial institutions.

Market risk

It is the risk that changes in market prices, such as interest rates and stock market quotes, will affect the income or value of their financial instruments. The Company's policy is to minimize its exposure to market risk, seeking to diversify the application of funds in terms of post-fixed rates.

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

	Valuation method 2012 – 2011	Exposure to market value risk or interest rate?
Bank deposit certificates	Adjusted by the indexation rate – Interbank Deposit (DI) rate	Yes
Purchase and sale commitments	Adjusted by the indexation rate – Interbank Deposit (DI) rate	Yes

c. Derivative financial instruments

The Company has a swap contract with Banco Itaú BBA S.A. where it holds an asset position in the variation of the price of Company common shares issued, and a liability position in 100% of the variation of the CDI plus a fixed rate, with a notional value of up to R$ 22,000 and a settlement term of up to 12 months as from the respective negotiation and financial settlement of the contract. The result of the transactions will be settled upon maturity.

On December 31, 2012, the Company had the following outstanding transactions:

Financial instrument	Asset	Liability	Expiration	Notional value	MTM
SWAP	Shares	CDI + 0.5% p.a.	365 days	2,500	406
SWAP	Shares	CDI + 0.5% p.a.	365 days	13,000	1,571

The Company did not have balances of derivative financial instruments on December 31, 2011.

d. Sensitivity analysis - Effect in the variation of the fair value

In compliance with the provisions of CVM Instruction no. 475, of December 17, 2008, the Company assess that it is not exposed to market risks and/or interest rate considered relevant.

Although risk is assessed as low, Management continuously monitors changes in interest rates and prices of securities which can have a direct or indirect impact on the fair value of these financial instruments.

e. Cash and cash equivalents

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

f. Other financial assets and liabilities

The fair values of the other financial assets and liabilities are equal to the carrying amounts in the balance sheets, measured at fair value or short-term maturity.

7 Receivables

The management fees due by the funds are calculated on a monthly basis and paid at the beginning of the subsequent period, in accordance with the respective regulation. The performance fees are calculated on a six-month period basis, annual or bi-annual basis and paid on January 31, March 31, April 30, June 30, July 31, September 30 and December 31 of each year, pursuant to the respective regulation.

	Consolidated	
	December 2012	**December 2011**
Management fee (i)/(ii)	15,144	5,251
Performance fee (i)	622	3,707
	15,766	8,958

(i) By the date these financial statements were approved, the receivables referring to the year ended December 31, 2012 had been fully settled.

(ii) By August 31, 2012, the foreign funds hired the Company and TISA NY as service providers, and the remuneration arose from the management fees paid by these funds. As from September 1, 2012, these funds hired Tarpon Gestora to replace the Company.

	Individual	
	December 2012	**December 2011**
Management fee (ii)	-	4,783
Performance fee (ii)	-	3,707
	-	8,490

(ii) By August 31, 2012, the foreign funds hired the Company and TISA NY as service providers, and the remuneration arose from the management and performance fees paid by these funds. As from September 1, 2012, these funds hired Tarpon Gestora to replace the Company.

8 Investments

On July 6, 2011, the Company's subsidiary in New York, US (TISA NY, Inc.) was established. On this date, 1,000 shares of TISA NY were paid up, at US$ 1.00 each. On July 15, 2011, 50,000 shares were paid up, at US$ 10.00 each.

The tables below present the changes in the balances of TISA NY:

TISA NY - in R$ thousand

Balance at December 31, 2011	1,091
Equity in net income of subsidiaries and associated companies	7,703
Contribution to the subsidiary referring to the stock option plan	173
Exchange variation	395
	9,362

Balance at December 31, 2012

TISA NY - in USD thousand		TISA NY - in R$ thousand					
Net assets	**Income as of December 31, 2012**	**Net assets**	**Income at December 31, 2012**	**Accumulated foreign exchange**	**Capital holdings in %**	**Equity in net (income) losses of subsidiaries**	**Equity value of the investment**
501	3,934	1,131	7,703	528	100%	7,703	9,362

The investments in subsidiaries Tarpon All Equities (Cayman), Ltd. e TSOP Ltd. correspond to R$ 100 as of December 31, 2012.

On August 31, 2012, the Company subscribed a capital increase of Tarpon Gestora, from R$0.5 to R$ 763, through the issue of 762,292 new nominative common shares with no par value of R$ 1.00. The shares were paid up on the same subscription date through a contribution in assets and current local currency.

Tarpon Gestora de Recursos S.A.

Balance at December 31, 2011	-
Transfer of net assets on September 1, 2012	763
Equity in net income of subsidiaries and associated companies	6,457
Contribution to the subsidiary referring to the stock option plan	1,379
Balance at December 31, 2012	8,599

Tarpon Gestora - in R$ thousand

Net assets	Income at December 31, 2012	Capital holdings in %	Equity in net (income) losses of subsidiaries	Contribution to the subsidiary referring to the stock option plan	Equity value of the investment
763	6,457	100%	6,457	1,379	8,599

9 Property, plant and equipment

The Company's property, plant and equipment is comprised of:

Consolidated

	Facilities	Machinery and equipment	Computers	Software	Furniture and fixtures	Telephony equipment	Third-party properties	Total
Balance at December 31, 2010	**17**	**39**	**113**	**8**	**58**	**5**	**510**	**751**
Additions	-	32	7	556	153	3	412	1,163
Write-offs	-	-	-	-	-	-	-	-

Transfers	-	-	-	-	-	-	-	-
Depreciation	(4)	(6)	(38)	(25)	(14)	(3)	(130)	(220)
Balance of property, plant and equipment at December 31, 2011	**13**	**65**	**83**	**539**	**197**	**5**	**792**	**1,694**
Property, plant and equipment acquired from financial lease	-	-	66	26	373	94	-	559
Total at December 31, 2011	**13**	**65**	**149**	**565**	**570**	**99**	**792**	**2,253**
Balance at December 31, 2011	**13**	**65**	**83**	**539**	**197**	**5**	**792**	**1,694**
Additions	-	14	23	77	11	32	76	233
Write-offs	-	-	(4)	-	-	-	-	(4)
Transfers		390		68	(68)		(390)	-
Depreciation	(3)	(35)	(46)	(126)	(20)	(10)	(172)	(412)
Balance at December 31, 2012	**10**	**434**	**124**	**490**	**120**	**27**	**306**	**1,511**
Property, plant and equipment acquired from financial lease	-	-	51	19	330	69	-	469
Total balance at December 30, 2012	**10**	**434**	**175**	**509**	**450**	**96**	**306**	**1,980**

Individual

	Facilities	Machinery and equipment	Computers	Software	Furniture and fixtures	Telephony equipment	Third-party properties	Total
Balance at December 31, 2010	17	39	114	8	58	5	510	751
Additions	-	9	-	556	-	-	2	567
Write-offs	-	-	-	-	-	-	-	-
Depreciation	(4)	(5)	(37)	(26)	(11)	(3)	(109)	(195)
Balance of property, plant and equipment at December 31, 2011	13	43	77	538	47	2	403	1,123
Property, plant and equipment acquired from financial lease	-	-	66	25	374	94	-	559
Total balance of Balance of property, plant and equipment at December 31, 2011	**13**	**43**	**143**	**563**	**421**	**96**	**403**	**1,682**
Balance at December 31, 2011	**13**	**43**	**77**	**538**	**48**	**2**	**403**	**1,124**
Additions	-	-	9	77	-	-	-	86
Write-offs	-	-	(4)	-	-	-	-	(4)
Depreciation	(3)	(5)	(20)	(82)	(6)	(2)	(74)	(192)
Assets transferred to Tarpon Gestora	(10)	(38)	(62)	(533)	(42)	-	(329)	(1,014)
Balance of property, plant and equipment at December 31, 2012	-	-	-	-	-	-	-	-
Property, plant and equipment acquired from financial lease	-	-	-	-	-	-	-	-
Total balance of property, plant and equipment at December 31, 2012	-	-	-	-	-	-	-	-

Refer to Note 18(a) for finance lease payments.

10 Net assets

a. Capital

As of July 31, 2012, the Board of Directors approved an increase in the Company's capital, in the amount of R$ 5,121 (R$ 100 of which was allocated to capital and R$ 5,021 to the capital reserve), within the authorized capital limit, through the issue of 1,826 thousand shares, arising from the exercise of stock options granted under the Company's stock option plan. Accordingly, the Company's capital increased from R$ 6,116 to R$ 6,216 (R$ 6,116 as of December 31, 2011), represented by 47,849 thousand common shares, with no par value (48,193 thousand common shares as of December 31, 2011).

b. Legal reserve

Established at the rate of 5% of net income for each fiscal year, pursuant to section 193 of Law 6404/76, the purpose of this reserve, which cannot exceed 20% of capital, is to ensure the integrity of capital and it can only be used to offset losses or increase capital. At the Company's discretion, the legal reserve need not be established whenever its balance plus that of the capital reserves referred to in section 182, paragraph 1 of Law 6404/76, exceed 30% of the capital. As of December 31, 2012, the balance of the legal reserve was R$ 1,223.

c. Dividends

The Company's bylaws provide for the payment of mandatory minimum dividends of 25% of net income for the year, adjusted as per the bylaws.

On August 6, 2012, the Board of Directors approved the distribution of dividends amounting to R$ 7,957, which were paid on August 15, 2012, and attributed to the mandatory dividend for the year 2012.

Based on the Bylaws, the Board of Directors decided to approve the proposal for payment of dividends in the amount of R$21,510, subject to the approval of the Shareholders' Meeting and based on the favorable opinion of the controlling shareholder.

d. Statutory reserve

The Company's bylaws establish that up to 10% of net income, adjusted as per the bylaws, less the mandatory minimum dividend, may be allocated to statutory reserve called "Investment reserve", for the redemption, repurchase or acquisition of shares issued by the Company, or the performance of the Company's activity, limited to the Company's share capital. As of December 31, 2012, the balance of the statutory reserve was R$ 3,052.

e. Capital reserve

The balance of the capital reserve arises from the issue of new shares and the transfer of exercised options from the "Stock Option Plan" account, as shown below:

			Allocation at issue price			
Period:	**Nature**	**Issue of new shares (quantity - thousand)**	**Capital**	**Capital reserve**	**Amounts transferred from the stock option plan to the capital reserve**	**Total capital reserve**
Balance at December 31, 2010		**41,207**	**4,180**	**2,102**	**-**	**2,102**
January 7, 2011	Company's Stock option plan exercise as Option plan	4,553	1,239	11,149	3,326	14,475
July 4, 2011		1,941	566	5,097	3,108	8,205
August 15, 2011		493	131	1,175	550	1,725
Balance at December 31, 2011		**48,194**	**6,116**	**19,523**	**6,984**	**26,507**
Balance at December 31, 2011		**48,194**	**6,116**	**19,523**	**6,984**	**26,507**
	Repurchase and subsequent cancellation of the shares	(2,171)		(34,468)	-	(34,468)
	Company's Stock option plan exercise as Option plan	1,826	100	5,021	2,940	7,961
Balance at December 31 de 2012		**47,849**	**6,216**	**(9,924)**	**9,924**	**-**

f. Repurchase of shares

Under the share repurchase program approved by the Board of Directors on November 17, 2011, the Company repurchased 2,170,873 common shares on April 9, 2012, totaling R$ 29,322 (including brokerage fees), the sole repurchase price of which was R$ 13.50. The aim of the Repurchase Program was to create value for the Company's stockholders through efficient management of the Company's capital structure.
On April 13, 2012, the Board of Directors approved the cancellation of the repurchased shares, which caused a reduction in the capital reserve of R$ 26,507 and in the statutory reserve of R$ 2,800. Later on, a new repurchase plan for 1,953,786 shares was approved, for the same objective described above.

Under the current repurchase plan, on April 20, 2012, 228,227 shares issued by the Company were purchased, at an average price of R$ 13.90 (maximum price of R$ 14.00 and minimum price of R$ 13.90), totaling R$ 3,174 (including brokerage fees). On September 13, 2012, 1,300,000 shares were purchased at the price of R$ 12.50, totaling R$ 16,258 (including brokerage fees). On December 28, 2011, the Company's share was quoted at R$ 14.32.

As approved by the Board of Directors, 1,528,227 shares held in treasury by the Company were cancelled, (see note 19).

11 Earnings per share

a. Basic earnings per share

Income per share calculation was based on the Company' income attributed to shareholders and on the weighted average for common shares as shown below.

		Individual and Consolidated
	2012	**2011**
Net income attributable to shareholders	40,688	109,503

Weighted average of common shares

		Individual and Consolidated
	2012	**2011**
Common shares in the beginning of the period	48,194	41,207
Shares issued in the period	1,826	6,987
Canceled shares in the period	(2,171)	-
Total shares	47,849	48,194
Weighted average of the Company's quantity of common shares	47,402	46,835
Basic earnings per share in the year	0.86	2.34

b. Diluted earnings per share

In order to calculate diluted earnings per share, we assumed the exercise of the stock options already granted:

	Individual and Consolidated	
	December 31, 2012	**December 31, 2011**
Income attributable to shareholders	40,688	109,503
Weighted average of the Company's quantity of common shares	47,402	46,835
Adjustment per stock option plan	7,513	5,033
Weighted average quantity of common shares for the Diluted earning per share	54,915	51,868
Diluted earning per share - R$	0.74	2.11

12 Net operating income

	Consolidated	
	December 31, 2012	**December 31, 2011**
Income related to the management fee	79,524	63,081
Income related to the performance fee	20,626	193,609
Taxes on revenues [(i)]	(3,246)	(14,491)
	96,904	242,199

i. Balance comprised of taxes on gross income (ISS, PIS and COFINS)

	Individual	
	December 31, 2012	**December 31, 2011**
Income related to the management fee	43,585	62,339
Income related to the performance fee	19,417	193,609
Taxes on revenues [(i)]	(2,736)	(14,491)
	60,266	241,457

ii. Balance comprised of taxes on gross income (ISS, PIS and COFINS)

The revenues related to management fee are recognized as the services are rendered and are monthly calculated based on a fixed and/or variable percentage applied to the value of the net assets of the funds/portfolios managed.

The revenues related to performance fees are received when the performance of the Fundos Tarpon exceed a certain threshold or minimum profitability rate (hurdle rate). Most funds have as their parameter values linked to inflation rates plus a fixed percentage.

The Fundos Tarpon follow the "high water mark" concept. Therefore, the performance fee of the Fundos Tarpon is only charged if the share's value at the time of the collection exceeds the share's value at the time the last performance fee was charged, i.e., the last high water mark, adjusted by its profitability parameter.

As of December 31, 2012, 30.15% of the assets managed were above the applicable high water mark (6.42% as of December 31, 2011).

Consequently, the amount of the revenues related to performance fees may significantly change from year to year in accordance with: fluctuations in the value of the net assets of the funds' portfolios; the performance of the portfolios in comparison with the minimum benchmark rates for each fund and the realization of illiquid investments (since the performance fees related to these investments are only charged upon the realization of the investment).

Below we summarize the history of net returns, which reflects the returns for the funds' investors, net of (i) the management fee, (ii) the performance fee and (iii) the other expenses of the funds. The net return on the strategies is calculated based on the gross return at the closing of the month, and the items described above may cause each investor's actual return to differ from those presented below.

	Performance						
Strategy	**Beginning**	**4Q12**	**2012**	**12 months**	**2 years**	**5 years**	**Since the beginning (annualized)**
Long Only Equity Portfolio Funds (R$)	May 2002	8.66%	19.84%	19.84%	26.13%	121.40%	31.23%
Long Only Equity Portfolio Funds (US$)	May 2002	7.78%	9.43%	9.43%	-1.30%	84.24%	29.33%
Hybrid Equity Portfolio Funds (US$)	Oct. 2006	6.87%	6.12%	6.12%	2.74%	90.32%	22.68%
Hybrid Equity Portfolio Funds (R$)	Oct. 2011	8.95%	12.11%	12.11%	-	-	9.14%
Market indexes		**4Q12**	**2012**	**12 months**	**2 years**	**5 years**	
Ibovespa (R$)		3.00%	7.40%	7.40%	-12.05%	-4.59%	
IBX (R$)		4.85%	11.55%	11.55%	-1.16%	2.08%	
Ibovespa (US$)		2.35%	-1.42%	-1.42%	-28.29%	-17.30%	
IBX (US$)		4.19%	2.40%	2.40%	-19.41%	-11.52%	

13 Administrative expenses

	Consolidated December 31, 2012	December 31, 2011
Outsourced services	6,138	7,461
Travel expenses	2,226	1,574
Information system expenses	374	182
Maintenance of the office	3,539	2,434
Depreciation and amortization	503	301
Expenses with fees and other contributions	804	2,081
Other expenses	970	1,066
	14,554	15,099

	Individual December 31, 2012	December 31, 2011
Outsourced services	3,066	7,190
Travel expenses	1,039	1,569
Information system expenses	76	182
Maintenance of the office	2,107	2,263
Depreciation and amortization	251	277
Expenses with fees and other contributions	685	2,081
Other expenses	506	930
	7,730	14,492

14 Stock option plan

On February 16, 2009, the Company's shareholders approved the Company's stock option plan. This Plan authorizes the granting of 13,724 thousand stock options, whose vesting conditions, maximum term and payment method are described below.

The aim of the Plan is to allow managers (members of the Board of Directors and Executive Board), employees who hold managerial positions and other employees, including those of companies that belong to the Funds' portfolios, to purchase common shares representing up to 25% of the total shares issued, as determined by the Board of Directors. Each option granted allows the right to subscribe one share of the Company.

Of the total options granted under the Plan, (a) up to 70% can be granted as from the date the Plan becomes effective; (b) up to 7.5% as from July 1, 2009, (c) up to 7.5% as from July 1, 2010, (d) up to 7.5% as from July 1, 2011, and (e) up to 7.5% as from July 1, 2012. Options not granted on any granting date previously mentioned may be granted on the subsequent granting dates.

The options granted become exercisable as follows:

- The first portion of options, granted on March 10, 2009, became exercisable at the rates of 20% on March 10, 2009, 20% on July 1, 2009 and 20% on each of the three subsequent anniversaries after July 1, 2009;

- The second portion of options, granted on March 10, 2009, became exercisable at the rates of 20% on July 1, 2009 and 20% on each of the four anniversaries after July 1, 2009; and

- The options granted as from July 1, 2009 will become exercisable at the rate of 20% on each July 1 of the five fiscal years subsequent to the respective granting date, except for the options returned. The same rule applies to the options granted as from July 1, 2010, July 1, 2011 and July 1, 2012.

Options granted but not exercised which became available for granting in the event of termination of their holders can be granted on any date up to July 1, 2017, and will become exercisable at the rate of 20% in each of the five fiscal years subsequent to the respective granting date.

In the event the current controlling shareholders cease to jointly hold at least 30% of the total shares at any time, among other hypotheses, all the options granted under the plan will become immediately exercisable.

Each portion of the plan options will expire on the fifth anniversary of the date on which the options became exercisable.

The exercise of the plan options is subject to the fulfillment of certain requirements by the beneficiary on the exercise date of the option, which includes the requirement that the beneficiary's employment relationship with the Company be maintained. In the event of voluntary termination of the beneficiary's employment with the Company, or dismissal without cause, the beneficiary may exercise only those exercisable options it holds, within thirty days from the employment termination date, and the options which are not exercised or exercisable will be available again for grantings under the stock option plan. In the event the beneficiary is dismissed for cause, they will not be allowed to exercise any of the options they have been granted. In this case, all the options which have not been exercised or which are not exercisable will once again be available for grantings under the stock option plan.

The exercise price of each option granted is equivalent to the higher of (i) R$ 5.60 per share (adjusted by dividends paid by the Company from the Plan's initial approval date to the date the option was granted) and (ii) 75% of the quoted share price on the last trading session prior to the granting date. The options' exercise price will be reduced by dividends paid by the Company, up to a limit which consists of the higher of: R$ 2.53 per share or 45% of the quoted share price on the date prior to the granting.

The option's exercise price shall be fully paid by the beneficiary in cash. No beneficiary is authorized to sell the shares purchased for a period of 12 months from the exercise date of the respective option.

The description of all grantings are as follows (consolidated and individual):

	Granted				Returned			Exercised					To be exercised		
	Quantity (thousand)	**Fair value of options on the date of granting - R$ per share**	**Total in R$ thousand**	**Strike price in the grant date**	**Quantity (thousand)**	**Fair value of options on the date of granting - R$ per share**	**Total in R$ thousand**	**Quantity**	**Average exercise price**	**Total in R$ thousand**	**Exercise dates**	**Average market price for each year**	**Quantity (thousand)**	**Exercise price at December 31, 2012**	**Total in R$ thousand**
1st and 2nd granting (March 10, 2009)	7,662	0.38	2,951	5.6	(210)	0.38	(89)	7,182	2.60	18,858	March 10, 2010, January 07, 2011, July 4, 2011, August 15, 2011 and July 31, 2012	15.31	270	2.53	684
3rd granting (November 30, 2009)	2,493	4.08	10,181	5.4	(246)	4.08	(1,023)	1,330	3.06	4,066	January 07, 2011, July 4, 2011, August 15, 2011 and July 31, 2012	15.00	917	2.53	2,320
4th granting (February 19, 2010)	530	4.67	2,477	5.23	(152)	4.67	(718)	160	3.38	541	July 4, 2011, August 15, 2011 and July 31, 2012	14.70	218	2.53	552
5th granting (August 19, 2010)	1,115	6.72	7,488	8.59	(257)	6.72	(1,744)	174	6.47	1,189	July 4, 2011, August 15, 2011 and July 31, 2012	14.70	684	5.70	3,902
6th granting (August 8, 2011)	960	8.07	7,745	11.4	(114)	8.07	(919)	-	-	-		-	846	11.23	9,503
7th granting (August 9, 2012)	560	6.51	3,646	9.49	-	-	-	-	-	-		-	560	9.49	5,314
8th granting (September 20, 2012)	50	6.88	344	10.12	-	-	-	-	-	-		-	50	10.12	506
Total Plan:	13,370		34,832		(979)		(4,493)	8,846		24,654			3,545		22,781

In relation to the balances recorded under the "Stock option plan" account, both in net assets and profit or loss (consolidated), the following should be noted:

In thousand of Reais	**December 31, 2012**	**December 31, 2011**
Stock option plan	6,429	7,155
Exercised	(2,940)	(6,984)

The valuation of the Stock Option Plan is prepared using the Binomial Tree Model, which was applied on the date of each granting considering the market parameters. The following assumptions were adopted on each granting date:

	March 10, 2009 (*)	**November 30, 2009**	**February 19, 2010**	**August 19, 2010**	**August 8, 2011**	**August 9, 2012**	**August 20, 2012**
Average annual volatility	70%	34%	28%	23%	20%	24%	20%
Current price of the share	1.29	6.87	7.84	11.45	15.20	12.65	13.77
Exercise price of the plan options pursuant to the terms and conditions of the program	5.60	5.40	5.23	8.59	11.40	9.49	10.12
Risk-free interest rate	13.00%	8.75%	8.63%	10.75%	11.90%	10.15%	9.10%
Expected dividends	6.2%	4.7%	4.5%	6.9%	6%	6%	6%

(*) On this date, the shares of Tarpon Investimentos S.A were not traded on BM&FBovespa.

For the determination of the expected volatility, the parameters used were the Ibovespa indexes and the trading prices of the Tarpon (TRPN3) shares during the periods in which the options were granted.

15 Income tax and social contribution calculation statement

a. Rate reconciliation

Taxable Income (as of December 31, 2012 and 2011)

	Individual	
Determination of the calculation basis	**2012**	**2011**
Income before income and social contribution taxes (i)	56,298	174,699
Income and social contribution taxes at current rates (25% - IRPJ and 9% - CS)	(19,141)	(59,398)
Effect of additions and deductions on the calculation of taxes:		

In relation to the balances recorded under the "Stock option plan" account, both in net assets and profit or loss (consolidated), the following should be noted:

In thousand of Reais	December 31, 2012	December 31, 2011
Stock option plan	6,429	7,155
Exercised	(2,940)	(6,984)

The valuation of the Stock Option Plan is prepared using the Binomial Tree Model, which was applied on the date of each granting considering the market parameters. The following assumptions were adopted on each granting date:

	March 10, 2009 (*)	November 30, 2009	February 19, 2010	August 19, 2010	August 8, 2011	August 9, 2012	August 20, 2012
Average annual volatility	70%	34%	28%	23%	20%	24%	20%
Current price of the share	1.29	6.87	7.84	11.45	15.20	12.65	13.77
Exercise price of the plan options pursuant to the terms and conditions of the program	5.60	5.40	5.23	8.59	11.40	9.49	10.12
Risk-free interest rate	13.00%	8.75%	8.63%	10.75%	11.90%	10.15%	9.10%
Expected dividends	6.2%	4.7%	4.5%	6.9%	6%	6%	6%

(*) On this date, the shares of Tarpon Investimentos S.A were not traded on BM&FBovespa.

For the determination of the expected volatility, the parameters used were the Ibovespa indexes and the trading prices of the Tarpon (TRPN3) shares during the periods in which the options were granted.

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Income before income and social contribution taxes (i)	56,298	174,699
Income and social contribution taxes at current rates (25% - IRPJ and 9% - CS)	(19,141)	(59,398)
Effect of additions and deductions on the calculation of taxes:		

	Individual	
Determination of the calculation basis	**2012**	**2011**
Adjustment RTT	69	29
Option plan	(1,658)	(2,433)
Donations	(158)	(589)
Equity in net income of subsidiaries and associated companies	4,814	58
Managers' variable remuneration	(9)	(4,608)
Income accrued abroad	(4,229)	-
Workers' Meal Program (PAT)	9	13
Tax benefits	464	1,732
Total taxes	(19,839)	(65,196)
Tax credit arising from the tax paid in New York	4,229	-
Income and social contribution taxes for the year	(15,610)	(65,196)

b. Deferred taxes

The Company's wholly-owned subsidiary, TISA NY, Inc., calculated a profit in the year ended December 31, 2012, which was taxed at the rate of 35% (federal tax), in addition to the other municipal and state taxes levied. As of December 31, 2012, the provision for these taxes totaled R$ 6,837.

Of income earned by the subsidiary, the Company may take the percentage of 34%, as provided for in Brazilian regulations. Such amount, R$4,229, was recognized as deferred taxes in the Company's balance sheet.

In the consolidated balance sheet, the amount of R$ 7,549, referring to the prepayment of U.S. federal, state and municipal taxes made by the subsidiary in December, was recorded within the "Other assets" line item.

16 Contingencies

As of December 31, 2012, the Company did not record contingent liabilities and, according to the Company's management evaluation, there were no lawsuits that could represent possible or probable losses.

17 Related party transactions

The main balances of assets and liabilities as of December 31, 2012 and 2011, as well as the operations that influenced the income for the same years, related to operations with related parties, result from Company's operations with Management's key professionals.

	Consolidated			
	Assets/(Liabilities/Net assets)		**Income/(Expense)**	
	December 31, 2012	**December 31 , 2011**	**Year ended December 31, 2012**	**Year ended December 31, 2011**
Dividends payable	(21,510)	(8,451)		
Dividends approved	(29,467)	(103,030)		
Short-term benefits to the Management (*)	-	-	(3,848)	(29,322)
Stock option plan to the Management	(2,505)	(2,186)	(1,258)	(1,531)

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

18 Other information

a. Financial lease

Property and equipment items purchased through finance leases (refer to note 9) present the following liabilities:

	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than 1 year	190	14	175
Between 1 and 5 years	16	1	15
Total at December 31, 2012	206	15	191
Less than 1 year	283	53	230
Between 1 and 5 years	206	15	191
Total at December 31, 2011	489	68	421

b. Other assets

As of December 31, 2012, "Other assets" in the parent and consolidated financial statements basically comprise Withholding Income Tax (IRRF), Social Contribution on Net Income (CSLL), Social Integration Program (PIS) and Social Contribution on Revenues (COFINS), prepayments of federal, municipal and state taxes in New York amounting to R$ 6,961 – parent and R$ 14,554 – consolidated (December 31, 2011 - R$ 28,522), other withheld taxes to be offset totaling R$1,756 – parent and consolidated (R$ 781 - December 31, 2011) and prepaid expenses totaling R$ 470 – parent and R$ 2.380 - consolidated (December 31, 2011 - R$ 1,615 – parent and R$ 1,652 – consolidated).

c. Accounts payable

Basically comprises amounts payable to suppliers totaling R$ 91 (parent) and R$ 580 (consolidated) (December 31, 2011 - R$ 185 (parent) and R$ 275 (consolidated), as well as the financial liability arising from finance leases payable of R$ 205 (consolidated) and R$ 489 as of December 31, 2011 2011 (parent and consolidated).

d. Taxes payable

The amounts due comprise R$ 65 (individual) and R$86 (consolidated) of third-party taxes (R$ 23 as of December 31, 2011); R$ 266 (individual) and R$ 337 (consolidated) of PIS and COFINS (R$ 821 on December 31, 2011); R$ 210 of Tax on Services (ISS) (R$ 169 as of December 31, 2011) in the parent and consolidated, respectively; R$ 19,839 (parent) of IRPJ and CSLL (R$ 63,336 as of December 31, 2011); and R$ 28,093 (consolidated) of federal, state and municipal taxes levied in the United States.

e. Labor liabilities and personnel expenses

The balance comprises social charges on salaries, accrued vacation, 13th salary and employee profit sharing and bonuses, totaling R$ 42 (individual) and R$ 2,042 (consolidated) (R$ 1,984 as of December 31, 2011). Personnel expenses (individual and consolidated) refer to remuneration, social charges, employee profit sharing and bonuses, totaling R$ 11,824 (individual) and R$ 18,296 (consolidated). On December 31, 2011, they totaled R$ 55,640 (individual) and R$ 55,733 (consolidated).

19 Other matters

In the Board of Directors' meeting held on January 28, 2013, the following decisions were made: (i) increase of the Company's capital through issuance of 66,430 common shares, resulting from the exercise of purchase options granted by the Company's Stock Options Plan approved on February 16, 2009, as amended; (ii) cancellation of total 1,528,227 common shares issued by the Company and held in treasury; (iii) closure of the Company's share buyback program approved in the Board of Directors' meeting held on April 13, 2012; and (iv) approval of a new share buyback program.

* * *

Executive Board

President and Director of Investor Relations
Pedro de Andrade Faria

Accountant
Caroline Miranda
CRC 1SSP-255926/O-6

TARPON INVESTIMENTOS S.A.
CNPJ/MF N° 05.341.549/0001-63
NIRE 35.300.314.611

Summarized Annual Report of the Audit and Compliance Committee for the year ended December 31, 2012

In accordance with Internal Regulations of Audit and Compliance Committee ("Committee") of Tarpon Investimentos S.A., corporation with head office at Rua Iguatemi, 151, 23rd floor, Itaim Bibi, São Paulo, São Paulo State, CEP 01451-011, enrolled with CNPJ/MF under no. 05.341.549/0001-63 (the "Company"), and in compliance with CVM Instruction no. 308, of May 14, 1999, as amended, Committee members present their Summarized Annual Report for the year ended December 31, 2012.

THE COMMITTEE'S ACTIVITIES:

The Committee held 6 meetings for 2012, and developed the following jobs:

a) Reviewed and considered as adequate the independent auditor's work plan for the preparation of the independent external audit;

b) Supervised independent auditors' activities to evaluate their (i) independence; (ii) quality of rendered services; and (iii) adequacy of rendered services to the Company's needs;

c) Supervised activities of the Company's internal control area and discussed effectiveness and adequacy of the Company's internal controls with management and independent auditors;

d) Reviewed and considered as adequate the risk monitoring process reported by the Company's internal control area;

e) Supervised activities of the Company's financial statements preparation area, and reviewed analyses and assumptions used by management that were corroborated by independent auditors for the preparation of financial statements;

f) Evaluated and monitored, together with management and independent auditors, the adequacy of related-party transactions carried out by the Company and their respective disclosures;

g) Reviewed its internal regulations and approved amendment to conform it to CVM Instruction no. 509, of November 16, 2011;

h) Elected Mr. Walter Iório as the Coordinator.

The Committee held a meeting with KPMG Auditores Independentes and became aware of the opinion on financial statements for the year ended December 31, 2012, expressing its satisfaction with provided information and clarifications and recommending its approval by the Company's Board of Directors. It also held a meeting with the same Auditors to discuss the Company's quarterly financial information (ITR's), and recommended its approval by the Company's Board of Directors.

During the engagement period, there was no significant divergence between the Company's management, independent auditors and the Committee in relation to these financial statements.

CONCLUSION

Based on developed work, this Committee recommends to the Board of Directors to approve audited financial statements of Tarpon Investimentos S.A. for the year ended December 31, 2012.

São Paulo, January 28, 2013.

Walter Iório
Horácio Lafer Piva
Fábio Hering