



Tarpon Investimentos S.A.

Individual and consolidated interim financial statements Quarter ended March 31, 2012

This document is a free translation from the official “Demonstrações financeiras intermediárias individuais e consolidadas em 31 de março de 2012” 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.



Tarpon Investimentos S.A.

Individual and consolidated interim financial statements

Quarter ended March 31, 2012

Contents

Management report	3 - 15
Independent auditors' report on review of the individual and consolidated interim financial statements	16 - 17
Individual and consolidated balance sheets	18
Individual and consolidated statements of income	19
Individual and consolidated statements of comprehensive income	20
Consolidated statements of changes in shareholders' equity	21
Individual and consolidated statements of cash flows	22
Individual and consolidated statements of added value	23
Notes to the individual and consolidated interim financial statements	24 - 52

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.

1Q12 - Highlights

1Q12 Conference Call

Call in English

Date: Thursday, May 10th 2012

Time:

11:00 am (Brasilia)
10:00 am (US East)

Telephone:

+55 (11) 4688-6361 (Brazil only)
+1 (786) 924-6977 (other)

Password: Tarpon

Webcast:

www.ccall.com.br/tarpon/1q12.htm

IR contact:

Phone: +55 (11) 3074-5800
ir@tarponinvest.com.br

Visit our IR website:

www.tarponinvest.com/ir

Service gross revenues related to asset management business amounted to R\$ 27.6 million in the first quarter of 2012.

✓ **Portfolio Funds performance:**

	<u>1Q12</u>	<u>1Q11</u>
Long-Only Equity in R\$	10.27%	5.00%
Long-Only Equity in US\$	13.19%	5.80%
Hybrid-Equity in US\$	8.49%	6.10%
Ibovespa index in R\$	13.67%	-1.00%
IBX index in R\$	11.82%	0.60%

✓ **New commitments:** On the quarter Tarpon Funds received net commitments in the amount of R\$ 84 million;

✓ **Assets under management:** R\$6.2 billion of Portfolio Funds strategies and R\$ 1.4 billion of Co-Investment strategy, amounting R\$ 7.5 billion of assets under management 10% increase over December, 31 2011;

✓ **Operating revenues:** Revenues related to management fees: R\$19.1 million in 1Q12. Revenues related to performance fees: R\$8.5 million in 1Q12.

✓ **Net income:** R\$12.0 million as of March, 31 2012.

STOCK MARKET

Information as of: 05/07/2012

Market cap:

R\$647.1 million

Stock quote TRPN3: R\$14.06

O/S: 46,022,582



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.

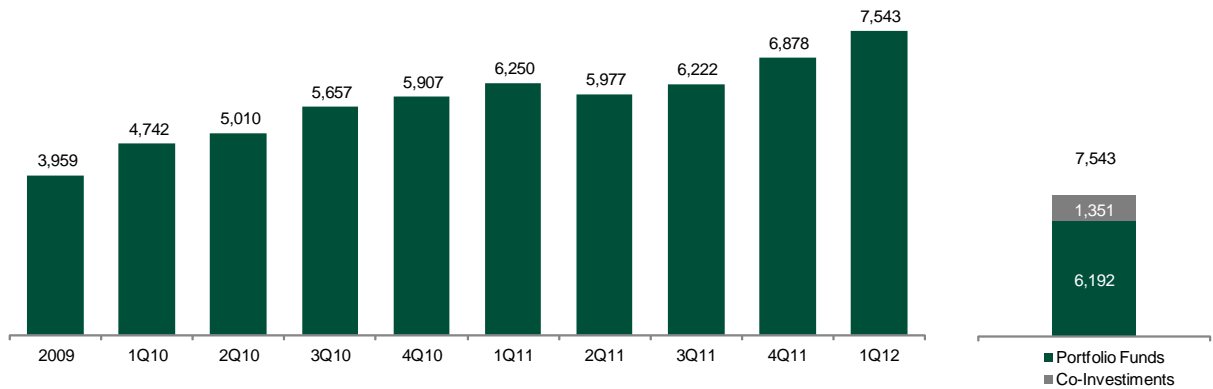
Value Creation

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

Assets under management

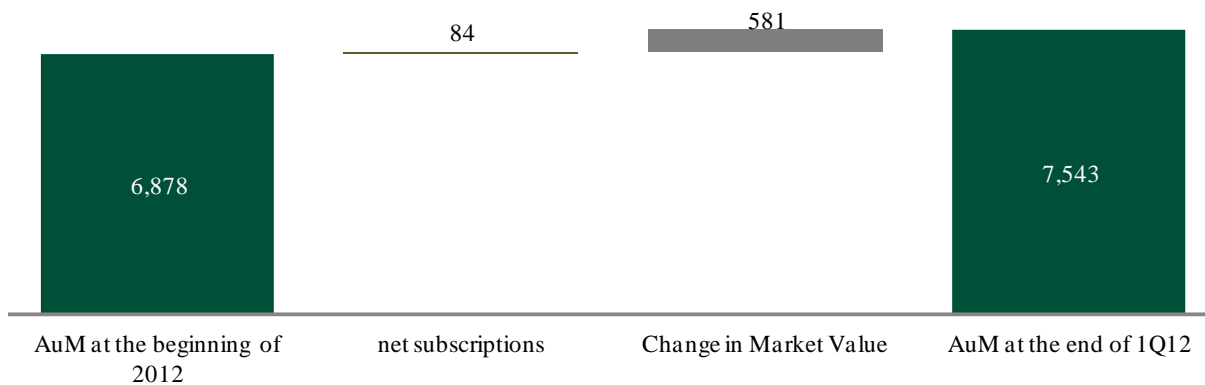
Our assets under management ("AuM") amounted to R\$7.5 billion as of March 31st 2012, an increase of 10% when compared to R\$6.9 billion AuM as of December 31st 2011 and an increase of 21% when compared to the first quarter of 2011.

Total AuM historical growth - R\$ million



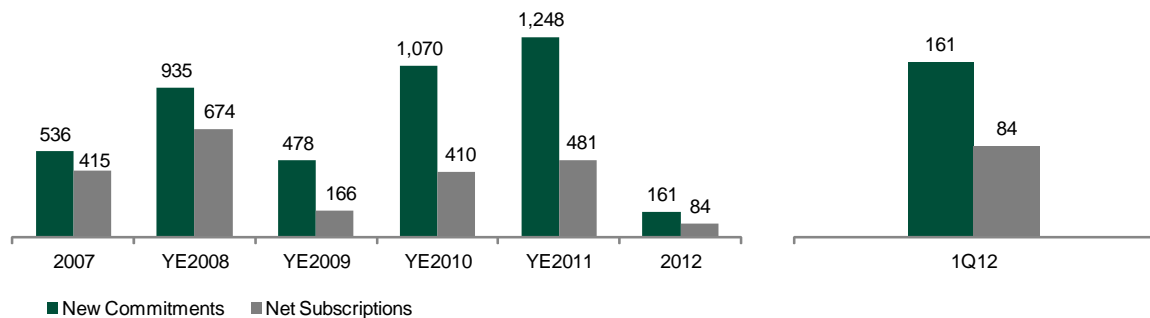
The AuM reflected net subscriptions of R\$ 84 million in the quarter as well as the impact of R\$ 581 million of change in market value of Portfolio Fund's (including changes in asset prices and exchange rates).

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\$84 million during the quarter.

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 March 31st 2012, AuM allocated to the strategy amounted to R\$6.2 billion.

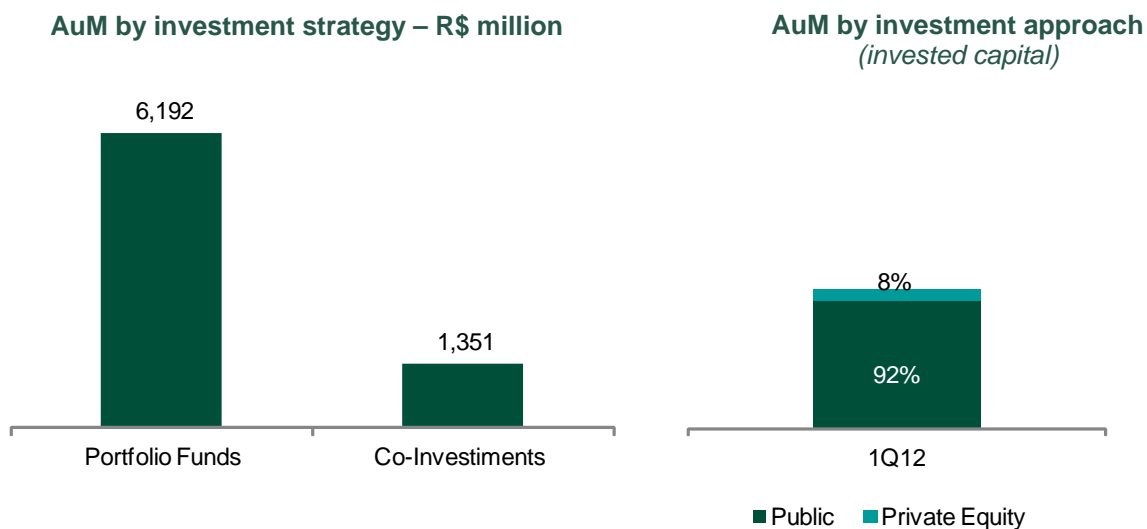
Co-Investment Strategy

(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 March 31st 2012, AuM allocated to the co-investment strategy amounted to R\$1.4 billion.

As indicated in the chart below, public-equity allocation accounted for 92% of our AUM in terms of invested capital. Private-equity investments, at fair value, accounted for the remaining 8%.

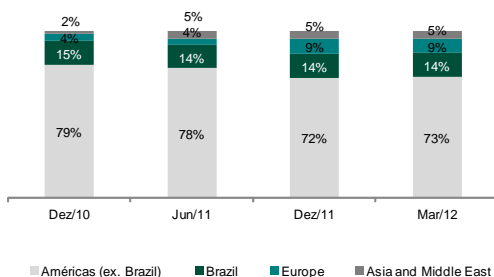


Investor base

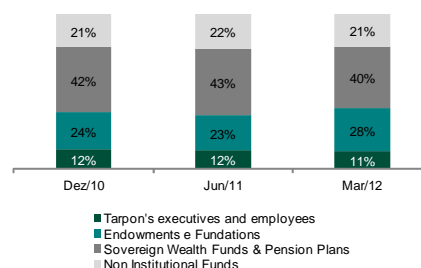
We aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with a long-term investment profile.

As of March 31st, 2012, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds accounted for 68% 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 10.27% in R\$ and 13.19% in US\$. The accumulated annualized returns of this strategy is 32.86% in R\$ and 32.35% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of 8.49% (in US\$) in the quarter. Net annualized performance is 26.66% 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 13.67% and 11.82%, respectively (both in R\$).

Strategy	Inception	Performance ⁽¹⁾⁽²⁾					Since launch (annualized)
		1Q12	2012	LTM	2 years	5 year	
Portfolio Funds Long-Only Equity (R\$)	May 2002	10.27%	10.27%	10.48%	48.96%	133.84%	32.86%
Portfolio Funds Long-Only Equity (US\$)	May 2002	13.19%	13.19%	-3.50%	35.77%	140.98%	32.35%
Portfolio Funds Hybrid-Equity (US\$)	Oct 2006	8.49%	8.49%	-4.35%	45.81%	150.25%	26.66%
Stock market index		1Q12	2012	LTM	2 years	5 years	
Ibovespa (R\$)		13.67%	13.67%	-5.13%	-7.79%	40.84%	
IBX (R\$)		11.82%	11.82%	-0.48%	0.36%	47.67%	
Ibovespa (US\$)		17.02%	17.02%	-14.82%	-9.15%	58.49%	
IBX (US\$)		15.11%	15.11%	-10.65%	-1.12%	66.17%	

- (1) Performance net of fees.
(2) Performance up to March 31st, 2012.

Financial highlights

Summary of results

<i>Financial highlights - R\$ million</i>		
	1Q12	1Q11
Gross revenues		
Management fees	19.1	15.1
Performance fees	8.5	77.3
Net revenues	26.3	87.3
Operating expenses	(9.1)	(6.6)
Recurring: general administration, payroll & others	(6.5)	(4.7)
Non recurring: stock option, variable comp., profit sharing	(2.6)	(1.9)
Results from operating activities	17.2	80.7
<i>Operating margin</i>	65%	92%
Results from financial activities	1.8	1.5
Finance Expense / Income	1.8	1.5
Income tax and social contribution	(7.0)	(28.6)
Net Income	12.0	53.6
<i>Net margin</i>	46%	61%
Earnings per share (R\$/share) *	0.25	1.18
O/S	48,193	45,760
AuM (end of period)	7,543	6,250

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

Note: the margins indicated are calculated over net operating revenues.

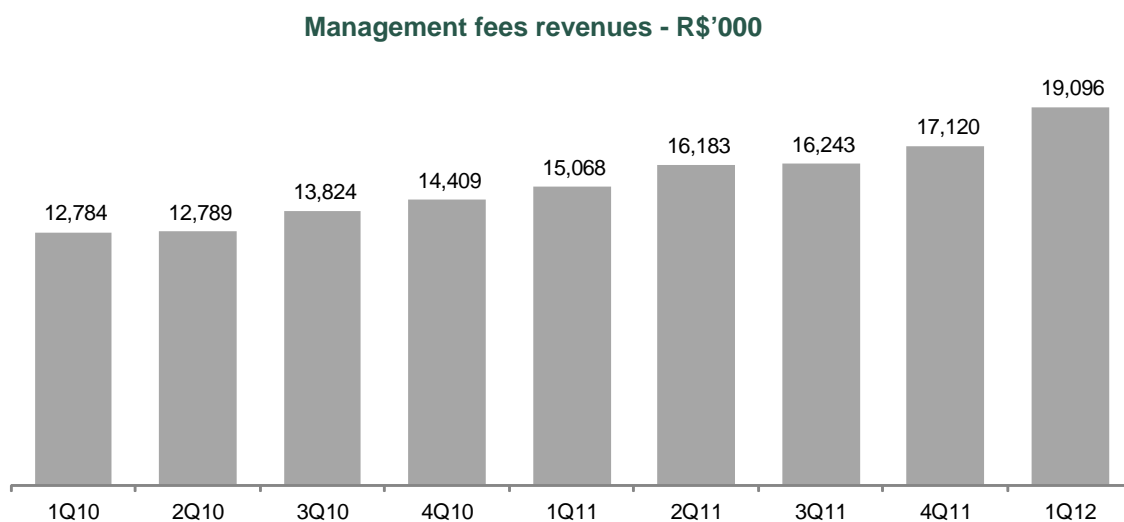
Operating revenues

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\$19.1 million, equivalent to 69% of the operating revenues on the quarter. These revenues increased 12% when comparing 1Q12 with 4Q11.



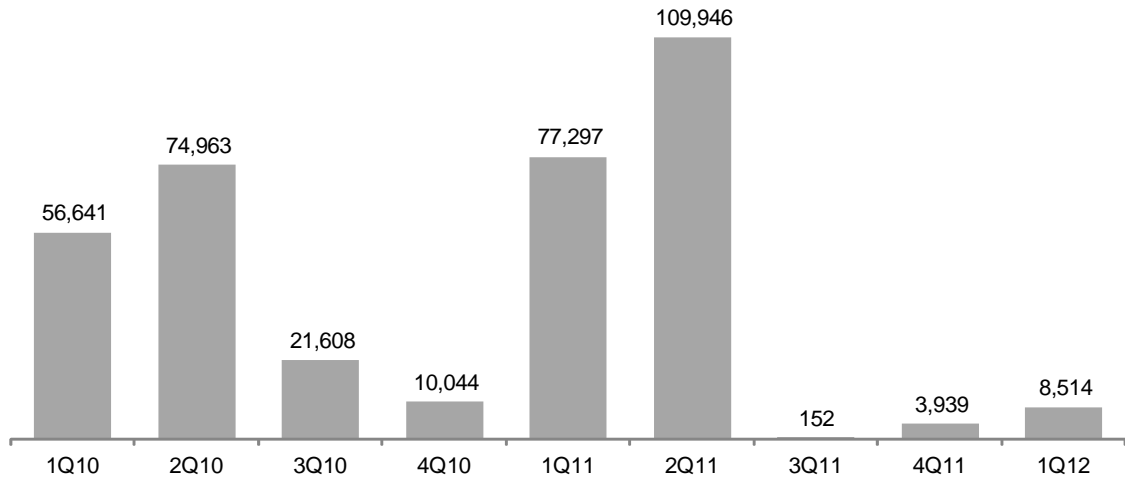
Revenues related to performance fees

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.

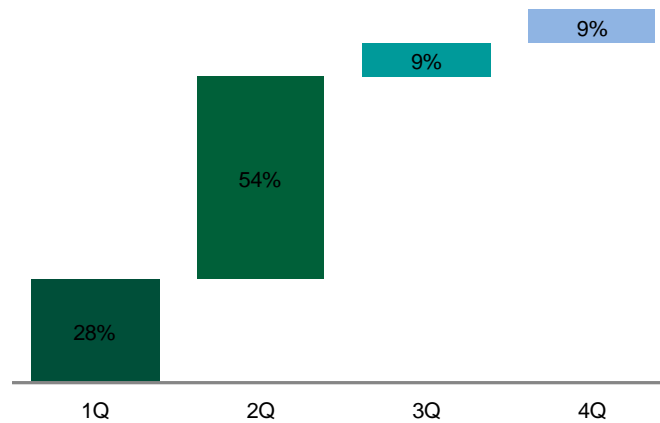
The Tarpon Funds include the concept of a high water mark. Performance fees are charged only if the net asset value (NAV) of the fund's shares exceeds the NAV of the previous date of performance fee collection, adjusted for the hurdle rate.

In the quarter, revenues related to performance fees amounted to R\$8.5 million, accounting for 31% of overall operating revenues. In the year, these revenues increased 116% when comparing with 4Q11 and decreased 89% when compared with 1Q11.

Performance fees revenues - R\$'000



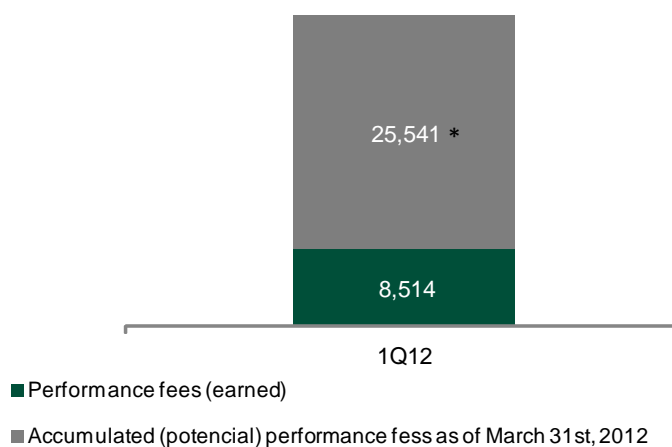
Below you will find our current performance collection schedule as a % of AuM, divided by quarter:



As of March 31st 2012, 24.39% 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 following chart, for illustrative purposes, if 100% of the Tarpon Fund's net asset value had been charged performance fees as of March 31st 2012, the additional amount in revenues related to performance fees would have been R\$25.5 million (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.

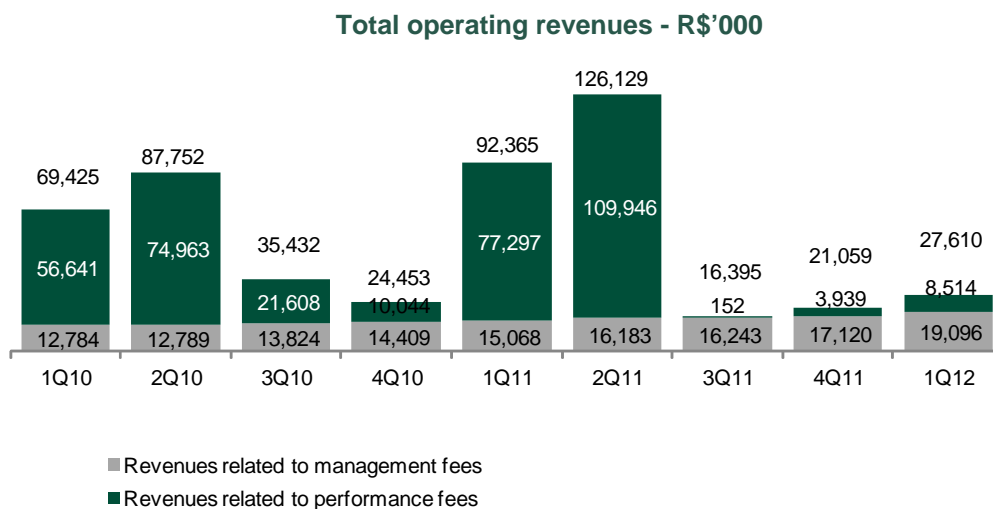
Performance fees revenues: earned and potential amount as of March 31th, 2012 – R\$'000



* 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.

Total operating revenues

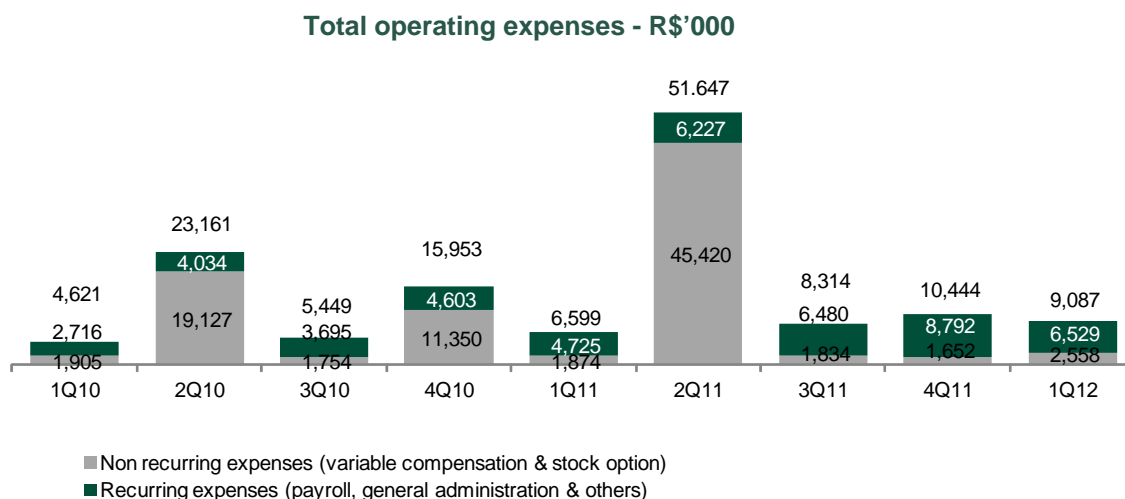
The amount of revenues related to management and performance fees totaled R\$27.6 million in the quarter a 31% increase over the amount recorded in the 4Q11. When compared to the same period of 2011 we identify a decrease of 70%.



Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$9.1 million during 2012 (65% 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 the first quarter of 2012, recurring expenses totaled R\$6.5 million, equivalent to 72% of total operating expenses. When compared with 4Q11 we verify a decrease of 26% and an increase of 38% when compared with the same period of 2011.



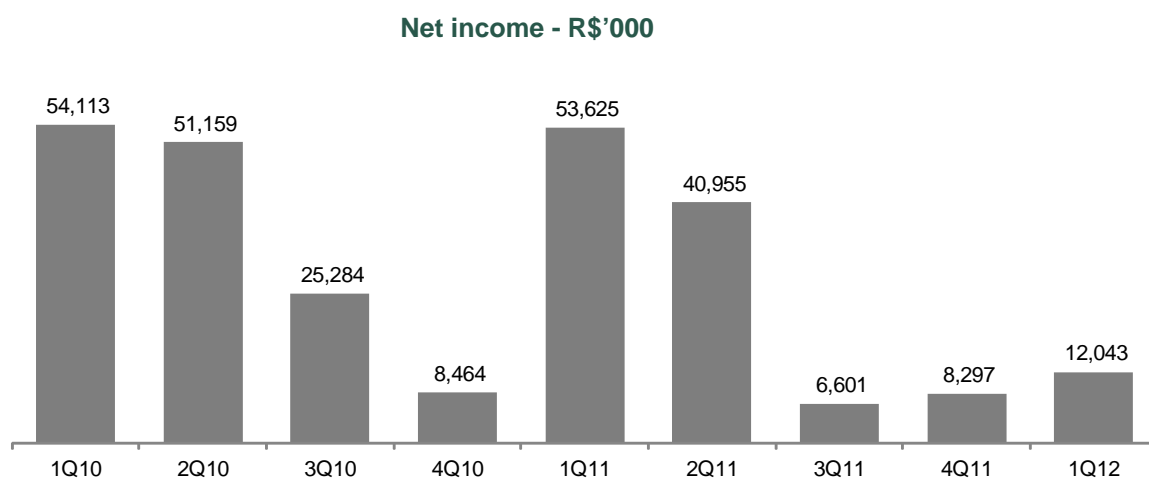
On the first quarter of 2012, non-recurring operating expenses amounted to R\$2.6 million, that amount includes variable compensation and provision of our stock option plan (with no cash impact).

Taxes

For 2012, income taxes and social contribution amounted to BRL 7.0 million.

Net Income

Net income in 2012 amounted to R\$12.0 million, representing a net margin of 46%.

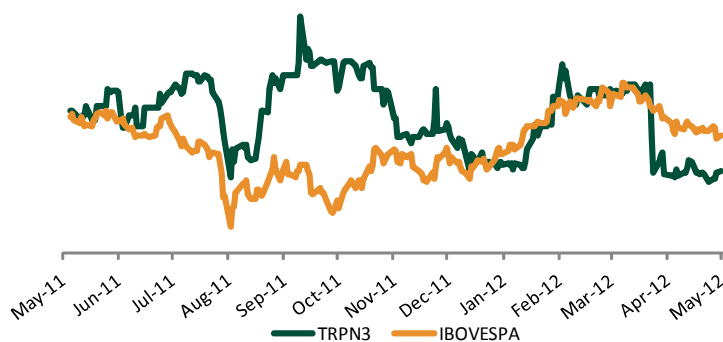


Corporate Governance

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

Tarpon Investimentos S.A.
O/S: 46,022,582
Stockmarket: BM&F Bovespa / Novo Mercado
Ticker: TRPN3
Listing: 05/26/2009
Share Price 05/07/2012: 14.06
Market Cap: R\$647.1 million
Share Performance:
1Q12: -2.43%
YTD (May 7th): -2.01%
LTM: -12.54%

LTM Performance



INCOME STATEMENT - CONSOLIDATED

In R\$'000	1Q12	1Q11
Net revenues	26,334	87,260
Personnel expenses	(3,934)	(2,693)
Stock option	(1,103)	(1,874)
Administrative expenses	(3,268)	(2,055)
Variable compensation	(728)	-
Other income/(expense)	(54)	23
Share of profit of equity accounted investees	-	-
Results from operating activities	17,247	80,661
Financial income / (expense)	1,808	1,525
Profit before income tax	19,055	82,186
Income tax and social contribution	(7,013)	(28,561)
Net income	12,043	53,625

BALANCE SHEET - CONSOLIDATED

<i>In R\$'000</i>	2012	2011
Assets		
Cash and cash equivalents	1,255	479
Financial assets measured at fair value through profit and loss	53,770	84,030
Trade receivables *	14,314	8,958
Other assets	4,088	30,955
Total current assets	73,427	124,422
Property, plants and equipments	2,294	2,253
Total non-current assets	2,294	2,253
Total assets	75,721	126,675
Current liabilities		
Accounts payable	681	592
Current tax liabilities	7,687	64,349
Payroll accruals	2,256	1,984
Dividends payable	-	8,451
Total current liabilities	10,624	75,376
Accounts payable	143	191
Total non-current liabilities	143	191
Equity		
Share capital	6,116	6,116
Capital reserve	26,507	26,507
Statutory reserve	6,116	6,116
Legal reserve	1,223	1,223
Adjustment of Conversion	104	133
Stock option	12,844	11,013
Retained earnings	12,043	-
Total equity	64,954	51,108
Total equity and liabilities	75,721	126,675

* Until 7th May, 2012, 100% of the trade receivables were received.

CASH FLOW - CONSOLIDATED

<i>In R\$'000</i>	1Q12	1Q11
Net income	12,043	53,625
Depreciation	122	67
Stock Option plan	1,831	1,874
Adjusted net income	13,996	55,566
Working capital	(29,481)	17,109
Trade receivables	(5,356)	(67,053)
Net cash provided by (used in) operating activities	(20,841)	5,622
Change in permanent assets	(192)	-
Change in financial assets	30,260	15,491
Dividends paid	(8,451)	(33,713)
Exercise of stock option plan	-	12,388
Net cash provided by (used in) financing activities	21,617	(5,834)
Net increase (decrease) in cash and cash equivalents	776	(212)
Cash and cash equivalents at the beginning of the quarter/year	479	294
Cash and cash equivalents at the end of Quarter	1,255	82

Contact

Tarpon Investimentos S.A.

www.tarponinvest.com

Email: ir@tarponinvest.com.br

Phone: +55 (11) 3074-5800

Disclaimer

This document may contain forward-looking statements. Such forward-looking statements are and will be subject to many risks and uncertainties relating to factors that are beyond the Company's ability to control or estimate precisely, such as future market conditions, competitive environment, currency and inflation fluctuations, changes in governmental and regulatory policies and other factors relating to the operations of the Company, which may cause actual future results of the Company to differ materially from those expressed or implied in such forward-looking statements.

The readers are advised not to make decisions exclusively on the basis of these projections and estimates. The projections and estimates do not represent and should not be interpreted as guarantees of future performance. The company does not commit to publish any revisions and does not commit to update the projections and estimates with regards to any future events or circumstances that may occur after the date of this document.

This document could contain operational information and other information that are not derived directly from the financial reporting of the Company. These certain operational information and other information have not been subject to any revision by the independent auditors of the Company and could involve management's estimates and assumptions.

This document does not constitute an offer, or invitation, or solicitation of an offer, to subscribe for or purchase any securities.



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

Central Tel 55 (11) 2183-3000
Fax Nacional 55 (11) 2183-3001
Internacional 55 (11) 2183-3034
Internet www.kpmg.com.br

Independent auditors' report on review of the individual and consolidated interim financial statements

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

Introduction

We have reviewed the individual and consolidated interim financial statements of Tarpon Investimentos S.A. for the quarter ended March 31, 2012, comprising the balance sheet as at March 31, 2012 and the related statements of income and comprehensive income for the quarter then ended, and the changes in shareholders' equity and cash flows for the quarter then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management is responsible for preparing the individual interim financial statements in accordance with CPC Technical Pronouncement 21 (R1) - *Demonstração Intermediária*, and the consolidated interim financial statements in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for presenting this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM). Our responsibility is to express opinion conclusion on these interim financial statements based on our review.

Review scope

We conducted our review in accordance with Brazilian and International Standards on Review of interim information (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual interim financial statements

Based on our review, we are not aware of any fact that causes us to believe that the consolidated interim financial statements referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1), applicable to the preparation of interim financial statements, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the consolidated interim financial statements

Based on our review, we are not aware of any fact that causes us to believe that the consolidated interim financial statements referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Interim statement of added value

We have also reviewed the individual and consolidated interim statements of added value (DVA) for the quarter ended March 31, 2012, 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 publication of the DVA. This statement was subject to the same review procedures described earlier and our review did not detect any facts that causes us to believe that the DVA was not prepared, in all material aspects, consistently with the individual and consolidated interim financial statements taken as a whole.

São Paulo, May 7, 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

March 31, 2012 and December 31, 2011

(In thousands of Reais)

Assets	Notes	Consolidated		Individual		Liabilities	Notes	Consolidated		Individual	
		3/31/12	12/31/11	3/31/12	12/31/11			31/03/12	31/12/11	31/03/12	31/12/11
Current						Current					
Cash and cash equivalents	4	1,255	479	669	373	Accounts payable	18c	681	592	741	501
Financial assets measured at fair value through profit or loss	5	53,770	84,030	53,770	84,030	Tax liabilities	18d	7,687	64,349	7,687	64,349
Receivables	7	14,314	8,958	14,314	8,490	Labor liabilities	18e	2,256	1,984	2,256	1,984
Other assets	18b	4,088	30,955	4,028	30,918	Statutory obligations	10c	-	8,451	-	8,451
		<u>73,427</u>	<u>124,422</u>	<u>72,781</u>	<u>123,811</u>			<u>10,624</u>	<u>75,376</u>	<u>10,684</u>	<u>75,285</u>
Non current						Non current					
Investments	8	-	-	1,348	1,091	Accounts payable	18c	<u>144</u>	<u>191</u>	<u>144</u>	<u>191</u>
Property, plant and equipment	9	2,294	2,253	1,652	1,682						
		<u>2,294</u>	<u>2,253</u>	<u>3,000</u>	<u>2,773</u>	Shareholders' equity					
		-	-	-	-	Capital	10a	6,116	6,116	6,116	6,116
		-	-	-	-	Capital reserves	10e	26,507	26,507	26,507	26,507
		-	-	-	-	Statutory reserve	10d	6,116	6,116	6,116	6,116
		-	-	-	-	Legal reserve	10b	1,223	1,223	1,223	1,223
		-	-	-	-	Stock option plan	14	12,844	11,013	12,844	11,013
		-	-	-	-	Translation reserve	8	104	133	104	133
		-	-	-	-	Retained earnings		<u>12,043</u>	<u>-</u>	<u>12,043</u>	<u>-</u>
		-	-	-	-	Equity attributable to controlling shareholders		<u>64,953</u>	<u>51,108</u>	<u>64,953</u>	<u>51,108</u>
Total assets		<u><u>75,721</u></u>	<u><u>126,675</u></u>	<u><u>75,781</u></u>	<u><u>126,584</u></u>	Total liabilities and shareholders' equity		<u><u>75,721</u></u>	<u><u>126,675</u></u>	<u><u>75,781</u></u>	<u><u>126,584</u></u>

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

Tarpon Investimentos S.A.

Individual and consolidated statements of income

March 31, 2012 and December 31, 2011

(In thousands of Reais)

	Notes	Consolidated		Individual	
		Quarters ended March 31		Quarters ended March 31	
		2012	2011	2012	2011
Management fee		18,120	14,111	17,253	14,111
Performance fee		8,214	73,149	8,214	73,149
Net operating revenue	12	<u>26,334</u>	<u>87,260</u>	<u>25,467</u>	<u>87,260</u>
Operating revenue and expense					
Personnel expenses	18e	(3,934)	(2,693)	(3,683)	(2,693)
Stock option plan	14	(1,831)	(1,874)	(1,831)	(1,874)
Administrative expenses	13	(3,268)	(2,055)	(2,857)	(2,055)
Income(loss) with financial assets measured at fair value through profit or loss		1,808	1,525	1,808	1,525
Equity in net income of subsidiaries	8	-	-	195	-
Other operating revenue/(expenses)		(53)	23	(43)	23
		(7,278)	(5,074)	(6,411)	(5,074)
Operating income		19,056	82,186	19,056	82,186
Income tax and social contribution	15	<u>(7,013)</u>	<u>(28,561)</u>	<u>(7,013)</u>	<u>(28,561)</u>
Net income		<u>12,043</u>	<u>53,625</u>	<u>12,043</u>	<u>53,625</u>
Attributable to controlling shareholders		12,043	53,625	12,043	53,625
Number of shares at period-end	11	<u>48,193</u>	<u>45,760</u>	<u>48,193</u>	<u>45,760</u>
Basic earnings per lot of one thousand shares, in R\$	11a	<u>0.25</u>	<u>1.18</u>	<u>0.25</u>	<u>1.18</u>
Diluted earnings per lot of one thousand shares, in R\$	11b	<u>0.22</u>	<u>1.02</u>	<u>0.22</u>	<u>1.02</u>

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

Tarpon Investimentos S.A.

Individual and consolidated statements of comprehensive income

March 31, 2012 and December 31, 2011

(In thousands of Reais)

	<u>Consolidated</u>	<u>Individual</u>
Net income of the quarter ended March 31, 2012	<u>12,043</u>	<u>12,043</u>
Comprehensive income		
Cumulative translation adjustment	104	104
Comprehensive income of the quarter ended March 31, 2012	<u>12,147</u>	<u>12,147</u>
Comprehensive income attributable to controllers	12,147	12,147
Net income of the quarter ended March 31, 2011	<u>53,625</u>	<u>53,625</u>
Comprehensive income of the quarter ended March 31, 2011	<u>53,625</u>	<u>53,625</u>
Comprehensive income attributable to controllers	53,625	53,625

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

Tarpon Investimentos S.A.

Consolidated statements of changes in shareholders' equity

March 31, 2012 and December 31, 2011

(In thousands of Reais)

	Capital	Capital reserves	Statutory reserves	Legal reserve	Stock option plan	Translation reserve	Retained earnings	Equity attributable to controlling shareholders	Total shareholders' equity
Balances at December 31, 2011	<u>6,116</u>	<u>26,507</u>	<u>6,116</u>	<u>1,223</u>	<u>11,013</u>	<u>133</u>	<u>-</u>	<u>51,108</u>	<u>51,108</u>
Stock option plan	-	-	-	-	1,831	-	-	1,831	1,831
Cumulative translation adjustment	-	-	-	-	-	(29)	-	(29)	(29)
Net income	-	-	-	-	-	-	12,043	12,043	12,043
Balances at March 31, 2012	<u>6,116</u>	<u>26,507</u>	<u>6,116</u>	<u>1,223</u>	<u>12,844</u>	<u>104</u>	<u>12,043</u>	<u>64,953</u>	<u>64,953</u>
Balances at December 31, 2010	<u>4,180</u>	<u>2,102</u>	<u>30</u>	<u>836</u>	<u>10,842</u>	<u>-</u>	<u>-</u>	<u>17,990</u>	<u>17,990</u>
Capital increase	1,239	-	-	-	-	-	-	1,239	1,239
Stock option plan	-	14,576	-	-	(1,553)	-	-	13,023	13,023
Net income	-	-	-	-	-	-	53,625	53,625	53,625
Balances at March 31, 2011	<u>5,419</u>	<u>16,678</u>	<u>30</u>	<u>836</u>	<u>9,289</u>	<u>-</u>	<u>53,625</u>	<u>85,877</u>	<u>85,877</u>

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

Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows

March 31, 2012 and December 31, 2011

(In thousands of Reais)

	Consolidated		Individual	
	Quarters ended March 31		Quarters ended March 31	
	2012	2011	2012	2011
Operating activities				
Net income from recurrent operations	12,043	53,625	12,043	53,625
Adjustments:				
Depreciation	122	67	93	67
Equity in net income of subsidiaries and affiliates	-	-	(195)	-
Increase/(decrease) in stock option plan	1,831	1,874	1,831	1,874
	13,996	55,566	13,772	55,566
Adjusted income/(loss)				
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(5,356)	(67,053)	(5,824)	(67,053)
(Increase)/decrease in other assets	26,867	(385)	26,890	(385)
Increase/(decrease) in accounts payable	42	(9,252)	193	(9,252)
Increase/(decrease) in tax liabilities	(56,662)	26,894	(56,662)	26,894
Increase/(decrease) in labor liabilities	272	(148)	272	(148)
	(20,841)	5,622	(21,359)	5,622
Cash flows from operating activities				
Investment activities				
Changes in financial assets measured at fair value through profit or loss	30,260	15,491	30,260	15,491
(Acquisitions)/write-offs of property, plant and equipment	(192)	-	(154)	-
	30,068	15,491	30,106	15,491
Cash flows produced by investment activities				
Financing activities				
Payment of dividends	(8,451)	(33,713)	(8,451)	(33,713)
Exercised share options	-	12,388	-	12,388
	(8,451)	(21,325)	(8,451)	(21,325)
Cash flows from financing activities				
Total cash flow	776	(212)	296	(212)
Net increase/(decrease) in cash and cash equivalents	776	(212)	296	(212)
Cash and cash equivalents at beginning of the period	479	294	373	294
	1,255	82	669	82
Cash and cash equivalents at end of the period				

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

Tarpon Investimentos S.A.

Individual and consolidated statements of added value

March 31, 2012 and December 31, 2011

(In thousands of Reais)

	Consolidated		Individual	
	Quarters ended March 31		Quarters ended March 31	
	2012	2011	2012	2011
Revenue	27,611	92,365	26,744	92,365
Performance and management fees	27,611	92,365	26,744	92,365
Inputs acquired from third parties	(3,198)	(1,967)	(2,808)	(1,967)
Materials-Electricity-Outsourced Services-Other	(3,198)	(1,967)	(2,808)	(1,967)
Gross added value	24,413	90,398	23,936	90,398
Withholdings	(122)	(67)	(93)	(67)
Depreciation	(122)	(67)	(93)	(67)
Net added value produced	24,291	90,331	23,843	90,331
Transferred added value	1,808	1,525	2,003	1,525
Equity in net income of subsidiaries and affiliates	-	-	195	-
Financial revenue and expenses	1,808	1,525	1,808	1,525
Added value to be distributed	26,099	91,856	25,846	91,856
Distribution of added value	26,099	91,856	25,846	91,856
Personnel	5,068	3,787	4,815	3,787
Direct remuneration	5,068	3,787	4,815	3,787
Taxes and contributions	8,988	34,444	8,988	34,444
Federal	8,178	30,006	8,178	30,006
Municipal	810	4,438	810	4,438
Interest earnings	12,043	53,625	12,043	53,625
Retained earnings for the period	12,043	53,625	12,043	53,625

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

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

Quarters ended March 31, 2012 and 2011

(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. At last, on March 28, 2012 there was a transfer of Tarpon All Equities (Cayman), Ltd. and TSOP Ltd.’s shares from TIG Holding NY LLC to Tarpon Investimentos S.A.

2 Presentation of the financial statements

2.1 *Presentation of the individual and consolidated interim 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' special review report were approved by the Board of Directors on May 7, 2012.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

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

The consolidated financial statements include Tarpon BR S.A., Tarpon BR Participações Ltda., TISA NY, Inc. ("TISA NY"), Tarpon All Equities (Cayman), Ltd. and TSOP Ltd.

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.

The Company held in Tarpon BR Participações Ltda, up to December 31, 2011, a 50% direct interest. The Articles of Dissolution were filed at the Commercial Board on March 27, 2012.

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:

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

- i.** Assets and liabilities balances are converted to the current exchange rate based on the rate of the ending date of the consolidated financial statements;
- ii.** Income statement amounts are translated to the current exchange rate based on the date of the transaction; and
- iii.** 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 consolidated financial statements, and the minority interest in shareholders' equity and income is presented separately.

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

On March 28, 2012, Tarpon Investimentos S.A. started to hold shares of Tarpon All Equities (Cayman), Ltd. and TSOP Ltd., in the proportion of 50.000 shares at the value of US\$ 1.00 and 1 share at the value of US\$ 1.00, respectively. These companies act as general partners of specific offshore investment funds.

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 quarter ended March 31, 2012, 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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

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 Commission (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 quarters ended March 31, 2012.

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 (hurdle rate), 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.

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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

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 interim 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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

f. Short-term employee benefits and profit sharing plan

Employees and management key-personnel are entitled to fixed and variable compensation and eligible to participate in our biannual profit sharing plan, as applicable. 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

During the current year, the Company adopted the “Lucro Real” tax determination method. Therefore, the 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).

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

The Company adopted the Transition Taxation System (*Regime Tributário de Transição - RTT*) for determining Income Tax and Social Contribution for the year ended March 31, 2012, 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. 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 the net income for the current quarters and for the translation changes from the consolidation of the foreign subsidiary.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

n. Comprehensive income

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.

o. Earnings per share

Basic earnings per share are calculated by dividing the net income of the quarter ended March 31, 2012 attributable to controlling and noncontrolling shareholders of the company by the weighted average number of common and preferred shares outstanding during the respective quarter. 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 quarters, pursuant to CPC 41 and IAS 33.

4 Cash and cash equivalents

Individual and consolidated cash and cash equivalents stated for the quarters ended March 31, 2012 and December 31, 2011 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	
	March 2012	December 2011
Financial assets stated at fair value through profit or loss		
Securities held under repurchase agreements	13,249	42,941
Bank deposit certificate	40,521	41,089
	<u>53,770</u>	<u>84,030</u>

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

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

	Valuation method - 2012 and 2011	Exposure to market value or interest rate risk?
Bank Deposit Certificates	Adjusted by the Interbank Deposit rate - DI	Yes
Securities held under repurchase agreements	Adjusted by the Interbank Deposit rate - DI	Yes

c. Derivative financial instruments

As of March 31, 2012 and December 31, 2011 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 March 31, 2012 and December 31, 2011, consisted of securities held under repurchase agreements and bank deposit certificates (CDB) with first line financial institutions. 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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

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.

	<u>Individual</u>	
	March 2012	December 2011
Management fee (*)	5,880	4,783
Performance fee (*)	<u>8,434</u>	<u>3,707</u>
	<u>14,314</u>	<u>8,490</u>

- i. At the time of approval of these financial statements, approximately 100% of the outstanding receivables related to the quarter ended March 31, 2012 had been settled.
- ii. The offshore funds hired the Company and TISA NY as service providers, which remuneration arises from the management fees pay by these funds.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

	<u>Consolidated</u>	
	March 2012	December 2011
Management fee (*)	5,880	5,251
Performance fee (*)	<u>8,343</u>	<u>3,707</u>
	<u>14,314</u>	<u>8,958</u>

- i. At the time of approval of these financial statements, approximately 100% of the outstanding receivables related to the quarter ended March 31, 2012 had been settled.
- ii. The offshore funds hired the Company and TISA NY as service providers, which remuneration arises from the management fees pay by these funds.

8 Investments

On July 6, 2011, the subsidiary of the Company in New York (TISA NY, Inc.) was constituted. 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.

From October 2011, TISA NY started to accrue financial advisory income. In this month, this income was of USD 152.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

Below is disclosed the balance changes:

TISA NY - in thousands R\$

Balance as of December 31, 2011	1,091
Equity method	195
Foreign currency translation	(29)
Balance as of March 31, 2012	<u><u>1,257</u></u>

TISA NY - em USD		TISA NY - em R\$					Book value
Equity shareholders	Net income March 31, 2012	Equity shareholders	Net income March 31, 2012	Foreign exchange translation	Participation in capital in %	Equity method	of the Investment
581	108	958	195	104	100%	195	1,257

The investments in the subsidiaries Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. refer to R\$ 91 as of March 31, 2012.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(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, 2010	17	39	113	8	58	6	509	750
Acquisitions	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Depreciation	(1)	(1)	(9)	(1)	(2)	(1)	(27)	(42)
Balances at March 31, 2011	16	38	104	7	56	5	482	708
PPE acquired through finance leasing	-	-	86	54	454	105	-	699
Total balances at March 31, 2011	16	38	190	61	510	110	482	1,407
Balances at December 31, 2011	13	65	83	539	197	5	792	1,694
Acquisitions	-	68	9	58	14	28	-	177
Write-offs	-	-	(4)	-	-	-	-	(4)
Transfers	-	390	-	68	(68)	-	(390)	-
Depreciation	(2)	(26)	(9)	(34)	(5)	(4)	(29)	(109)
Balances at March 31, 2012	11	497	79	631	138	29	373	1,758
PPE acquired through finance leasing	-	-	62	23	363	88	-	536
Total balances at March 31, 2012	11	497	141	654	501	117	373	2,294

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(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, 2010	17	39	113	8	58	6	509	750
Acquisitions								
Write-offs								
Depreciation	(1)	(1)	(9)	(1)	(2)	(1)	(27)	(42)
Balances at March 31, 2011								
PPE acquired through finance leasing			86	54	454	105		699
Total balances at March 31, 2011	16	38	190	61	510	110	482	1,407
Balances at December 31, 2011	13	43	77	538	48	2	403	1,124
Acquisitions			9	58				67
Write-offs			(4)					(4)
Depreciation	(1)	(2)	(8)	(29)	(2)	(1)	(28)	(71)
Balances at March 31, 2012	12	41	74	567	46	1	375	1,116
PPE acquired through finance leasing	-	-	62	23	363	88		536
Total balances at March 31, 2012	12	41	136	590	409	89	375	1,652

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

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

10 Shareholders' equity

a. Capital

Share capital at March 31, 2012 was R\$ 6,116 (R\$ 6,116 at December 31, 2011), represented by 48,194 thousand common shares (48,194 thousand at December 31, 2011).

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.

Based on the statutory prevision, was approved by the Board of Management the dividend payment in the amount of R\$ 8,451, that was paid on March 19, 2012.

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 March 31, 2012, the remaining balance was R\$ 6,116.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(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:

Period	Nature	Allocation by the issuance price				Total capital reserve
		Issuance of new shares (quantity - thousand)	Capital	Capital reserve	Amounts transferred from the stock option plan to capital reserve	
Opening 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	11,250	3,326	14,576
Balances at March 31, 2011		45,760	5,419	13,352	3,326	16,678
Opening balances at December 31, 2011		48,194	6,116	19,522	6,984	26,507
Balances at March 31, 2012		<u>48,194</u>	<u>6,116</u>	<u>19,522</u>	<u>6,984</u>	<u>26,507</u>

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	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Net income attributable to shareholders	12,043	53,625

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

Weighted average number of common shares

	<u>Quarter ended March 31, 2012</u>	<u>Quarter ended March 31, 2011</u>
	2011	2011
Common shares at the beginning of the quarter	48,194	41,207
Shares issued during the quarter	-	4,553
	<hr/>	<hr/>
Total shares	<u>48,194</u>	<u>45,760</u>
Weighted average number of common shares in the Company	<u>48,194</u>	<u>45,456</u>
Basic earnings per share for the quarter	<u>0.25</u>	<u>1.18</u>

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:

	<u>March 31</u>	
	2012	2011
Net income attributable to shareholders	12,053	53,625
Weighted average number of common shares	48,194	45,456
Adjustments for the call option	5,123	6,868
Weighted average number of common shares for diluted earnings per share	53,317	52,324
Diluted earnings per share - R\$	0.22	1.02

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

12 Net operating revenue

	Individual	
	March 2012	March 2011
Revenue from management fees	18,229	15,069
Revenue from performance fees	8,515	77,296
Tax on revenue ⁽¹⁾	<u>(1,276)</u>	<u>(5,105)</u>
	<u>25,468</u>	<u>87,260</u>

⁽¹⁾ Taxes on gross revenue (ISS, PIS and COFINS).

	Consolidated	
	March 2012	March 2011
Revenue from management fees	19,096	15,069
Revenue from performance fees	8,514	77,296
Tax on revenue ⁽²⁾	<u>(1,276)</u>	<u>(5,105)</u>
	<u>26,334</u>	<u>87,260</u>

⁽²⁾ 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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

At March 31, 2012, 24.39% of 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.

Strategy	Start	Performance ^{(1) (2)}					From beginning (annualized)
		3Q11	2012	12 months	2 years	5 years	
Long-Only Equity (R\$)	May 2002	10.27%	10.27%	5.25%	48.96%	133.84%	32.68%
Long-Only Equity (USD)	May 2002	13.19%	13.19%	-3.20%	35.77%	140.98%	32.35%
Hybrid Equity (USD)	October 2006	8.49%	8.49%	-4.35%	45.81%	150.25%	26.66%
Índices de mercado							
Ibovespa (R\$)		13.67%	13.67%	-5.13%	-7.79%	40.84%	
IBX (R\$)		11.82%	11.82%	-0.48%	0.36%	47.67%	
Ibovespa (USD)		17.02%	17.02%	-14.82%	-9.15%	58.49%	
IBX (USD)		15.11%	15.11%	-10.65%	-1.12%	66.17%	

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

13 Administrative expenses

	Consolidated	
	March 2012	March 2011
Outsourced services	1,419	1,024
Travel expenses	492	269
IT expenses	37	73
Office maintenance	989	702
Other	<u>331</u>	<u>(13)</u>
	<u>3,268</u>	<u>2,055</u>

	Individual	
	March 2012	March 2011
Outsourced services	1,302	1,024
Travel expenses	491	269
IT expenses	30	73
Office maintenance	765	702
Other	<u>269</u>	<u>(13)</u>
	<u>2,857</u>	<u>2,055</u>

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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

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, 2009 became 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, 2009 became 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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

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.

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

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

	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 March 31, 2012	Total in thousand R\$
1 st and 2 nd 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
3 rd grant (November 30, 2009)	2,493	4.08	10,181	5.4	(168)	4.08	(693)	955	3.06	2,92	January 7, 2011, July 4, 2011 and August 15, 2011	15.96	1,370	2.53	3,466
4 th grant (February 19, 2010)	530	4.67	2,477	5.23	(92)	4.67	(431)	94	3.38	318	July 4, 2011 and August 15, 2011	15.99	344	2.53	870
5 th 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	5.70	5,084
6 th grant (August 8, 2011)	960	8.07	7,745	11.4	(30)	8.07	(242)	-	-	-			930	11.23	10,444
Plan total	<u>12,760</u>		<u>30,844</u>		<u>(618)</u>		<u>(2,306)</u>	<u>7,019</u>		<u>19,532</u>			<u>5,123</u>		<u>23,880</u>

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(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\$	March 31, 2012	March 31, 2011
Stock option plan	1,831	1,874

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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

15 Calculation of income tax and social contribution

Taxable income (quarters ended March 31, 2012 e 2011)

	<u>Consolidated and Individual</u>	
Verification of the calculation basis	2012	2011
Income before income tax and social contributions	<u>19,056</u>	<u>82,186</u>
Income tax and social contribution at current rates (respectively 25% and 9%)	<u>(6,479)</u>	<u>(27,943)</u>
Effects of additions and (exclusions) on tax calculation		
RTT adjustment	24	19
Options plan	(624)	(637)
Equity method revenue	<u>66</u>	<u>-</u>
Income tax and social contribution for the period	<u>(7,013)</u>	<u>(28,561)</u>

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 March 31, 2012 and December 31, 2011, 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.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

	Consolidated			
	Assets/(Liabilities/ Shareholders' equity)		Revenue/(Expense)	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Short term benefits to D&O (*)	-	-	(409)	(194)
Share-based payment to D&O	(2,507)	(1,719)	(241)	(109)

(*) 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	275	43	232
Between 1 and 5 years	143	9	134
Balance at March 31, 2012	<u>418</u>	<u>52</u>	<u>366</u>
Less than 1 year	150	67	84
Between 1 and 5 years	446	38	408
Balance at March 31, 2011	<u>596</u>	<u>105</u>	<u>492</u>

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

b. Other assets

Other assets at March 31, 2012 in the consolidated and individual interim financial statements substantially consist of IRRF and CSLL paid in advance of R\$ 1,500 (December 31, 2011, R\$ 28,522) and other recoverable taxes of R\$ 1,228 (R\$ 781 as of December 31, 2011) and prepaid expenses of R\$ 1,006 individual and R\$ 1,066 consolidated (R\$ 1,615 - individual and R\$ 1,652 - consolidated, as of December 31, 2011).

c. Accounts payable

Comprised, essentially, by provider payables of R\$ 339 (individual) and R\$ 363 (consolidated) and R\$ 185 (individual) and R\$ 275 (consolidated) at December 31, 2011, as well as financial liability related to finance leasing of R\$ 418 (individual and consolidated) and R\$ 489 as of December 31, 2011 (individual and consolidated).

d. Tax obligations

Comprised of R\$ 25 in third-party taxes (R\$ 23 as of December 31, 2011), R\$ 405 in PIS and Cofins (R\$ 821 as of December 31, 2011), R\$ 244 in ISS (R\$ 169 as of December 31, 2011) and R\$ 7,013 in IRPJ and CSLL (R\$ 63,336 as of December 31, 2011).

e. Labor obligations and personnel expenses

This balance comprises social security charges, provision for vacation and Christmas bonus, amounting to a total of R\$ 2,256 (R\$ 1,984 as of December 31, 2011, including profit sharing bonus). Personnel expenses (individual and consolidated) consist of expenses on salaries and related charges, profit sharing program and bonus for employees of R\$ 3,683 (individual) and R\$ 3,934 (consolidated). As of March 31, 2011, personnel expenses amount to R\$ 2,693 (individual and consolidated).

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

19 Subsequent events

Under the stock repurchase program approved by the Board on November 17, 2011, the Company repurchased 2,170,873 common shares of the Company, totaling R\$ 29,307, which the repurchase price was R\$ 13.50. The aim of the Repurchase Program was to create value to shareholders through efficient management of its capital structure. The total shares repurchased represent 10% of the outstanding shares, as required under Article 3 of CVM Instruction No. 10/80.

On April 13, 2012, the Board approved the cancellation of the repurchased shares, which resulted in the reduction of capital reserve in the amount of R\$ 26,507 and statutory reserves of R\$ 2,800, and also approved a new Repurchase Program of 1,953,786 shares, which objective of this Plan is the same as described above.

From this new Repurchase Program, on 20 April 2012, the Company acquired 228,227 common shares of the Company, at the average price of R\$ 13.90, totaling R\$ 3,172. These shares are held as treasury shares, representing less than 10% of the outstanding shares.

Until May 7, 2012, no additional shares were repurchased by the Company

* * *

Senior Management

Chief Executive Officer

José Carlos Reis de Magalhães Neto

Investor Relations Officer

Rafael Sonder

Accountant

Caroline Miranda
CRC 1SSP-255926/O-6