Tarpon Investimentos S.A.

Individual and consolidated financial statements as of December 31, 2013

Contents

Management report

Market Context

Investment funds under our management invest in companies listed in stock exchange and also in private equity funds.
The Brazilian stock exchange delivered one of the worst performances among the main stock exchanges in the world in 2013. While the developed markets benefitted from signs of economic recovery, the Brazilian market was pushed by the modest economic growth, deterioration in its tax condition and inflationary pressure. In addition, the downgraded expectation about the Brazilian rating by risk-rating agencies, the fall of the OGX oil company, and the impasse over the price adjustment of Petrobras gas undermined the confidence of investors.
Ibovespa, the main stock performance index at BM&F Bovespa, fell 15.5%. In the same period, the US indexes, S&P 500 and Dow Jones, increased 29.6% and 26.5%, respectively, whereas the European index Stoxx 600 increased 17.37%.
In the case of companies listed at BM&F Bovespa, which account for most of the portfolio of funds managed by Tarpon, we noted a strong increase in the stock prices of BRF (+18.41%) and Cremer (+23.52%), whereas the stocks of Marisa (-42.6%) and Cyrela (-17.17%) delivered a weak performance.

Highlights in 2013

Tarpon Investimentos S.A. ("Tarpon" or "the Company"), through its subsidiaries, conducts public and private equity investment activity through funds and managed 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.

Gross revenues related to asset management services amounted to R$ 57.5 million in 4Q13.

Portfolio Funds performance:

	4Q13	4Q12
Long-Only Equity in R$	-1.3%	8.7%
Long-Only Equity in US$	-6.1%	7.8%
Hybrid-Equity in R$	0.1%	9.0%
Hybrid-Equity in US$	-7.2%	6.9%
Ibovespa index in R$	-1.6%	3.0%
IBX index in R$	0.1%	4.9%

Subscriptions / Redemptions: Tarpon Funds received net redemptions of R$ 263 million in 4Q13;

Assets under management: R$8.2 billion in the Portfolio Funds strategies and R$ 678 million in the Co-Investment strategy, amounting to R$ 8.9 billion of assets under management, an 4% decrease over September 30, 2013 and a 8% increase compared to December 31, 2012;

Operating revenues:

Revenues related to management fees: R$20.3 million in 4Q13 and R$78 million as of December 31, 2013.

Revenues related to performance fees: R$37.3 million in 4Q13 and R$54.8 million as of December 31, 2013.

Net income: R$36.0 million in 4Q13 and R$74.0 million as of December 31, 2013.

About Tarpon Investimentos

We are dedicated to value-oriented investments in public and private equities. Our goal is to provide, in the long-run, above-average absolute returns.

Our investment philosophy is supported by six tenets:

Focus on intrinsic value

We look for investment opportunities that may provide significant value in the long term, with market prices reflecting a substantial discount to our perceived intrinsic value.

Portfolio concentration

We believe in portfolio concentration, which allows each invested company to have a meaningful impact on the overall performance and allows us to obtain a deeper understanding of each company.

Contrarian approach

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

High Conviction

We seek to implement a disciplined investment process that allows us to have a high degree of conviction related to our investment decisions.

Long-term perspective

We believe that a long-term owner perspective is essential to maximize potential returns of each investment opportunity.

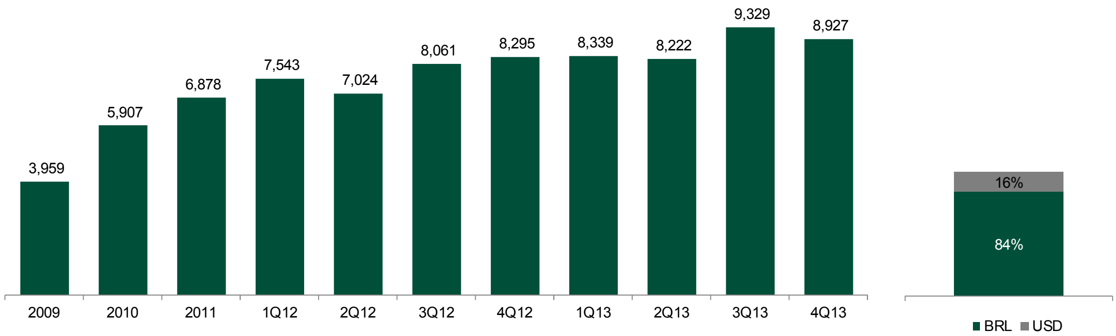
Value Creation

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

Assets under management

Our assets under management ("AuM") amounted to R$8.9 billion as of December 31st 2013, a decrease of 4% when compared to R$9.3 billion AuM as of September 30th 2013 and an increase of 8% when compared to the fourth quarter of 2012.

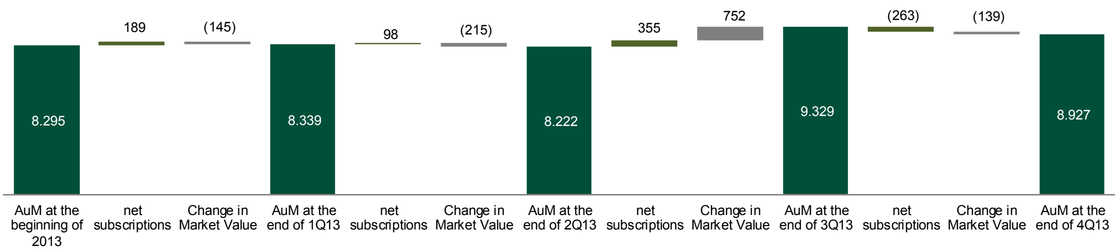
Total AuM historical growth - R$ million



As indicated in the right chart, 84% of our AuM are denominated in Brazilian Reais (BRL) and 16% in USD.

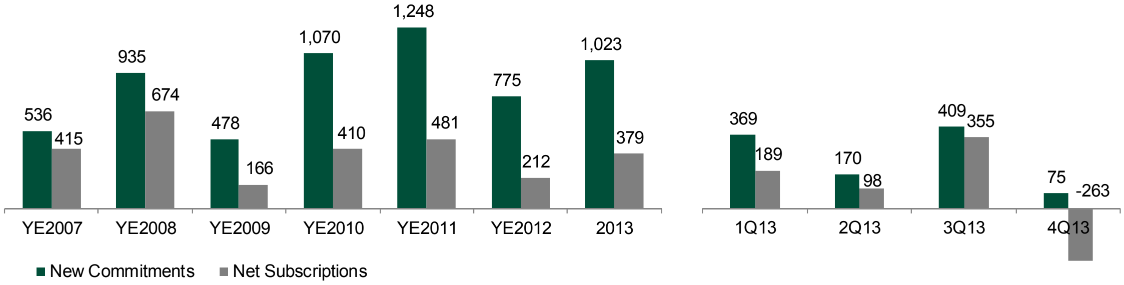
The AuM in the quarter reflected the impact of R$ 263 million of net subscriptions and R$ 139 million decrease in market value of the Portfolio Funds (including changes in asset prices and exchange rates).

AuM growth - R$ million



New subscriptions: the Tarpon Funds received net redemptions (new subscriptions (including uncalled committed capital) net of redemptions paid in the quarter) in the amount of R$263 million during the quarter and R$ 379 million during the year. In 2012, Tarpon Funds received net subscriptions in the amount of R$212 million.

Commitments - R$ million



Investment Strategy

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

Portfolio Funds
(Public and private equity investments)

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

As of December 31st 2013, the AuM allocated to this strategy amounted to R$8.2 billion.

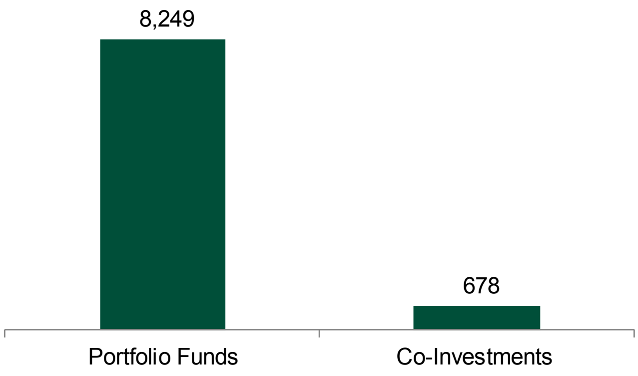
Co-Investment Strategy
(Public and private equity investments)

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

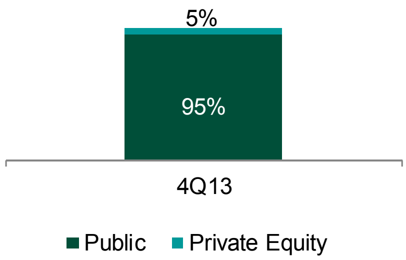
As of December 31st 2013, the AuM allocated to the co-investment strategy amounted to R$ 678 million.

As indicated in the chart below, public-equity allocation accounted for 95% of our total invested capital. Private-equity investments, at fair value(1), accounted for the remaining 5%.

AuM by investment strategy – R$ million



AuM by investment approach
(invested capital)



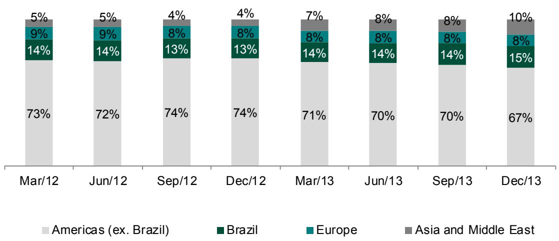
(1) The market value of certain investments in private equity is measured based on assessments made by management, since there is no available market price.

Investor base

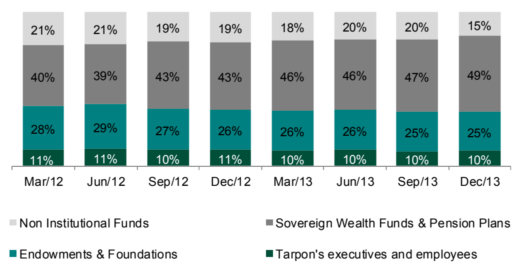
We aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with a long-term investment profile.

As of December 31st, 2013, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds, accounted for 75% of total AuM. The capital invested by our executives and employees represented 10% of total assets.

AuM by geographical region



AuM by investor type



Investment Performance

During the quarter, the Portfolio Funds Long-Only Equity strategy posted net returns of -1.34% in R$ and -6.12% in US$. The accumulated annualized returns of this strategy is 28.64% in R$ and 25.47% in US$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of -7.17% in US$ and 0.07% in R$ in the quarter. Net annualized performance is 17.06% in US$ and 7.66% in R$ 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 -1.59% and 0.06%, respectively (both in R$), returns in US$ were -6.32% and -4.75% for Ibovespa and IBX, respectively.

		Performance(1)(2)					
Strategy	**Inception**	**4Q13**	**2013**	**LTM**	**2 years**	**5 year**	**Since launch (annualized)**
Portfolio Funds Long-Only Equity (R$)	May 2002	-1.34%	4.37%	4.37%	25.08%	221.65%	28.64%
Portfolio Funds Long-Only Equity (US$)	May 2002	-6.12%	-8.99%	-8.99%	-0.41%	184.75%	25.47%
Portfolio Funds Hybrid-Equity (R$)	Oct 2011	0.07%	5.72%	5.72%	18.53%	-	7.66%
Portfolio Funds Hybrid-Equity (US$)	Oct 2006	-7.17%	-12.68%	-12.68%	-7.33%	155.22%	17.06%

Stock market index	**4Q13**	**2013**	**LTM**	**2 years**	**5 years**
Ibovespa (R$)	-1.59%	-15.50%	-15.50%	-9.25%	37.17%
IBX (R$)	0.06%	-3.13%	-3.13%	8.06%	69.82%
Ibovespa (US$)	-6.32%	-26.29%	-26.29%	-27.33%	36.84%
IBX (US$)	-4.75%	-15.50%	-15.50%	-13.47%	69.42%

(1) Performance net of fees.
(2) Performance up to December 31st, 2013..

Financial highlights

Summary

Financial highlights - R$ million	2013	2012
Gross revenues	**132.8**	**100.1**
Management fees	78.0	79.5
Performance fees	54.8	20.6
Net revenues	**129.6**	**96.9**
Operating expenses	**(40.4)**	**(40.7)**
Recurring: general administration, payroll & others	(28.2)	(30.1)
Non recurring: stock option, variable comp., profit sharing	(12.2)	(10.6)
Results from operating activities	**89.2**	**56.2**
Operating margin	69%	58%
Results from financial activities	**1.0**	**6.0**
Finance Expense / Income	1.0	6.0
Income tax and social contribution	**(16.1)**	**(21.5)**
Net Income	**74.0**	**40.7**
Earnings per share (R$/share) *	1.60	0.86
O/S	46,288	47,849
AuM (end of period)	8,927	8,295

(*) – Earnings per share are calculated using the weighted average shares.
Note: the margins indicated are calculated over net operating revenues.

Operating revenue

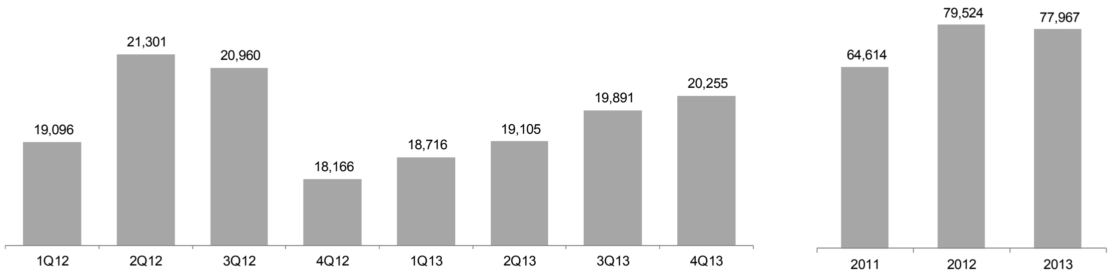
Operating revenues are composed of revenues related to management fees – recurring income flow based on the Tarpon Funds' net asset value – and revenues related to performance fees – income flow with higher volatility based on the performance of the Tarpon Funds.

Revenues related to management fees

Management fees are charged on the Tarpon Funds based on the amount of invested capital.

During 4Q13, gross revenues related to management fees amounted to R$20.3 million, equivalent to 35% of the operating revenues on the quarter. These revenues increased 2% when comparing 4Q13 with 3Q13 and presented a 12% when compared to 4Q12.

Management fees revenue - R$'000



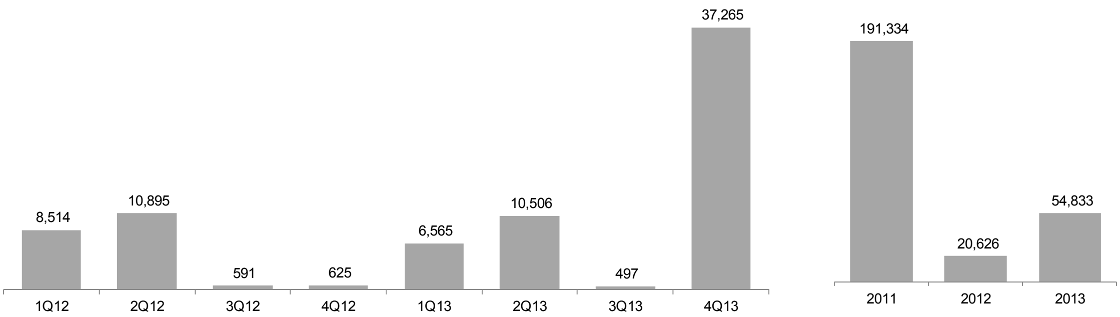
Revenues related to performance fees

Performance fees are payable when the Tarpon Funds' performance exceeds certain hurdle rates. The hurdles primarily are inflation index plus 6% per year.

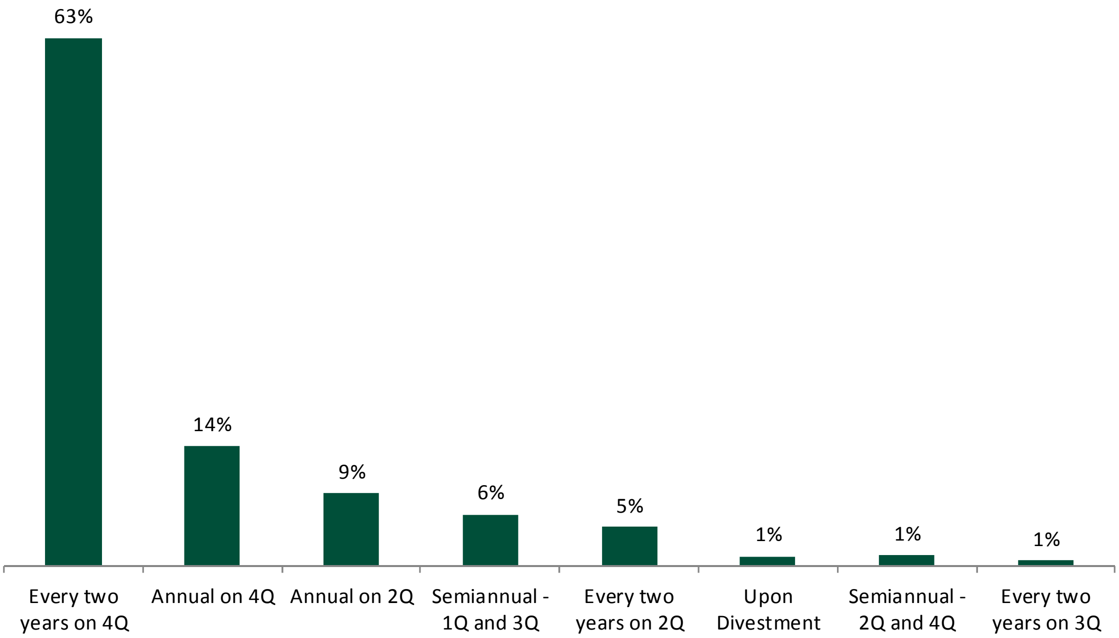
The performance fees are subject to a high water mark, which means that such fees are charged only if the net asset value (NAV) of the relevant fund exceeds the NAV of the previous performance fee collection date, adjusted by the hurdle rate.

In 4Q13, revenues related to performance fees amounted to R$37.3 million, accounting for 65% of overall operating revenues in the quarter, a 7,398% increase compared to 3Q13 and 5,862% when compared to 4Q12.

Performance fees revenue - R$'000



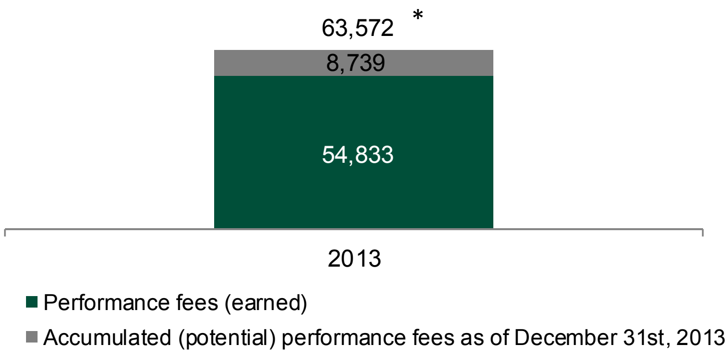
Below is the current distribution of our AuM by performance collection period:



As of December 31, 2013, 4% of the Tarpon Funds' NAV was above their respective high water marks (excluding funds where performance fees are collected upon divestment).

For illustrative purposes only, assuming that performance fees were charged on December 31, 2013, the additional revenues related to performance fees would amount to R$8.7 million (based on the net asset value of the funds as of such date). As we cannot predict the Tarpon Funds' performance, there is no assurance that such potential additional amounts will be due and payable to Tarpon on the relevant dates and the prospective amounts may differ substantially from the actual amounts.

Performance fees revenues: earned and potential amount as of December 31st, 2013 – R$'000

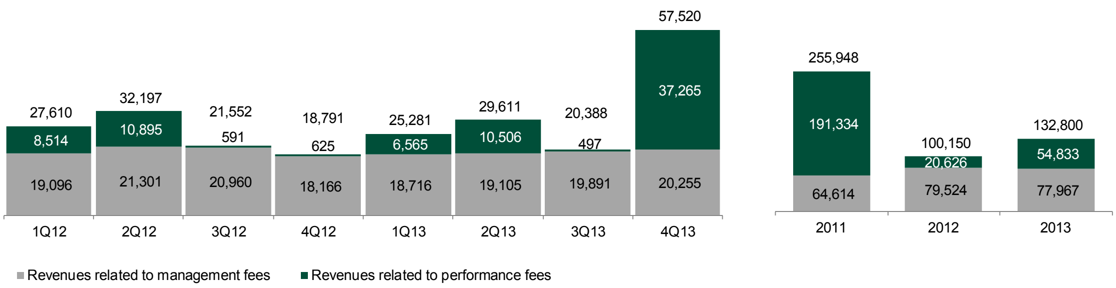


* Estimate amounts. There is no assurance that potential amounts will be due and payable to Tarpon on the relevant dates.

Total operating Revenue

The amount of revenues related to management and performance fees totaled R$57.6 million in 4Q13, a 182% increase over the amount recorded in 3Q13 and a 79% increase compared to 4Q12. When compared year over year we identify an increase of 33%.

Total operating revenues - R$'000

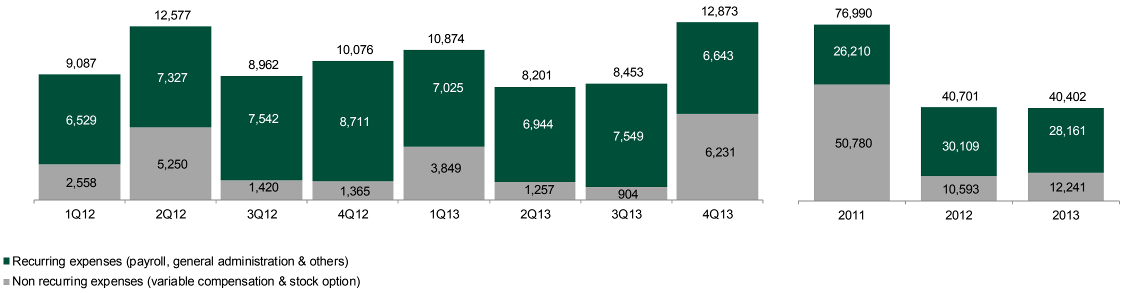


Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R$12.9 million during 4Q13. Operating margin in the quarter was 69%.

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 4Q13, recurring expenses totaled R$6.6 million, equivalent to 52% of total operating expenses. When compared to 3Q13 we verify a decrease of 12% and 24% when compared to 4Q12.

Total operating expenses - R$'000



In 4Q13, non-recurring operating expenses amounted to R$6.2 million, which includes variable compensation and the provision of our stock option plan (with no cash impact). As of December 31, 2013 non-recurring expenses amounted to R$12.2 million.

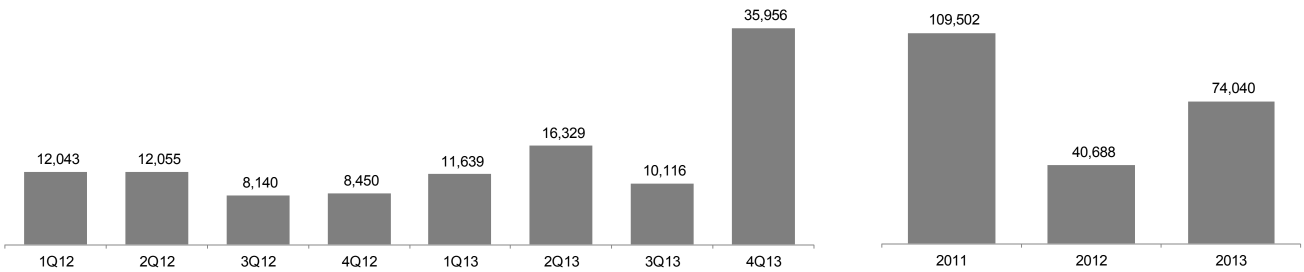
Taxes

Income taxes and social contribution amounted to R$6.9 million in 4Q13 and R$16.1 million as of December 31, 2013.

Net income

Net income in 4Q13 amounted to R$35.9 million, representing a net margin of 64% on the quarter and R$74.0 million as of December 31, 2013, representing a net margin of 57%.

Net income - R$'000



Corporate Governance

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

Investor Relations - IR

Shareholders, investors and market analysts have at their disposal information available in RI Companhia website (www.tarpon.com.br). For further information, contact directly the RI Department through email (RI@tarpon.com.br) or through a telephone call: +55 (11) 3074 5800.

Independent Audit

The audit work involved in the examination of the financial statements for the quarter ended December 31, 2013 was carried out by KPMG Auditores Independentes. Company's policies in the engagement of services not related to the external audit at its independent auditors aim to ensure that there is no conflict of interests, loss of independence or objectivity.

During the year ended December 31, 2013 no services were rendered by its independent auditors, other than those related to the Audit of Financial Statements.

Commitment clause

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

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 financial statements

To the Board Members and Shareholders 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 Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2013 and the related statements of net assets, 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
The Company's management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, and in accordance with the accounting practices adopted in Brazil as well as for the internal controls that it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were 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 evaluation, 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 aforementioned financial statements present fairly, in all material respects, the financial position of Tarpon Investimentos S.A. as of December 31, 2013, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements
In our opinion, the individual aforementioned financial statements present fairly, in all material respects, the financial position of Tarpon Investimentos S.A. as of December 31, 2013, 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.

Emphasis of matter
As described in Note 2.1, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Tarpon investimentos S.A., these practices differ from IFRS, as far as the individual financial statements are concerned, only as regards the valuation of investments in subsidiaries under the equity method, as, for IFRS purposes, they would be valued at cost or fair value. Our opinion is not qualified in this respect.

Other issues

Statements of added value
We have also examined the individual and consolidated statements of value added (DVA) for the year ended December 31, 2013, 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, 2014

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, 2013 and 2012

(In thousands of Reais)

		Consolidated		Individual	
Assets	**Notes**	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**
Current assets					
Cash and cash equivalents	4	17,606	3,317	22	1,098
Financial assets measured at fair value through profit or loss	5	17,698	32,379	8,597	32,379
Derivative financial instruments	6c	195	1,977	-	1,977
Receivables	7	38,425	15,766	-	-
Taxes recoverable	15	4,102	4,229	4,102	4,229
Other assets	18b	12,487	18,956	1,892	9,687
		90,513	76,624	14,613	49,370
Non-current assets					
Investment	8	-	-	60,603	18,061
Property, plant and equipment	9	1,648	1,980	-	-
		1,648	1,980	60,603	18,061
Total assets		92,161	78,604	75,216	67,431

		Consolidated		Individual	
Liabilities	**Notes**	**12/31/2013**	**12/31/2012**	**12/31/2013**	**12/31/2012**
Current liabilities					
Accounts payable	18c	839	792	33	191
Taxes payable	18d	18,091	28,726	4,039	20,170
Labor and statutory obligations	18e / 10c	2,099	23,552	12	21,552
		21,029	53,070	4,084	41,913
Non-current liabilities					
Accounts payable	18c	-	15	-	-
		-	15	-	-
Net assets					
Capital	10a	6,610	6,216	6,610	6,216
Capital reserves	10e	6,427	-	6,427	-
Statutory reserve	10d	-	3,052	-	3,052
Legal reserve	10b	1,317	1,223	1,317	1,223
Treasury shares		(7,935)	-	(7,935)	-
Equity evaluation adjustment		-	(4)	-	(4)
Option plan	14	15,847	14,503	15,847	14,503
Accumulated translation adjustment	8	2,734	528	2,734	528
Additional dividends proposed		46,132	-	46,132	-
Retained earnings		-	-	-	-
Net assets attributable to controlling shareholders		71,132	25,518	71,132	25,518
Total liabilities and net assets		92,161	78,604	75,216	67,431

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

Tarpon Investimentos S.A.

Individual and consolidated statements of net assets

Years ended December 31, 2013 and 2012

(In thousands of Reais)

		Consolidated		Individual	
		Years ended December 31		Years ended December 31	
	Notes	2013	2012	2013	2012
Management fee		76,294	77,014	-	41,544
Performance fee		53,274	19,890	-	18,722
Net operating income	12	129,568	96,904	-	60,266
Operating income and expenses					
Personnel expenses	18e	(23,511)	(18,296)	(75)	(11,824)
Option plan	14	(5,255)	(6,429)	-	(4,877)
Administrative expenses	13	(10,715)	(14,554)	(713)	(7,730)
Financial assets measured at fair value through profit or loss		1,014	5,978	179	5,978
Equity in net income of subsidiaries	8	-	-	74,581	14,160
Other operating income (expenses)		(921)	(1,422)	(61)	325
		(39,387)	(34,723)	73,912	(3,968)
Operating income		90,181	62,181	73,912	56,298
Income and social contribution taxes	15	(16,141)	(21,493)	128	(15,610)
Net income for the period		74,040	40,688	74,040	40,688
attributable to controlling shareholders		74,040	40,688	74,040	40,688
Quantity of shares at the end of the period	11	46,288	47,849	46,288	47,849
Basic earnings per thousand shares - R$	11a	1.60	0.86	1.60	0.86
Diluted earning per thousand shares - R$	11b	1.34	0.74	1.34	0.74

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

Tarpon Investimentos S.A.

Individual and consolidated financial statements of comprehensive income

Years ended December 31, 2013 and 2012

(In thousands of Reais)

	Consolidated	Individual
Net income for the year ended December 31, 2013	74,040	74,040
Comprehensive income		
Accumulated translation adjustment	2,205	2,205
Total comprehensive income for the quarter ended December 31, 2013	76,245	76,245
Comprehensive income attributable to parent companies	76,245	76,245
Net income for the year ended December 31, 2012	40,688	40,688
Comprehensive income		
Accumulated translation adjustment	396	396
Equity evaluation adjustment	(4)	(4)
Total comprehensive income for the quarter ended December 31, 2012	41,080	41,080
Comprehensive income attributable to parent companies	41,080	41,080

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

Tarpon Investimentos S.A.

Consolidated statements of changes in net assets

Years ended December 31, 2013 and 2012

(In thousands of Reais)

	Capital	Capital reserves	Statutory reserves	Legal reserve	Treasury shares	Stock option plan	Equity evaluation adjustment	Accumulated translation adjustment	Additional dividends proposed	Retained earnings (loss)	Total net assets
Balances at December 31, 2012	6,216	-	3,052	1,223	-	14,502	(4)	529	-	-	25,518
Capital increase	394	3,654	-	-	-	-	-	-	-	-	4,048
Equity evaluation adjustment	-	-	-	-	-	-	-	-	-	-	-
Repurchase of shares	-			-	(19,934)	-	-	-	-	-	(19,934)
Option plan	-	-	-	-	-	5,255	-	-	-	-	5,255
Reversal of exercised options	-	3,910	-	-	-	(3,910)	-	-	-	-	-
Cancellation of Company’s shares	-	(1,137)	(3,052)	-	11,999	-	-	-	-	(7,810)	-
Accumulated translation adjustment	-	-	-	-	-	-	-	2,205	-	-	2,205
Net income	-	-	-	-	-	-	-	-	-	74,040	74,040
Formation of reserves	-	-	-	94	-	-	4	-	-	(98)	-
Additional dividends proposed	-	-	-	-	-	-	-	-	46,132	(46,132)	-
Intermediary dividends proposed	-	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Balances at December 31, 2013	6,610	6,427	-	1,317	(7,935)	15,847	-	2,734	46,132	-	71,132

	Capital	Capital reserves	Statutory reserves	Legal reserve	Treasury shares	Stock option plan	Equity evaluation adjustment	Accumulated translation adjustment	Additional dividends proposed	Retained earnings (loss)	Total net assets
Balances at December 31, 2011	6,116	26,507	6,116	1,223	-	11,013	-	133	-	-	51,108
Capital increase	100	5,021									
Option plan	-	-	-	-	-	6,429	-	-	-	-	6,429
Cancellation of Company’s shares	-	(34,468)	(6,116)	-	48,753	-	-	-	-	(8,169)	-
Repurchase of shares	-	-	-	-	(48,753)	-	-	-	-	-	(48,753)
Reversal of exercised options	-	2,940	-	-	-	(2,940)	-	-	-	-	-
Equity evaluation adjustment	-	-	-	-	-	-	(4)	-	-	-	(4)
Intermediary dividends proposed	-	-	-	-	-	-	-	-	-	(29,467)	(29,467)
Accumulated translation adjustment	-	-	-	-	-	-	-	396	-	-	396
Formation of reserves	-	-	3,052	-					-	(3,052)	
Net income	-	-	-	-	-	-	-	-	-	40,688	40,688
Balances at December 31, 2012	6,216	-	3,052	1,223	-	14,502	(4)	529	-	-	25,518

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

Tarpon Investimentos S.A.

Individual and consolidated financial statements of cash flows

Years ended December 31, 2013 and 2012

(In thousands of Reais)

	Consolidated		Individual	
	Years ended December 31		Years ended December 31	
	2013	2012	2013	2012
Operational activities				
Net income from recurring operations	74,040	40,688	74,040	40,688
Adjustments:				
Depreciation	521	503	-	251
Equity income (loss)	-	-	(74,581)	(14,160)
Increase/(decrease) in option plan	5,255	6,429	-	4,877
Accumulated translation adjustment	2,206	528	2,206	528
Variation of equity evaluation adjustment	(4)	4	(4)	4
Variation of derivative financial assets	87	(1,977)	1,977	(1,977)
Adjusted income (loss)	82,105	46,175	3,637	30,211
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(22,659)	(6,808)	-	8,490
(Increase)/decrease in other assets	6,469	11,999	7,795	21,231
(Increase)/decrease in taxes recoverable	4,102	(4,229)	4,102	(4,229)
Increase/(decrease) in accounts payable	(32)	24	(158)	(501)
Increase/(decrease) in tax payable	(10,635)	(35,623)	(16,131)	(44,179)
Increase/(decrease) in labor liabilities	57	58	(30)	(1,942)
Cash flow from operating activities	59,407	11,596	(785)	9,081
Investment activities				
Variation of financial assets at fair value through profit or loss	12,443	51,651	17,605	51,651
Dividends received	-	-	39,500	-
(Acquisitions)/write-off of property, plant and equipment and lease	(165)	(369)	-	32
Cash flow from investment activities	12,278	51,282	57,105	51,683
Financing activities				
Repurchase of shares	(19,934)	(48,753)	(19,934)	(48,753)
Payment of dividends	(41,510)	(16,408)	(41,510)	(16,408)
Exercise of stock options	4,048	5,121	4,048	5,121
Cash flow from financing activities	(57,396)	(60,040)	(57,396)	(60,040)
Total cash flow	14,289	2,838	(1,076)	725
Increase/(decrease) in cash and cash equivalents	14,289	2,838	(1,076)	725
Cash and cash equivalents at the beginning of the period	3,317	479	1,098	373
Cash and cash equivalents at the end of the period	17,606	3,317	22	1,098

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

Tarpon Investimentos S.A.

Individual and consolidated financial statements of value added

Years ended December 31, 2013 and 2012

(In thousands of Reais)

	Consolidated		Individual	
	Years ended December 31		Years ended December 31	
	2013	2012	2013	2012
Incomes	132,800	100,150	-	63,002
Performance and Management fee	132,800	100,150	-	63,002
Inputs acquired from third parties	(11,115)	(15,473)	(774)	(7,154)
Materials-Power-Third-party services-Other	(11,115)	(15,473)	(774)	(7,154)
Gross added value	121,685	84,677	(774)	55,848
Retentions	(521)	(503)	-	(251)
Depreciation	(521)	(503)	-	(251)
Net added value produced	121,164	84,174	(774)	55,597
Added value received as transfer	1,014	5,978	74,761	20,138
Equity income (loss)	-	-	74,581	14,160
Financial income and expenses	1,014	5,978	179	5,978
Total added value payable	122,178	90,152	73,987	75,735
Distribution of added value	122,178	90,152	73,987	75,735
Personnel	26,558	22,563	-	15,121
Direct remuneration	26,558	22,563	-	15,121
Taxes, rates and contributions	21,580	26,901	(53)	19,926
Federal	19,367	25,056	(53)	18,391
Municipal	2,213	1,845	-	1,535
Remuneration of own capital	74,040	40,688	74,040	40,688
Dividends	20,000	29,467	20,000	29,467
Retained earnings for the year	98	3,052	98	3,052
Additional dividends proposed	46,132	-	46,132	-
Cancellation of shares	7,810	8,169	7,810	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 ("Fundos Tarpon"). In December 2003, the Company became a publicly-held corporation.

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, subsidiary of the Company, and the Company started to operate exclusively as a holding. Such reorganization was completed on August 31, 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 audit on financial statements were approved by the Board of Directors on January 28, 2014.

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 Basis of consolidation

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

Tarpon Gestora de Recursos S.A.

On April 25, 2012, Tarpon Investimentos S.A. became the holder of all Tarpon Gestora shares totaling 500 shares at the 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, the Company became the holder of the totality of stocks of Tarpon All Equities (Cayman), Ltd. And of TSOP Ltd. These companies act as general partner of certain foreign investment funds, and use a functional currency different from that of the parent company.

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

Subsidiaries Tarpon BR S.A. and Tarpon BR Participações Ltda. were liquidated on February 13, 2013 and March 27, 2012, respectively.

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 year;

(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 financial statements.

2.5 New standards and interpretations issued and not yet adopted

Several IFRS standards, amendments and interpretations issued by IASB have not yet come into effect in the preparation of such 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 will be mandatory as of January 1, 2017 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 IFRS, although that is expected to be done before the date when they are required to come into effect. The advanced adoption of this IFRS pronouncement 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, 2013.

a. Incomes

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 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. Financial instruments

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss 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, respectively, at the end of each month.

Derivative financial instruments

Derivative financial instruments (assets) are classified on the date of their acquisition according to the intention of Management for hedge purposes or not. Derivatives are stated at market value, including the consideration on credit risk, with realized and unrealized gains and losses directly recognized in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise balances of cash and financial investments with original maturities of three months or less as of the contracting date, which are subject to an insignificant risk of change in fair value and are used to manage short-term obligations.

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 subsidiaries and foreign subsidiary are stated at cost 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 amortized 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 and annual profit sharing plan, as applicable. The provision for estimated amount to be paid as semi-annual profit sharing or variable compensation 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, and are recognized in the balance sheet and in the statement of net assets on a pro-rata basis, over vesting period of each granting.

i. Income and social contribution taxes and other taxes

In the current year, Tarpon investimentos S.A. uses 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 should be noted that the Company follows the Transition Tax Regime (RTT) to calculate the Income Tax and Social Contribution, as provided for by Law 11,941/09, which aims at maintaining the tax neutrality of changes in the Brazilian corporate law, introduced by Law No. 11,638/07, and other changes to the accounting practices made in the context of the convergence of the IFRS.

For companies with taxation system called "taxable income", 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 management of foreign funds and portfolios is 2%.

PIS, COFINS and ISS overdue 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. Others assets and liabilities

Other assets have been stated at realizable values, including, when applicable, income and monetary variations (on a pro rata daily basis) earned 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 stated at realizable values, including, where applicable, an allowance for losses.

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) in the several markets which operates, and, consequently, no further division of the segment by type of business nor geographic segment presented.

m. Comprehensive income

Results from net income for the current quarters 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, 2013, attributable to the Company's 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 year ended December 31, 2013, 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, 2013 and 2012 by the balances of cash and banks.

5 Financial assets measured at fair value through profit or loss

	Consolidated	
	December 2013	**December 2012**
Financial assets measured at fair value through profit or loss		
Purchase and sale commitments	17,698	18,419
Bank deposit certificates	-	13,960
	17,698	32,379

	Individual	
	December 2013	**December 2012**
Financial assets measured at fair value through profit or loss		
Purchase and sale commitments	8,597	18,419
Bank deposit certificates	-	13,960
	8,597	32,379

Operations indexed to the variation of the Interbank Deposit (DI) rate entered into with a prime bank. Its fair value is classified as level 2, considering its calculation based on the adjustment of future cash flows to present value at observable market rates, and adjusted by the credit risk, when applicable, of the counterparties, in accordance with Management's internal assessment.

6 Financial instruments

a. Risk managements

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

Credit risk

It results from 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 prices in the stock market, 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.

Currency risk
Except for the interest held in subsidiary abroad, which functional currency is different from the functional and reporting currency of the Company, we do not have significant exposure to foreign exchange risk.

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

	Valuation method - 2013 and 2012	Exposure to market value risk?
Bank deposit certificates	Adjusted by the indexation rate – Interbank Deposit (DI) rate	No
Purchase and sale commitments	Adjusted by the indexation rate – Interbank Deposit (DI) rate	No

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. The result of the transactions will be settled upon maturity.

As of December 31, 2013, the Company (by means of its subsidiary) had the following outstanding transactions:

Consolidated

Financial instrument	Asset	Liability	Maturity	Notional value	MTM – 12/31/2013	MTM – 12/31/2012
SWAP	Shares	CDI + 0.5% p.a	09/02/2014	2,684	89	-
SWAP	Shares	CDI + 0.5% p.a	09/03/2014	3,137	106	-
Total					**195**	**-**

Outstanding derivative financial instruments, recorded in December 2012 in the Company (individual), were settled during 2013.

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 states that it is not exposed to market risks, for instance, interest rate considered relevant.

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

e. 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 Fundos Tarpon (Tarpon Funds) 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 March 31, June 30, September 30 and December 31 of each year, pursuant to the respective regulation.

	Consolidated	
	December 2013	**December 2012**
Management fee **(i)(ii)**	1,566	15,144
Performance fee **(i)(ii)**	36,859	622
	38,425	15,766

(i) 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.

(ii) Until the approval date of the accompanying financial statements, the receivables for the year ended December 31, 2013 were settled.

As of December 31, 2013, only the subsidiaries had receivables recorded in the respective balance sheets.

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 thousands of Reais - Changes in investment

Balance at December 31, 2012	9,362
Equity in net income	6,754
Contribution to subsidiary in connection with the option plan.	411
Foreign exchange	2,206
Balance at December 31, 2013	18,733

TISA NY - in thousands of Reais - Accumulated

TISA NY - in thousands of US$		TISA NY - in thousands of Reais						
Net assets – Beginning of year	Income (loss) December 31, 2013	Net assets at December 31, 2013	Income (loss) December 31, 2013	Accumulated foreign exchange	Capital holdings in %	Equity in net income of subsidiaries	Contribution to subsidiary in connection with the option plan.	Equity value of the investment
4,670	3,997	9,362	6,754	2,206	100%	6,754	411	18,733

The investments in subsidiaries Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. correspond to R$ 101 as of December 31, 2013 and 2012.

Tarpon Gestora de Recursos S.A.

Balance at December 31, 2012	8,599
Dividends received by the parent company	(39,500)
Equity in net income	67,827
Contribution to subsidiary in connection with the option plan.	4,843
Balance at December 31, 2013	41,769

Tarpon Gestora - in R$ thousand

Net assets – Beginning of year	Income (loss) December 31, 2013	Capital holdings in %	Equity in net income of subsidiaries	Contribution to subsidiary in connection with the option plan.	Dividends received by the parent company	Equity value of the investment
8,599	67,827	100%	67,827	4,843	(39,500)	41,769

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, 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 of Property, plant and equipment 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 at December 31, 2012	**10**	**434**	**175**	**509**	**450**	**96**	**306**	**1,980**
Balance at December 31, 2012	**10**	**434**	**124**	**490**	**120**	**27**	**306**	**1,511**
Additions	-	-	140	19	-	6	-	165
Write-offs	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Depreciation	(3)	(8)	(36)	(142)	(19)	(6)	(195)	(408)
Balance at December 31, 2013	**7**	**426**	**228**	**367**	**101**	**27**	**111**	**1,268**
Property, plant and equipment acquired from financial lease	-	-	37	13	286	44	-	380
Total at December 31, 2013	**7**	**426**	**265**	**380**	**387**	**71**	**111**	**1,647**

As of December 31, 2013, only the subsidiaries had fixed assets recorded in the respective balance sheets.

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

10 Net assets

a. Capital

As of December 31, 2012, the Company held 1,528,227 treasury shares, and their cancellation was approved at a board of directors meeting held on January 28, 2013.

As of January 28, 2013, the Board of Directors approved, within the authorized capital limit, the issue of 66 thousand shares, arising from the exercise of stock options granted under the Company's stock option plan. Of the exercise price, amounting to R$ 561, R$ 56 were allocated to capital stock, and R$ 505 to capital reserve. Accordingly, capital stock changed from R$ 6,216 to R$ 6,272 (R$ 6,216 as of December 31, 2012), divided into 46,387 thousand (47,849 thousand as of December 31, 2012) registered common shares, without par value.

As of April 29, 2013, the Board of Directors approved, within the authorized capital limit, the issue of 15 thousand shares, arising from the exercise of stock options granted under the Company's stock option plan. Of the exercise price, amounting to R$ 159, R$ 16 were allocated to capital stock, and R$ 143 to capital reserve. Accordingly, capital stock changed from R$ 6,272 to R$ 6,288 (R$ 6,216 as of December 31, 2012), divided into 46,402 thousand (47,849 thousand as of December 31, 2012) registered common shares, without par value.

On June 24, 2013 the Board of Directors approved the cancellation of the total 847 thousand common shares of the Company held in treasury, acquired under the share repurchase program approved on January 28, 2013. Thus, capital is now divided into 45,556 thousand shares.

As of July 29, 2013, the Board of Directors approved, within the authorized capital limit, the issue of 595 thousand shares, arising from the exercise of stock options granted under the Company's stock option plan. Of the exercise price, amounting to R$ 2.061, R$ 195 were allocated to capital stock, and R$ 1,866 to capital reserve. Accordingly, capital stock changed from R$ 6,288 to R$ 6,484 (R$ 6,216 as of December 31, 2012), divided into 46,150 thousand (47,849 thousand as of December 31, 2012) registered common shares, without par value.

The Board of Directors' meeting held on November 4, 2013 approved the issuance of 138 thousand shares of the Company, in the context of stock options exercise by the Plan's beneficiaries. Of total subscription price, in the amount of R$1,267, R$1,140 was allocated to capital reserve and R$127 to the Company's capital. Accordingly, the Company's capital increased from R$ 6,484 to R$ 6,610 (R$ 6,216 as of December 31, 2012), represented by 46,288 thousand (47,849 thousand, December 31, 2012) common shares, with no par value as of December 31, 2012.

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, 2013, the legal reserve balance was R$ 1,317 (as of December 2012 – 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 July 29, 2013, the Board of Directors determined the payment of dividends in the amount of R$ 20,000, made on August 6, 2013, and included in the mandatory minimum dividends for 2013.

As of December 31, 2013, the management proposed making an additional payment of R$ 46,132 for dividends for the year, recording it in shareholders' equity in the heading Additional Proposed Dividends.

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. On December 31, 2013, the balance was null, since it was used in the share repurchase program as approved on January 28, 2013. On December 31, 2012, the balance was R$ 3,052.

e. Capital reserve

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

			Allocation at issue price			
Period	**Nature**	**Issue/forfeiture of new shares (amounts - thousands)**	**Capital**	**Capital reserve**	**Amounts transferred from the stock option plan to the capital reserve**	**Total capital reserve**
Balance at December 31, 2011		**48,194**	**6,116**	**19,523**	**6,984**	**26,507**
	Treasury share cancellation.	(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, 2012		**47,849**	**6,216**	**(9,924)**	**9,924**	**-**
Balance at December 31, 2012		**47,849**	**6,216**	**-**	**-**	**-**
	Treasury share cancellation.	(2,374)		(1,137)	-	(1,137)
	Company's Stock option plan exercise as Option plan.	813	394	3,654	3,910	7,564
Balance at December 31, 2013		**46,288**	**6,610**	**2,517**	**3,910**	**6,427**

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. As of the same date, the plan for the repurchase of 1,953,786 shares was approved, which had the same aim of the previous plan. 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 unit price of R$ 12.50, totaling R$ 16,258 (including brokerage fees).

On January 28, 2013, the Company closed the previous share repurchasing program and launched a new one, to acquire up to 1,870,045 shares within one year, for the same objective as in the previous programs.

On May 23, 2013, the Company acquired 80,000 common shares issued by the Company, at a price of R$ 14,42, totaling R$ 1,154 (including brokerage fees), on May 28, 2013, it acquired 120,000 shares at an unit price of R$ 14.35, totaling R$ 1,723 (including brokerage fees), on June 4, 2013, it purchased 239,700 shares at an average price of R$ 14.25 (maximum price of R$ 14.33 and minimum of R$ 14.00), totaling R$ 3,416 (including brokerage fees), on June 18, 2013, it acquired 350,000 shares at par value of R$ 14.02, totaling R$ 4,909 (including brokerage fees), and on June 20, 2013, it acquired 57,000 shares at par value R$ 13.98, totaling R$ 797 (including brokerage fees).

On June 24, 2013 the Board of Directors approved the cancellation of the total 846,700 common shares of the Company held in treasury, acquired under the share repurchase program approved on January 28, 2013.

On December 5, 2013, the Company acquired 542,100 common shares issued by itself, at the unit price of R$ 14.63, totaling R$ 7,935 (including brokerage fees). On December 28, 2012 the price of the Company's shares was R$14.80.

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.

	Consolidated and Individual	
	2013	**2012**
Net income attributable to shareholders	74,040	40,688

Weighted average of common shares

	Consolidated and Individual	
	2013	**2012**
Common shares in the beginning of the year	47,849	48,194
Shares issued in the year	813	1,826
Shares forfeited for the year	(2,374)	(2,171)
Total shares	46,288	47,849
Weighted average of the Company's quantity of common shares	46,339	47,402
Basic earnings per share in the year	1.60	0.86

b. Diluted earnings per share

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

	Consolidated and Individual	
	2013	**2012**
Income attributable to shareholders	74,040	40,688
Weighted average of the Company's quantity of common shares	46,339	47,402
Adjustment per stock option plan	9,229	7,513
Weighted average quantity of common shares for the Diluted earnings per share	55,568	54,915
Diluted earnings per share - R$	1.34	0.74

12 Net operating income

	Consolidated	
	2013	**2012**
Income related to the management fee	77,967	79,524
Income related to the performance fee	54,833	20,626
Taxes on revenues (i)	(3,232)	(3,246)
	129,568	96,904

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

	Individual	
	2013	**2012**
Income related to the management fee	-	43,585
Income related to the performance fee	-	19,417
Taxes on revenues (i)	-	(2,736)
	-	60,266

Fundos Tarpon follow the concept of ''high water mark''. 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.

Consequently, the amount of revenue related to performance fees may undergo significant changes on year on year basis according to: (i) fluctuations in the value of the net assets of the funds' portfolios; (ii) the performance of the portfolios in comparison with hurdle rates for each fund and (iii) the realization of the net investments (since the performance fees related to these investments are only charged upon the realization of the investment).

13 Administrative expenses

	Consolidated	
	2013	**2012**
Maintenance of the office	4,167	3,539
Outsourced services	3,198	6,138
Representation expenses	1,736	2,226
Depreciation and amortization	522	503
Information system expenses	300	374
Expenses with fees and other contributions	70	804
Other expenses	722	970
	10,715	14,554

	Individual	
	2013	**2012**
Maintenance of the office	2	2,107
Outsourced services	703	3,066
Representation expenses	-	1,039
Depreciation and amortization	-	251
Information system expenses	-	76
Expenses with fees and other contributions	2	685
Other expenses	6	506
	713	7,730

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 Plan is aimed at allowing certain managers and employees of the Company, as well as the persons related to the companies of the portfolio of Tarpon Funds or who provide services to the Company, upon resolution of the Board of Directors, to acquire common shares of the Company, representing up to 25% of its shares. 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 of said option.

The option’s exercise price shall be paid in full 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):

	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)**	**Strike price on December 31, 2013**	**Total in R$ thousand**
1st and 2nd granting (March 10, 2009)	7,662	0.38	2,951	5.6	(238)	0.38	(94)	7,286	2.59	19,122	March 10, 2010, January 07, 2011, July 4, 2011, August 15, 2011, July 31, 2012 and July 29, 2013	15.25	138	2.53	350
3rd granting (November 30, 2009)	2,493	4.08	10,181	5.4	(346)	4.08	(1,416)	1,648	3.06	5,039	January 07, 2011, July 4, 2011, August 15, 2011, July 31, 2012 and July 29, 2013	14.99	499	2.53	1,350
4th granting (February 19, 2010)	530	4.67	2,477	5.63	(172)	4.67	(814)	214	3.38	723	July 4, 2011, August 15, 2011, July 31, 2012 and July 29, 2013	14.75	144	2.53	364
5th granting (August 19, 2010)	1,115	6.72	7,488	8.59	(294)	6.72	(1,998)	318	5.94	1,901	July 4, 2011, August 15, 2011, July 31, 2012, January 28, 2013 and July 29, 2013	15.13	503	5.15	2,746
6th granting (August 8, 2011)	960	8.07	7,745	11.4	(260)	8.07	(2,101)	116	10.60	1,219	January 28, 2013, April 29, July 29, 2013 and November 4, 2013	15.36	614	10.34	6,873
7th granting (August 9, 2012)	560	6.51	3,646	9.49	(312)	6.51	(2,026)	78	8.42	657	November 4, 2013	15.30	482	8.59	1,461
8th granting (September 20, 2012)	50	6.88	344	10.12	-	-	-	-	-	-		-	50	9.22	461
9th grant (Oct 10, 2013)	1,192	8.15	9,715	11.58	-	-	-	-	-	-		-	1,192	11.12	13,251
Total Plan:	14,562		44,548		(1,622)		(8,449)	9,660		28,661			3,362		26,866

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 thousands of Reais	**2013**	**2012**
Stock option plan	5,255	6,429
Exercised	(3,910)	(2,940)

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**	**September 28, 2012**	**October 10, 2013**
Average annual volatility	70%	34%	28%	23%	20%	24%	20%	19%
Current price of the share	1.29	6.87	7.84	11.45	15.20	12.65	13.77	15.44
Exercise price of the plan options pursuant to the terms and conditions of the program	5.60	5.40	5.63	8.59	11.40	9.49	10.12	11.58
Risk-free interest rate	13.00%	8.75%	8.63%	10.75%	11.90%	10.15%	9.10%	11.78%
Expected dividends	6.2%	4.7%	4.5%	6.9%	6%	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, among others, 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

Rate reconciliation

Taxable income (at December 31, 2013 and 2012)

Determination of the calculation basis	**2013**	**2012**
Income before income and social contribution taxes (i)	73,912	56,298
Income and social contribution taxes to rates	(25,106)	(19,141)
Effect of additions and deductions on the calculation of taxes		
Adjustment RTT	-	69
Option plan	-	(1,658)
Equity in net income	25,358	4,814
Donations	-	(158)
Managers' variable remuneration	-	(9)
Income accrued abroad	(4,105)	(4,229)
MTM – Derivatives	(120)	-
Workers' Meal Program (PAT)	-	9
Tax benefits	-	464
Total taxes	(3,974)	(19,839)
Tax for offset against the tax paid in New York	4,102	4,229
Income and social contribution taxes for the year	128	(15,610)

As of December 31, 2013, the consolidated amount of Income tax and social contribution for the year includes the expenses of its subsidiaries, totaling R$ 16,141.

a. Taxes recoverable

The Company's wholly-owned subsidiary, Tisa NY, Inc., calculated a profit in the year ended December 31, 2013, which was taxed at the rate of 35% (federal tax), in addition to the other municipal and state taxes levied. As of December 31, 2013, the provision for these taxes totaled R$ 6,842.

The Company could offset 34% of the taxes due on the profit accrued by the subsidiary against the taxes paid abroad, as provided for in the Brazilian legislation. Such amount, of R$ 4,102, was recorded as tax for offset in the balance sheet of the Company.

In the consolidated balance sheet, the amount of R$ 6,898, referring to the prepayment of federal, state and municipal taxes made by the subsidiary in the year, was recorded within the "Other assets" line item.

16 Contingencies

As of December 31, 2013, the Company recorded no contingent liabilities, and, in Management's evaluation, no lawsuits were outstanding that could represent possible or probable losses, except for the provision below.

In June 2010, the Company offset the amount of PIS/Cofins paid in excess. Such offset was denied by the Federal Revenue; the Company is currently requesting its approval. According to the legal advisors of the Company, the risk of loss for the Company is considered possible. As of December 31, 2013, the total involved amount was R$221.2.

17 Related parties

The main balances of assets and liabilities as of December 31, 2013 and 2012, as well as the operations that influenced the income for the same years ended, 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, 2013	**December 31, 2012**	**2013**	**2012**
Dividends payable	-	(21,510)		
Additional dividends proposed	(43,722)	(29,467)		
Short-term benefits to the Management **(*)**	-	-	(7,716)	(3,848)
Stock option plan to the Management	(4,421)	(2,505)	(953)	(1,258)

(*) 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 leases

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	18	2	16
Total at December 31, 2013	**18**	**2**	**16**
Less than 1 year	190	14	175
Between 1 and 5 years	16	1	15
Total at December 31, 2012	**206**	**15**	**191**

b. Other assets

On December 31, 2013 in consolidated and individual financial statements are comprised substantially of IRRF (withheld income tax), CSSL (social contribution on net income), PIS, COFINS and federal, municipal and New York state taxes prepaid in the amount of R$1,884 - individual and R$ 9,523 - consolidated (as of December 31, 2012, R$6,961 - individual and R$14,554 - consolidated) other withheld taxes to offset, R$ 1,500 - consolidated (R$1,888 - individual and consolidated - as of December 31, 2012), and prepaid expenses, R$1,104 - consolidated (R$470 - individual and R$2,380 - consolidated, as of December 31, 2012).

c. Accounts payable

It is basically composed of the amounts payable to suppliers of R$ 33 (individual) and R$ 823 (consolidated), and, as of December 31, 2012, R$ 191 (individual) and R$ 580 (consolidated), as well as a financial liability arising from a capital lease payable of R$ 16 (consolidated), and as of December 31, 2012, R$ 205 (consolidated).

d. Taxes payable

The amounts due comprise R$ 69 (individual) and R$ 135 (consolidated) of third-party taxes (R$ 65 - individual and R$ 86 - consolidated as of December 31, 2012); R$ 326 consolidated for PIS and COFINS (R$ 266 individual and R$ 337 as of December 31, 2012), R$ 836 consolidated for ISS (R$ 210 as of December 31, 2012) and R$ 3,970 (individual) for IRPJ and CSLL (R$ 19,839 as of December 31, 2012) and R$ 16,794 (consolidated) for federal, state and municipal taxes in the USA (R$ 28,093 as of December 31, 2012).

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$ 12 (individual) and R$ 2,099 (consolidated) (as of December 31, 2012, R$ 42 - individual and R$ 2,042 - consolidated). Personnel expenses (individual and consolidated) are composed of expenses on compensation, payroll charges, profit sharing, and bonuses totaling R$ 75 (individual) and R$ 23,511 (consolidated). As of December 31, 2012, they amounted to R$ 11,824 (Company) and R$ 18,296 (consolidated).

f. Provisional Measure 627, November 11, 2013

The Management made a initial evaluation of the provisions contained in the Provisional Measure 627, of November 11, 2013 (“MP 627”), and the Regulatory Instruction 1397, of September 16, 2013, amended by the Regulatory Instruction 1422, of December 19, 2013 (“IN 1397”).

Although the MP 627 comes into effect on January 1, 2015, there is the option (irreversibly) of early adopting it as of January 1, 2014. The Management has not yet concluded whether it should opt for the early adoption or not. According to the preliminary evaluation of the Management, and in view of the nature of the Company's activities, the occasional adoption of the provisions of MP 627 is not expected to produce a material impact on the Company.

*   *   *

Executive board

CEO
Eduardo Silveira Mufarej

Investor Relations Director and Accountant
Caroline Miranda
CRC 1SSP-255926/O-6

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

Annual Brief Report from the Audit and Compliance Committee of the Company for the year ended December 31, 2013

According to the Internal Rules of the Audit and Compliance Committee ("Committee") of Tarpon Investimentos S.A., a corporation with head office on Rua Iguatemi, 151, 23º andar, Itaim Bibi, São Paulo-SP, CEP 01451-011, enrolled with the CNPJ/MF under the No. 05.341.549/0001-63 ("Company"), and in compliance with CVM Instruction 308, of May 14, 1999, and further amendments ("ICVM 308"), the Committee members present its Annual Brief Report of the Company for the year ended December 31, 2013.

Committee activities:

The Committee held 7 (seven) meetings related to the year 2013, in which the following works were carried out:

a. It reviewed and considered adequate the work plan of the independent auditor for the preparation of independent external audit;

b. It supervised the independent auditor activities, to evaluate (i) its independence; (ii) quality of services rendered; and (iii) the adequacy of the services provided to the Company's needs;

c. It supervised the activities of the internal controls area of the Company, as well as discussed with the management and the independent auditors of the Company about the effectiveness and adequacy of the internal controls of the Company;

d. It reviewed and considered adequate the monitoring process of the risks reported by the internal controls area of the Company;

e. It supervised the activities of the area that prepares the financial statements of the Company, as well as revised the analysis and assumptions adopted by the management, and corroborated the independent auditors of the Company for the preparation of its quarterly and annual financial statements;

f. It evaluated and monitored, together with the management and the independent auditors, the adequacy of the related party transactions carried out by the Company and their respective disclosures;

g. It created routines for checking the occasional risks faced by the Company, especially the risks involving lawsuits and administrative proceedings in general.

h. It prepared a schedule of meetings for the year ended December 31, 2013.

i. It accepted the resignation of Mr. Fernando Shayer as Committee member.

j. It approved the engagement of Deloitte Touche Tohmatsu Auditores Independentes for the provision of independent audit services of the Company, in substitution of KPMG Auditores Independentes in view of the rotation required in Article 31 of the ICVM 308.

The Committee met with KPMG Auditores Independentes and took notice of the report on the financial statement for the year ended December 31, 2013, being satisfied with the information and clarifications provided, and recommending its approval to the Board of Directors of the Company. It also met with these same Auditors for discussing the quarterly financial statements (ITRs) of the Company, recommending their approval to the Board of Directors of the Company.

During the course of the work, there was no event of significant divergence among the Company's management, the independent auditors and the Committee in relation to such financial statements.

Conclusion

Based on the works carried out, the Committee recommends the approval by the Board of Directors of the audited financial statements of Tarpon Investimentos S.A., for the year ended December 31, 2013.

São Paulo, January 28, 2014.

Walter Iório
Horácio Lafer Piva
Fábio Hering