

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Tarpon Investimentos S.A.

Individual and Consolidated Interim Financial
Statements for the Quarter and Six-month
Period Ended June 30, 2017 and Report on
Review of Individual and Consolidated
Interim Financial Statements

Deloitte Touche Tohmatsu Auditores Independentes

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REPORT ON REVIEW OF INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

We have reviewed the accompanying individual and consolidated interim financial statements of Tarpon Investimentos S.A. ("Company"), which comprise the balance sheet as at June 30, 2017, and the statement of profit and loss and statement of comprehensive income for the quarter and six-month period then ended, and the statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of these individual and consolidated interim financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB"), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial statements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making inquiries, 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 the 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 Interim Financial Statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial statements are not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of interim financial statements.



Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the six-month period ended June 30, 2017, prepared under Management's responsibility, which is required by the standards issued by the Brazilian Securities and Exchange Commission ("CVM") and is considered as supplemental information for the International Financial Reporting Standards ("IFRSs"), which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial statements taken as a whole.

The accompanying individual and consolidated interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, August 14, 2017

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU
Auditores Independentes



Luiz Carlos Oseliero Filho
Engagement Partner

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Tarpon Investimentos S.A.

Individual and consolidated balance sheets

As at June 30, 2017 and December 31, 2016

(In thousands of Brazilian reais - R\$)

Assets	Note	Consolidated		Individual		Liabilities and Equity	Notes	Consolidated		Individual	
		6/30/2017	12/31/2016	6/30/2017	12/31/2016			6/30/2017	12/31/2016	6/30/2017	12/31/2016
Current assets						Current liabilities					
Cash and cash equivalents	4	29,749	25,742	195	250	Trade payables	21	490	648	9,427	9,541
Financial assets measured at fair value through profit or loss	5	18,072	18,982	-	-	Derivatives	6c	-	456	-	-
Receivables	7	1,975	395	-	-	Corporate obligations	11c	63	1,576	63	1,576
Recoverable taxes	17a	2,656	3,867	1,354	1,354	Taxes payable	22	5,616	5,662	418	414
Other assets	20	6,113	8,710	29	599	Payroll and related taxes	23	5,047	1,600	28	19
Total		58,565	57,696	1,578	2,203	Other payables		-	-	34	-
						Total		11,216	9,942	9,970	11,550
Noncurrent assets						Noncurrent liabilities					
Investments	8	-	-	56,005	57,539	Deferred taxes	17	247	187	-	-
Property, plant and equipment	9	334	443	-	-						
Intangible assets	10	177	182	-	-	Total		247	187	-	-
Total		511	625	56,005	57,539						
						Equity					
						Capital	11a	7,085	7,085	7,085	7,085
						Capital reserve	11e	1,968	1,968	1,968	1,968
						Treasury shares	11g	(624)	-	(624)	-
						Legal reserve	11b	1,415	1,415	1,415	1,415
						Earnings reserve	11.f	1,268	1,268	1,268	1,268
						Stock option plan	16	21,313	20,758	21,313	20,758
						Cumulative translation adjustments	2.4	12,943	12,236	12,943	12,236
						Additional dividends proposed	11c	-	3,462	-	3,462
						Retained earnings		2,245	-	2,245	-
						Equity attributable to Company's owners		47,613	48,192	47,613	48,192
Total assets		59,076	58,321	57,583	59,742	Total liabilities and equity		59,076	58,321	57,583	59,742

The accompanying notes are an integral part of this individual and consolidated interim financial statements.

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Tarpon Investimentos S.A.

Individual and consolidated statements of comprehensive income
For the quarters and six-month periods ended June 30, 2017 and 2016
(In thousands of Brazilian reais - R\$)

		Consolidated				Individual			
		04/01/2017 to 06/30/2017	1/1/2017 to 06/30/2017	4/1/2016 to 6/30/2016	1/1/2016 to 6/30/2016	04/01/2017 to 06/30/2017	1/1/2017 to 06/30/2017	4/1/2016 to 6/30/2016	1/1/2016 to 6/30/2016
Profit (loss) for the six-month period	Notes	5,454	2,245	5,611	(4,124)	5,454	2,245	5,611	(4,124)
Comprehensive income									
Cumulative translation adjustments	8	1,710	707	(3,089)	(6,965)	1,710	707	(3,089)	(6,965)
Total comprehensive income		<u>7,164</u>	<u>2,952</u>	<u>2,522</u>	<u>(11,089)</u>	<u>7,164</u>	<u>2,952</u>	<u>2,522</u>	<u>(11,089)</u>
Comprehensive income attributable to Company's owners		7,164	2,952	2,522	(11,089)	7,164	2,952	2,522	(11,089)

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Tarpon Investimentos S.A.

Consolidated statements of changes in equity (parent company)
For the six-month periods ended June 30, 2017 and 2016

(In thousands of Brazilian reais - R\$)

	Capital	Capital reserve	Earnings reserve	Legal reserve	Treasury shares	Stock option plan	Cumulative translation adjustments	Additional dividends proposed	Retained earnings (accumulated losses)	Total equity
Balances as at December 31, 2016	7,085	1,968	1,268	1,415	-	20,758	12,236	3,462	-	48,192
Share buyback	-	-	-	-	(624)	-	-	-	-	(624)
Stock option plan	-	-	-	-	-	555	-	-	-	555
Cumulative translation adjustments	-	-	-	-	-	-	707	-	-	707
Profit for the six-month period	-	-	-	-	-	-	-	-	2,245	2,245
Distribution of additional dividends	-	-	-	-	-	-	-	(3,462)	-	(3,462)
Balances as at June 30, 2017	7,085	1,968	1,268	1,415	(624)	21,313	12,943	-	2,245	47,613
	Capital	Capital reserve	Earnings reserve	Legal reserve	Treasury shares	Stock option plan	Cumulative translation adjustment	Additional dividends proposed	Accumulated losses	Total equity
Balances as at December 31, 2015	7,016	985	14,391	1,401	-	19,935	18,586	-	-	62,314
Capital increase	69	637	-	-	-	-	-	-	-	706
Share buyback	-	-	-	-	(9,720)	-	-	-	-	(9,720)
Stock option plan	-	-	-	-	-	1,044	-	-	-	1,044
Reversal of options exercised	-	963	-	-	-	(963)	-	-	-	-
Cancellation of company shares	-	-	(5,289)	-	-	-	-	-	-	(5,289)
Cumulative translation adjustments	-	-	-	-	-	-	(6,965)	-	-	(6,965)
Loss for the six-month period	-	-	-	-	-	-	-	-	(4,124)	(4,124)
Balances as at June 30, 2016	7,085	2,585	9,102	1,401	(9,720)	20,016	11,621	-	(4,124)	37,966

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Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows
For the six-month periods ended June 30, 2017 and 2016
(In thousands of Brazilian reais - R\$)

	Note	Consolidated		Individual	
		6/30/2017	6/30/2016	6/30/2017	6/30/2016
Operating activities					
Profit (loss) for the six-month period		\$ 2,245.45	(4,124)	2,245	(4,124)
Adjustments:					
Depreciation and amortization	9 and 15	164	269	-	-
Share of profit (loss) of subsidiaries	8	-	-	(2,720)	3,562
Increase / decrease in stock options plan	16	555	1,044	-	-
Mark-to-market of derivative financial assets	14	-	4,098	-	-
Provision for deferred income tax and social contribution	17	60	-	-	-
Provision for current income tax and social contribution	17	2,282	2,395	-	-
		<u>5,306</u>	<u>3,682</u>	<u>(475)</u>	<u>(562)</u>
Adjusted profit (loss)					
Changes in assets and liabilities:					
(Increase)/decrease in receivables		(1,580)	166	-	-
(Increase)/decrease in other assets		2,646	3,382	(6)	-
(Increase)/decrease in recoverable taxes		1,245	1,854	-	254
Increase/(decrease) in trade payables		(159)	(634)	(81)	(47)
Increase/(decrease) in taxes payable		871	(1,329)	6	(6)
Increase/(decrease) in payroll and related taxes		3,447	(107)	11	(4)
Changes in assets (liabilities) derivatives income tax and social contribution paid		(456)	(6,929)	-	-
		(3,200)	(3,146)	-	-
		<u>8,120</u>	<u>(3,061)</u>	<u>(544)</u>	<u>(365)</u>
Cash flow from operating activities					
Investing activities					
Dividends received	8	-	-	6,089	12,844
Changes in financial assets designated at fair value through profit or loss	5	910	19,194	-	-
(Acquisitions)/write-offs of intangible assets	10	-	(59)	-	-
		<u>910</u>	<u>19,135</u>	<u>6,089</u>	<u>12,844</u>
Cash flow from investing activities					
Financing activities					
Buyback of treasury shares	11g	(624)	(15,009)	(624)	(15,009)
Dividends paid	11c	(4,975)	(1,979)	(4,975)	(1,979)
Capital increase through exercise of stock options	11a & 11e	-	706	-	706
		<u>(5,599)</u>	<u>(16,282)</u>	<u>(5,599)</u>	<u>(16,282)</u>
Cash flow from financing activities					
Total cash flows					
		<u>3,431</u>	<u>(208)</u>	<u>(55)</u>	<u>(3,803)</u>
Increase/(decrease) in cash and cash equivalents, net		3,431	(208)	(55)	(3,803)
Cash and cash equivalents at the beginning of the six-month period	4	25,742	34,740	250	4,207
Exchange rate changes on cash and cash equivalents	2.4	576	(6,823)	-	-
Cash and cash equivalents at the end of the six-month period	4	<u>29,749</u>	<u>27,709</u>	<u>195</u>	<u>404</u>

The accompanying notes are an integral part of this individual and consolidated interim financial statements.

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Tarpon Investimentos S.A.

Individual and consolidated statements of profit and loss

For the quarters and six-month periods ended June 30, 2017 and 2016

(In thousands of Brazilian reais - R\$)

	Note	Consolidated				Individual			
		04/01/2017 to 06/30/2017	1/1/2017 to 06/30/2017	4/1/2016 to 6/30/2016	1/1/2016 to 6/30/2016	04/01/2017 to 06/30/2017	1/1/2017 to 06/30/2017	4/1/2016 to 6/30/2016	1/1/2016 to 6/30/2016
Management fee	13	10,354	22,698	13,514	28,413	-	-	-	-
Performance fee	13	748	748	-	-	-	-	-	-
Net operating revenue		11,102	23,446	13,514	28,413	-	-	-	-
Operating income (expenses)									
Personnel expenses	23	(3,658)	(15,628)	(3,878)	(21,827)	-	-	-	-
Stock option plan	16	(264)	(555)	(508)	(1,044)	-	-	-	-
Administrative expenses	15	(1,469)	(3,143)	(1,909)	(4,423)	(207)	(439)	(204)	(529)
Gain (loss) on financial assets measured at fair value through profit or loss	14	300	621	(141)	(3,132)	-	-	-	-
Share of profit (loss) of subsidiaries	8	-	-	-	-	5,680	2,720	5,833	(3,562)
Other operating income (expenses)		(204)	(154)	(46)	284	(19)	(36)	(18)	(33)
		(5,295)	(18,859)	(6,482)	(30,142)	5,454	2,245	5,611	(4,124)
Operating profit (loss)		5,807	4,587	7,032	(1,729)	5,454	2,245	5,611	(4,124)
Current income tax and social contribution	17	(324)	(2,282)	(1,421)	(2,395)	-	-	-	-
Deferred income tax and social contribution	17	(29)	(60)	-	-	-	-	-	-
Profit (loss) for the six-month period	12	5,454	2,245	5,611	(4,124)	5,454	2,245	5,611	(4,124)
Attributable to Company's owners		5,454	2,245	5,611	(4,124)	5,454	2,245	5,611	(4,124)
Number of outstanding shares at the end of the six-month period	12a	43,959	43,959	44,115	44,115	43,959	43,959	44,115	44,115
Basic earnings (loss) per share	12a	0.12	0.05	0.13	(0.09)	0.12	0.05	0.13	(0.09)
Diluted earnings (loss) per share	12b	0.12	0.05	0.13	(0.09)	0.12	0.05	0.13	(0.09)

The accompanying notes are an integral part of this individual and consolidated interim financial statements.

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Tarpon Investimentos S.A.

Individual and consolidated statements of value added
For the six-month periods ended June 30, 2017 and 2016
(In thousands of Brazilian reais - R\$)

	Notes	Consolidated		Individual	
		6/30/2017	6/30/2016	6/30/2017	6/30/2016
Revenues		<u>23,982</u>	<u>29,039</u>	<u>-</u>	<u>-</u>
Management fee (gross)	13	23,189	29,039	-	-
Performance fee (gross)	13	793	-	-	-
Inputs acquired from third parties		<u>(3,688)</u>	<u>(3,847)</u>	<u>(475)</u>	<u>(515)</u>
Materials, power, outside services and other		(3,688)	(3,847)	(475)	(515)
Gross value added		<u>20,294</u>	<u>25,192</u>	<u>(475)</u>	<u>(515)</u>
Retentions		<u>(164)</u>	<u>(269)</u>	<u>-</u>	<u>-</u>
Depreciation and amortization	15	(164)	(269)	-	-
Net value added		<u>20,130</u>	<u>24,923</u>	<u>(475)</u>	<u>(515)</u>
Value added received in transfer		<u>621</u>	<u>(3,132)</u>	<u>2,720</u>	<u>(3,562)</u>
Share of profit (loss) of subsidiaries	8	-	-	2,720	(3,562)
Finance income (costs)	14	621	(3,132)	-	-
Total value added to be distributed		<u>20,751</u>	<u>21,791</u>	<u>2,245</u>	<u>(4,077)</u>
Distribution of value added		<u>20,751</u>	<u>21,791</u>	<u>2,245</u>	<u>(4,077)</u>
Personnel		<u>15,628</u>	<u>22,870</u>	<u>-</u>	<u>47</u>
Payroll and related taxes	23	15,628	22,870	-	47
Taxes, fees and contributions		<u>2,878</u>	<u>3,045</u>	<u>-</u>	<u>-</u>
Federal		2,441	2,519	-	-
Municipal		437	526	-	-
Equity remuneration		<u>2,245</u>	<u>(4,124)</u>	<u>2,245</u>	<u>(4,124)</u>
Profit (loss) for the six-month period		2,245	(4,124)	2,245	(4,124)

The accompanying notes are an integral part of this individual and consolidated interim financial statements.

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Notes to the individual and consolidated interim financial statements

(Amounts in thousands of Brazilian reais - R\$)

1 General information

Tarpon Investimentos S.A. (“Company” or “Tarpon”) was established in June 2002, initially organized as a limited liability company, with head office at Av. Brigadeiro Faria Lima, 3355 - 23o. andar, São Paulo/SP, to engage in securities portfolio and asset management, through investment funds, managed portfolios and other investment vehicles (“Tarpon Funds”). In December 2003, the Company was changed into publicly-held company.

In July 2011, the Company’s subsidiary was established in New York (TISA NY, Inc.), which is engaged in the provision of financial advisory services. On March 28, 2012, shares issued by Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. were transferred from TIG Holding NY LLC to Tarpon Investimentos S.A. Finally, on April 25, 2012, the Company established Tarpon Gestora de Recursos S.A. (“Tarpon Gestora”), which is engaged in operating as portfolio and asset manager of funds, portfolios and other investment vehicles in Brazil and abroad.

2 Presentation of interim financial statements

2.1 Presentation of individual and consolidated interim financial statements

The individual and consolidated interim financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil in compliance with CPC 21 and IAS 34 - Interim Financial Reporting.

There is no difference between consolidated and individual equity and profit or loss reported as these accounting policies have been applied consistently. Accordingly, the individual and consolidated interim financial statements are presented as a single set, on a side-by-side basis.

All relevant information in the interim financial statements, and only this information, is being disclosed and corresponds to the information used in managing the Company.

Management understands that there are no uncertainties that affect Tarpon’s continuity as a going concern.

These interim financial statements were approved and authorized for issue by the Board of Directors on August 14, 2017.

2.2 Functional and reporting currency

The interim financial statements have been prepared in Brazilian reais (R\$), which is the Company's functional and reporting currency. Subsidiaries Tarpon Gestora and TISA NY have as functional currency Reais (R\$) and US Dollar (US\$), respectively.

2.3 Use of estimates and judgments

The preparation of interim financial statements requires Management to make judgments and estimates that affect the application of accounting principles, as well as the reported amounts of assets, liabilities, income and expenses, including the determination of the fair value of securities and the stock option plan and also contingent liabilities, provisions and legal obligations. Actual results may differ from these estimates. Estimates and assumptions are reviewed on a quarterly basis.

2.4 Basis of consolidation

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

Tarpon Gestora de Recursos S.A.

On April 25, 2012, Tarpon Investimentos S.A. started to hold all shares issued by Tarpon Gestora, totaling 500 shares at the par value of R\$1.00.

TISA NY, Inc.

TISA NY is the Company's wholly-owned subsidiary. The results of operations of TISA NY and respective investment are measured under the equity method (individual financial statements), whose functional currency (US\$) is different from the Parent's functional currency.

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

On March 28, 2012, the Company started to hold all shares issued by Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. These companies operate as general partner of certain foreign investment funds and their functional currency (US\$) differs from the Parent's functional currency.

Investments in foreign subsidiaries are translated into the reporting currency, as follows:

The balances of assets and liabilities are translated at the exchange rate prevailing at the consolidated balance sheet date;

Profit or loss is translated at the exchange rate prevailing on each transaction date; and

All differences arising from the translation of exchange rates are recognized in equity and in the consolidated statement of comprehensive income, in line item "Cumulative translation adjustments", the effect of the translation adjustments in the consolidated statements are presented separately in the statements of cash flow.

The amount of investments in subsidiaries and all intercompany balances were eliminated upon consolidation.

2.5 Standards and interpretations issued but not yet adopted

- IFRS 9 - Financial Instruments: Classification and Measurement: introduces new requirements for the classification and measurement of financial assets and financial liabilities. This standard is effective for annual periods beginning on or after July 1, 2018, with early adoption permitted. The Company's management is assessing the impacts of adopting this standard on its financial statements.
- IFRS 15/CPC 47 - Revenue from Contracts with Customers: establishes a simple, clear model for entities to use in accounting for revenue arising from contracts with customers. This standard is effective for annual periods beginning on or after July 1, 2018, with early adoption permitted. Management assesses that this standard is being met as Tarpon's only revenue comprises the management and performance fees relating to the investment funds managed. Revenue is recognized based on the terms and criteria set out in the fund bylaws.

- IFRS 16 / CPC 06 - Leases - Establishes a comprehensive model to identify lease transactions and their appropriate treatment in the financial statements for the lessor and lessee. This standard is effective for annual periods beginning on or after July 1, 2019. Management assessed that such standard will not impact the Company's interim financial statements as the Company does not conduct any transactions that meet the lease criteria set out in such standard.
- IFRS 2 / CPC 10 - Classification and Measurement of Share-based Payments - Establishes grace/grant conditions in measuring plans upon financial settlement, classification of share-based payment transactions with withholding tax settlement component and accounting for amendment to the share-based payment terms and conditions that change the transaction classification from financial settlement to share-based settlement. The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management assessed that option payments based on Tarpon's shares already meet the criteria set out in such standard.
- IAS 7 / CPC 03 - The revised standard requires the entity to disclose in its financial statements the variations in liabilities arising from financing activities, including variations in cash flows and changes in non-cash transactions. These amendments to the standard will be prospectively applied for annual periods beginning on or after January 1, 2017, with early adoption permitted. Management assesses that the accrual for payment of dividends, treasury share buyback and capital increase through exercise of stock options is only applicable in the reporting year, all of which show variations in the statement of cash flows of the balances impacting cash, that is, cash flow.
- IAS 12 – Recognition of deferred tax asset for unrealized losses - The revised standard clarifies the recognition of deferred tax assets on unrealized losses. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2017, with early adoption permitted. As shown in note 3 I), Tarpon Gestora has adopted the deemed income regime. Therefore, Management assesses that the impacts relating to the adoption of such amendments to the standard are not applicable in detriment to the tax regime of its subsidiary.

2.6 Reclassifications

In the second quarter of 2017, Management elected to present the balance sheet gross of the judicial deposits made by the Company relating to the lawsuit, regarding the non-payment of ISS on service export, in current assets, in line item "Other assets" (note 20), and the corresponding tax risk assessed as probable loss, in current liabilities, in line item "Taxes payable" (note 22), which are shown in note 18. Such reclassifications were made retrospectively for better comparability and did not have any impact on the statement of profit and loss, statement of comprehensive income, statement of cash flows, statement of value added and statement of changes in equity.

3 Significant accounting policies

The significant accounting policies below were consistently applied by the Company and its subsidiaries and foreign subsidiaries in the quarter ended June 30, 2017.

a. Revenues

Revenues refer to the compensation payable in consideration for portfolio management services relating to Tarpon Funds, consisting of management and performance fees. Management fees are determined based on a percentage rate on the equity amount of funds and are recognized as services are provided. Performance fees are generated when the performance of funds exceeds a given parameter or hurdle rate, as set out in the related bylaws, and are recognized when their amount and receipt are 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 held for trading and consist of the Company's short-term investments in repurchase transactions. Interest, gains and losses arising from the adjustment to fair value were recognized in the statements of profit and loss in line item "Gain (loss) on financial assets measured at fair value through profit or loss". The fair value of these assets is determined based on the amount adjusted by the Interbank Deposit (DI) rate, as disclosed by the bank responsible for the repurchase transaction at the end of each month, which approximates the carrying amount because of daily liquidity and indexation to daily CDI rate, and Financial Treasury Bills (LFT) indexed to the Selic rate.

Derivatives

Derivatives are classified on acquisition date, according to Management's intent to use them as a hedging instrument or not. Derivatives are accounted for at fair value, including the consideration on the credit risk on realized and unrealized gains and losses, which are directly recognized in the statement of profit and loss. Derivatives were settled on May 22, 2017, as shown in note 6.c.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments with original maturities of three months or less as from the transaction date, subject to an insignificant risk of change in fair value, and are used by the Company when managing short-term obligations.

d. Impairment

The carrying amounts of the Company's assets are tested for impairment at the end of each reporting period. If such indication exists, its recoverable amount is estimated. An impairment loss is recognized if an asset's carrying amount exceeds its recoverable amount.

In the quarter ended June 30, 2017, no impairment loss was recognized in the Company's interim financial statements.

e. Investments in subsidiaries and foreign subsidiary

Investments in subsidiaries and foreign subsidiary are measured under the equity method of accounting in the individual financial statements.

f. Property, plant and equipment

Property, plant and equipment is stated at acquisition cost, less accumulated depreciation, calculated on a straight-line basis, which takes into consideration the estimated useful life of the assets and the respective residual values. Annual depreciation rates are: furniture and fixtures and machinery and equipment (10%), facilities (10%), data processing systems (20%), communication and security systems (20%) and software licenses (25%). Leasehold improvements are amortized over the term of the lease agreement (five years), at an annual rate of 20%.

g. Intangible assets

Intangible assets with finite useful lives acquired separately are carried at cost less amortization. Amortization is recognized on a straight-line basis over the estimated useful lives of the assets. The estimated useful life and amortization method are reviewed at the end of each reporting period and the effect of any changes in estimates is accounted for prospectively.

h. Judicial deposits

Represented by judicial deposits made by the Company relating to appeals filed and discussion on the levy of Service Tax (ISS) on revenues from abroad. (see note 18a)

i. Employee and management short-term benefits

Employees and management are entitled to receive fixed and variable compensation and profit sharing, where applicable. The accrual of the estimated amount payable as profit sharing or variable compensation is recognized or established when the Company meets legal conditions (conditions set out in the plan), as applicable, of paying such amount and when the obligation can be reliably estimated.

Employees and management are not eligible to any postemployment benefits, other long-term benefits and severance benefits.

j. Contingent liabilities, provisions and legal obligations

Contingent assets and contingent liabilities and legal obligations are recognized, measured and disclosed in conformity with the criteria set forth in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, as follows (note 18):

Provisions for risks: assessed by the legal counsel and Management taking into consideration the likelihood of loss of a lawsuit or administrative proceeding that could result in disbursements that can be reliably measured. Provisions are recognized for lawsuits and proceedings whose likelihood of loss is assessed as probable by the legal counsel and disclosed in explanatory notes.

Contingent liabilities: are uncertain and contingent upon future events to determine the likelihood of cash disbursements; however, they are not accrued but disclosed if assessed as possible losses, and are neither accrued nor disclosed if assessed as remote losses.

k. Stock option plan

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

l. Income tax, social contribution and other taxes

For the quarter ended June 30, 2017, Tarpon Investimentos S.A. adopted the taxable income regime. Accordingly, the provision for income tax is calculated at the rate of 15%, plus a 10% surtax on taxable income on the portion of taxable income that exceeds R\$240 per year, or R\$20 per month. The provision for social contribution is calculated at the rate of 9% before income tax. For the quarter ended June 30, 2017, Tarpon Gestora de Recursos S.A. adopted the deemed income regime, similarly to the year ended December 31, 2016.

For companies subject to the deemed income regime, the rate of 32% is used on gross revenues from provision of services, adding finance income and capital gains to determine the tax base of income tax and social contribution. PIS and COFINS tax rates are 0.65% and 3.00%, respectively, levied only on management and performance fees arising from the management of Brazilian funds. For companies that adopted the taxable income regime, PIS and COFINS tax rates are 1.65% and 7.60%, respectively, less creditable expenses and 0.65% and 4% on finance income.

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

The amounts payable as PIS, COFINS and ISS are accounted for as expenses on taxes on revenue.

Deferred income tax and social contribution assets, arising from the tax recoverable on earnings abroad, were recognized considering expected probable realization.

m. Other assets and liabilities

Other assets are stated at their realizable values, including, when applicable, earnings and inflation adjustments (on a daily pro rata basis) and allowance for losses, when necessary. Other liabilities are stated at known or estimated values, plus charges and inflation adjustments (on a daily pro rata basis).

n. Receivables

Receivables are stated at realizable values, including allowance for doubtful debts, when applicable.

o. Segment reporting

A segment is the Company's component dedicated to supply products or provide services (business segment), or to supply products or provide services in a particular economic environment (geographic segment), which is subject to risks and rewards different from those in other segments.

The Company, through its subsidiaries, carries out only one type of business (provision of portfolio management services) in the various markets where it operates and, consequently, no secondary segment division by type of business or geographic segment is presented.

p. Comprehensive income

Comprehensive income derives from the exchange rate changes from the translation of foreign subsidiaries' balance sheets.

q. Statements of value added

The Company has prepared individual and consolidated statements of value added (DVA) in accordance with CPC 09 - Statement of Value Added, which are presented as an integral part of the interim financial statements under BRGAAP applicable to publicly-held companies, whereas they represent additional disclosure for IFRS.

r. Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is calculated through profit or loss for the quarters ended June 30, 2017 and 2016 attributable to the Company's owners and the weighted average number of common shares outstanding in the related periods. Diluted earnings (loss) per share is calculated based on the aforementioned average of outstanding shares, adjusted by the possible exercise of call options, with dilutive effect for the quarters ended June 30, 2017 and 2016, as set forth in CPC 41 - Earnings per Share and IAS 33.

4 Cash and cash equivalents

Cash and cash equivalents, Company and Consolidated, consist of highly liquid cash and banks and short-term investments maturing within up to 90 days from the investment date.

	Consolidated		Individual	
	June 2017	December 2016	June 2017	December 2016
Cash and cash equivalents	29,749	25,742	195	250
	29,749	25,742	195	250

5 Financial assets measured at fair value through profit or loss

	Consolidated	
	June 2017	December 2016
Financial assets measured at fair value through profit or loss		
Investment in CDB (i)	7,799	-
Investment in Financial Treasury Bills (LFT) (ii)	7,110	-
Repurchase agreements (iii)	3,163	18,982
	18,072	18,982

(i) Investment in CDB-DI with Banco Itaú.

(ii) Investment in Financial Treasury Bills, maturing in March 2019.

(iii) Transactions indexed to DI fluctuation, carried out with prime banks. Their fair value is classified as level 2, considering the existence of daily liquidity and indexation to the Interbank Deposit Rate (CDI), the daily adjustments being informed by the bank responsible for the aforementioned repurchase agreement at the end of each month. The carrying amount approximates the fair value on the balance sheet date. The repurchase agreements with Banco Itaú are pegged to Debentures, maturing in February, July and November 2018, but the possibility of daily settlement of the repurchase agreement justifies the classification in current assets.

6 Financial instruments

a. Risk management

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

Credit risk

Refers to the possibility of the Company and its subsidiaries incurring losses as a result of default by their counterparties or financial institutions that are depositaries of funds or financial investments. The Company's policy is to minimize its exposure to credit risk. Management reviews and approves all investment decisions to ensure that investments are made only in highly-liquid assets issued by prime financial institutions.

The maximum exposure to credit risk is shown in notes 4, 5 and 7.

Market risk

Refers to the risk that changes in market prices, such as interest rate and stock exchange quotations, affect the revenues or the amount of its financial instruments. The Company's policy is to minimize its exposure to market risk, seeking to diversify the investment of its funds at floating interest rates.

Currency risk

Except for the interest in foreign subsidiary, whose functional currency is different from the Company's functional and reporting currency, we are not subject to a significant exposure to currency risk.

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

	Valuation method June/2017 and December/2016	Exposure to market value risk?
Investment in CDB	Adjusted by DI rate	No
Financial Treasury Bills	Adjusted by Selic rate	No
Repurchase agreements	Adjusted by DI rate	No
Derivatives	Long position: TRPN3 shares Short position: CDI + 1.3% p.a.	Yes

c. Derivatives

On May 22, 2017, the Company, through its subsidiary Tarpon Gestora, settled its agreement for swap of gain (loss) on future financial flows (swap agreement) with Banco Itaú BBA S.A., where the Company held a long position in the fluctuation of the price of its common shares and a short position in the fluctuation of 100% of the CDI, plus a fixed rate. Such settlement generated a loss of R\$419 recorded in line item "Gain (loss) on financial assets measured at fair value through profit or loss".

As at June 30, 2017, the Company did not have any derivatives. As at December 31, 2016, the Company (through its subsidiary) had the following outstanding transactions, which are classified as level 2:

Consolidated

<u>Financial instrument</u>	<u>Transaction date</u>	<u>Maturity</u>	<u>Notional amount</u>	<u>Long position</u>	<u>06/30/2017</u>	<u>Fair value 12/31/16</u>
SWAP	05/25/2016	05/22/2017	1,492	Shares	-	-
				Short position		
			1,492	CDI + 1.3% p.a.	-	(456)
					<u>-</u>	<u>(456)</u>
Total				Unsettled balance	<u>-</u>	<u>(456)</u>

The effects on profit or loss of derivatives are stated in note 14.

d. Financial assets and financial liabilities measured at amortized cost

The fair values of financial assets and financial liabilities measured at amortized cost, such as receivables, other assets, payables and statutory obligations, approximate their carrying amounts.

7 Receivables

Management fees payable by Tarpon Funds are calculated on a monthly basis and paid at the beginning of the subsequent period, according to the respective bylaws.

Performance fees are calculated on a semiannual, annual or biannual basis and paid on March 31, June 30, September 30 and December 31 of each year, according to the respective bylaws.

	Consolidated	
	<u>June 2017</u>	<u>December 2016</u>
Management fee	1,975	395
	<u>1,975</u>	<u>395</u>

8 Investments

Below are the variations in TISA NY balances:

TISA NY - in R\$ thousand - Variation in investments

<u>Balance as at December 31, 2016</u>	<u>31,246</u>
Share of profit (loss) of subsidiaries	(1,360)
Exchange gain (losses) on translation of balance sheet	707
<u>Balance as at June 30, 2017</u>	<u>30,593</u>

TISA NY - in R\$ thousand - Accumulated

TISA NY - in USD thousand		TISA NY - in R\$ thousand					
Equity – Beginning of the period	Profit or loss as at June 30, 2017	Equity as at December 31, 2016	Profit or loss as at June 30, 2017	Exchange gain (losses)	Equity interest - %	Share of profit (loss) of subsidiaries	Book value of investment
9,683	(435)	31,246	(1,360)	707	100%	(1,360)	30,593

Investments in subsidiaries Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. correspond to R\$101 as at June 30, 2017 and December 31, 2016.

Tarpon Gestora de Recursos S.A. - in R\$ thousand - Variation in investments

Balance as at December 31, 2016	26,192
Dividends paid to the parent	(5,511)
Share of profit (loss) of subsidiaries for the period	4,080
Other	(5)
Contribution to the subsidiary relating to the stock option plan	555
Balance as at June 30, 2017	25,311

Tarpon Gestora – in R\$ thousand - Accumulated

Equity – beginning of the period	Profit or loss as at June 30, 2017	Equity interest - %	Share of profit (loss) of subsidiaries	Contribution to the subsidiary relating to the stock option plan	Dividends paid	Other	Book value of investment
26,192	4,080	100%	4,080	555	(5,511)	(5)	25,311

9 Property, plant and equipment

The Company's property, plant and equipment are broken down as follows:

Consolidated

	Balance as at 12/31/2016	Exchange difference effect (i)	Depreciation	Closing balance as at 06/30/2017
Machinery and equipment	145	(23)	(5)	117
Computers	200	(3)	(98)	99
Furniture and fixtures	61	76	(48)	89
Telephone equipment	9	(3)	(1)	5
Leasehold improvements	28	3	(7)	24
Total	443	50	(159)	334

- (i) Effect of exchange difference on translation of balance sheet of the investee TISA NY, INC., which has a functional currency different from the parent.

As at June 30, 2017 and December 31, 2016, only subsidiaries had property, plant and equipment recorded in their balance sheets.

10 Intangible assets

Refers to the software internally developed in the amount of R\$188, with estimated useful life of 20 years. As at June 30, 2017, intangible assets amount to R\$177 (software amortization was R\$5 (note 15) in the first half of 2017).

11 Equity

a. Capital

The Board of Directors' meeting held on March 7, 2016 approved the issuance of 157 thousand Company's shares, based on the exercise of call options by the Plan's beneficiaries. Of the total subscription price, in the amount of R\$707, the amount of R\$638 was allocated to the capital reserve and R\$69 to the Company's capital.

On August 2, 2016, the Company approved the cancellation of the total Company's common shares held in treasury, as described in note 11g.

As at June 30, 2017, the Company's capital amounts to R\$7,085 (R\$7,085 as at December 31, 2016), represented by 44,115 thousand registered common shares (44,115 thousand registered common shares as at December 31, 2016) without par value.

b. Legal reserve

Calculated at 5% of profit for the year as provided for in article 193 of Law 6404/76 up to the limit of 20% of capital. The objective of this reserve is to ensure the integrity of capital and it can only be utilized to offset losses or increase capital. Legal reserve will no longer be recognized when the balance of this reserve, plus the capital reserves prescribed by article 182, paragraph 1, of Law 6404/76, exceeds 30% of capital. As at June 30, 2017 and December 31, 2016, the legal reserve amounted to R\$1,415.

c. Dividends

The Company's bylaws establishes the payment of mandatory minimum dividends of 25% of profit for the year, adjusted according to the bylaws.

As at December 31, 2016, the Company allocated the amount of R\$1,576 as mandatory minimum dividends and proposed additional dividends in the amount of R\$3,462; such additional dividends were approved for distribution at the Annual and Extraordinary Shareholders' Meeting, held on March 27, 2017.

Up to June 30, 2017, dividends paid totaled R\$4,975, remaining R\$63 to be paid as additional dividends.

d. Bylaws reserve

The Company's bylaws set forth that up to 10% of profit, as adjusted pursuant to the bylaws, less the mandatory minimum dividend paid, can be allocated to the bylaws reserve called as investment reserve, for purposes of redemption, buyback or acquisition of shares issued by the Company, or the performance of the Company's activities, limited to the Company's capital.

e. Capital reserve

The balance of capital reserve derives from the issuance of new shares, transfer of the balance of options exercised from “Stock Option Plan” and cancellation of shares held in treasury. There was no variation in the period.

f. Earnings reserve

On August 2, 2016, all shares held in treasury were cancelled by the Company, and the total earnings reserve balance was used to absorb such shares.

After allocation to the legal reserve, dividends and capital reserve, the balance of retained earnings was allocated to the earnings reserve, for future resolution by the Board of Directors, according to the capital budget. As at June 30, 2017 and December 31, 2016, the balance was R\$1,268.

g. Share buyback

On March 7, 2016, the Company approved the buyback of up to 1,699 shares representing 10% of the total outstanding shares.

As at March 31, 2016, due to the share buyback program, the amount of R\$10,444, representing 1,382 thousand shares, was incorporated in treasury.

On April 1, 2016, the Company approved the cancellation of 700 thousand shares, held in treasury, purchased under the share buyback program.

On April 6, 2016, under the abovementioned share buyback program, the amount of R\$1,681, representing 300 thousand shares, was incorporated in treasury.

On May 25, 2016, the Company approved the buyback of up to 400 thousand shares representing 2.46% of the total outstanding shares.

On May 27, 2016, under the abovementioned share buyback program, the amount of R\$2,206, representing 300 thousand shares, was incorporated in treasury.

On June 23, 2016, under the abovementioned share buyback program, the amount of R\$679, representing 100 thousand shares, was incorporated in treasury, totaling R\$9,720.

On August 2, 2016, all shares held in treasury were cancelled, corresponding to 2,082 thousand shares in the amount of R\$15,010.

On May 9, 2017, the Company approved the buyback of up to 200 thousand shares representing 1.35% of the total outstanding shares.

On May 15, 2017, under the abovementioned share buyback program, the amount of R\$624, representing 156 thousand shares, was incorporated in treasury.

12 Earnings (loss) per share

a. Basic earnings (loss) per share

Earnings (loss) per share was calculated based on the Company's earnings (loss) attributable to controlling shareholders and the weighted average number of common shares, as shown below:

	Consolidated and Individual			
	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016	04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016
Earnings (loss) attributable to shareholders	<u>2,245</u>	<u>(4,124)</u>	<u>5,454</u>	<u>5,611</u>
<i>Weighted average number of common shares</i>				
	Consolidated and Individual			
	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016	01/04/2017 to 06/30/2017	01/04/2016 to 06/30/2016
Common shares at the beginning of the period	44,115	46,040	44,115	44,657
Treasury shares	(156)	-	(156)	-
		(1,383)		
Total outstanding shares	43,959	44,657	43,959	44,657
Issued shares (note 11 a)	-	158	-	-
Cancelled shares (note 11 a)	-	(700)	-	(700)
Total shares	<u>43,959</u>	<u>44,115</u>	<u>43,959</u>	<u>44,115</u>
Weighted average number of Company's outstanding common shares	44,074	45,598	44,034	44,523
Basic earnings (loss) per share	0.05	(0.09)	0.12	0.13

b. Diluted earnings (loss) per share

In calculating the diluted earnings (loss) per share, we assumed the exercise of the stock options already granted:

	Consolidated and Individual			
	June 2017	June 2016	Quarter ended June 30, 2017	Quarter ended June 30, 2016
Earnings (loss) attributable to shareholders	2,245	(4,124)	5,454	5,611
Weighted average number of Company's outstanding common shares	44,074	45,598	44,034	44,523
Adjustment due to stock option plan (note 16).	1,090	164	1,090	164
Weighted average number of outstanding common shares used to calculate diluted earnings per share	45,164	47,873	45,124	44,687
Diluted earnings (loss) per share – RS	0.05	(0.09)	0.12	0.13

13 Net operating revenue

	Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
Revenue related to management fees	10,580	23,189	13,825	29,039
Revenue related to performance fee	793	793	-	-
Taxes on management fee (i)	(226)	(491)	(311)	(626)
Taxes on performance fee (i)	(45)	(45)	-	-
	11,102	23,446	13,514	28,413

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

Tarpon Funds follow the ‘‘high water mark’’ concept. Therefore, only the performance fee of Tarpon Funds is charged if the unit price on calculation date exceeds the unit price at the collection date of the last performance fee, i.e. the last high water mark, adjusted by profitability parameter.

Consequently, the amount of revenues related to performance fees can significantly change on an annual basis based on: (i) fluctuations in the amount of the net assets of the portfolios of Tarpon Funds, (ii) the performance of portfolios compared to hurdle rates for each fund and (iii) performance of illiquid investments (since performance fees relating to these investments are charged only when the investment is made).

14 Gain (loss) on financial assets measured at fair value through profit or loss

	Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
Investment in CDB	133	133	-	-
Investment in Financial Treasury Bills (LFT)	105	105	-	-
Repurchase agreements	179	802	210	891
Gains (losses) on financial and derivative instruments (i)	(117)	(419)	(351)	(4,023)
	300	621	(141)	(3,132)

(i) Refer to the net adjustment of the mark-to-market of the swap contracts made by the Company in the period.

15 Administrative expenses

	Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
Office maintenance	404	895	910	1,644
Outside services	585	1,313	121	855
Representation expenses	305	348	193	321
Depreciation and amortization	84	164	131	269
Expenses on IT systems	114	179	266	595
Expenses on fees and other contributions	96	186	68	313
Other expenses and (reversal of provision)	(119)	58	220	426
	1,469	3,143	1,909	4,423

	Individual			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
Outside services	207	411	200	288
Expenses on fees and other contributions	-	28	4	241
	207	439	204	529

16 Stock option plan

The Company's shareholders approved a stock option plan on February 16, 2009. This Plan authorizes the grant of 13,724 thousand shares, whose terms, vesting conditions, maximum term of options granted and settlement method are described below.

The Plan is designed to enable certain Company's management personnel and employees, as well as parties related to portfolio companies of Tarpon Funds or providing services to the Company, as decided by the Board of Directors, to acquire the Company's common shares, corresponding to up to 25% of the shares issued by the Company. Each option granted confers upon the participant the right to subscribe one Company's share. Of the total options granted under the Plan (a) up to 70% can be granted as from the Plan's effective date, (b) an additional volume of up to 7.5% can be granted as from July 1, 2009, (c) an additional volume of up to 7.5% can be granted as from July 1, 2010, (d) an additional volume of up to 7.5% can be granted as from July 1, 2011, and (e) an additional volume of up to 7.5% can be granted as from July 1, 2012. Options not granted on any grant date described above can be granted on subsequent grant dates.

Options granted are exercisable, as follows:

- First portion of options granted on March 10, 2009, exercisable at the percentage rate of 20% on March 10, 2009, 20% on July 1, 2009 and 20% on each one of the three annual anniversaries subsequent to July 1, 2009;
- Second portion of options granted on March 10, 2009, exercisable at the percentage rate of 20% on July 1, 2009 and 20% on each one of the four annual anniversaries subsequent to July 1, 2009; and
- Options granted as from July 1, 2009, exercisable at the percentage rate of 20% on every July 1 of the five years subsequent to the respective grant date, except for those returned. The same rule is applicable to options granted as from July 1, 2010, July 1, 2011 and July 1, 2012.

Options granted and not exercised that are available for grant in case of termination of the respective holder can be granted again on any date through July 1, 2017, and these options will become exercisable at the percentage rate of 20% on each one of the five years subsequent to the respective grant date.

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

Each portion of the plan options will expire on the fifth anniversary of the respective date in which it becomes exercisable.

The exercise of the plan options is subject to the satisfaction of certain requirements by the option beneficiary on the respective option exercise date, which includes the requirement of maintenance of the beneficiary's employment relationship with the Company. In case of voluntary termination of the beneficiary's relationship with the Company, or termination without cause by the Company, any such beneficiary can exercise only that portion of exercisable options held by it, within a period of 30 days from such termination, and the options not exercised or exercisable will be again available for grant under the stock option plan. In case of termination of relationship with the Company by the Company, with cause, any such beneficiary will not be entitled to exercise any of the options received. In this case, all options not exercised or exercisable will be again available for grant under the stock option plan.

The exercise price of each option grant corresponds to the higher of (i) R\$5.60 per share (adjusted by dividends paid by the Company since the date of the Plan's initial approval up to the grant date of the respective option) and (ii) 75% of the share price on the trading session prior to the grant date. The option exercise price will be reduced by dividends paid by the Company up to the limit of the higher of R\$2.53 per share or 45% of the share price on the date prior to the grant of the respective option.

The option exercise price should be paid in full by the participant in cash. No participant can sell the shares acquired over a period of 12 months counted from the exercise date of the respective option.

Each grant (Company and Consolidated) made is described below:

Grant	Date	Grants			Returns		Exercised			Outstanding as at June 30, 2017		
		Number	Opening fair value	Cost - grant	Number	Amount	Number	Average price	Amount	Number	Exercise price	Amount
1st	03/10/2009	6,894	0.39	2,668	(132)	(51)	(6,762)	2.59	(17,534)	-	-	-
2nd	03/10/2009	768	0.39	297	(106)	(41)	(662)	2.59	(1,716)	-	-	-
3rd	11/30/2009	2,493	4.08	10,180	(397)	(1,621)	(1,923)	3.06	(5,884)	173	3.06	569
4th	02/19/2010	530	4.62	2,449	(203)	(938)	(325)	3.38	(1,098)	2	3.38	71
5th	08/18/2010	1,115	6.72	7,491	(403)	(2,708)	(684)	5.55	(3,797)	28	5.15	144
6th	08/05/2011	960	8.07	7,745	(539)	(4,348)	(257)	8.73	(2,245)	164	8.75	1,435
7th	08/09/2012	560	6.51	3,645	(402)	(2,617)	(78)	8.99	(701)	80	7.02	561
8th	09/20/2012	50	6.88	344	-	-	-	-	-	50	7.81	391
9th	10/10/2013	1,192	8.15	9,713	(599)	(4,118)	-	-	-	593	10.22	6,059
10th	03/03/2015	147	5.80	853	(147)	(851)	-	-	-	-	7.57	-
Total		14,709		45,385	(2,928)	(17,293)	(10,691)		(32,975)	1,090		9,230

The balances recognized in line item “Stock option plan”, both in equity and profit or loss (consolidated), are broken down as follows:

	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016	Quarter ended June 30, 2017	Quarter ended June 30, 2016
Stock option plan - profit or loss	555	1,044	264	508
Exercised - Transfer from reserve account	-	(963)	-	-
Exercised - Amount paid by exercise	-	707	-	-

The Stock Option Plan is analyzed using a binomial tree model, which was applied on each grant date considering market parameters. The following assumptions have been adopted on each grant date:

	March 10, 2009(*)	November 30, 2009	February 19, 2010	August 18, 2010	August 5, 2011	August 9, 2012	September 20, 2012	October 10, 2013	March 3, 2015
Annual average volatility	70%	34%	28%	23%	20%	24%	20%	19%	27%
Stock price	1.29	6.87	7.84	11.45	15.20	12.65	13.77	15.44	10.59
Exercise price of plan options under the program	5.60	5.40	5.63	8.59	11.40	9.49	10.12	11.63	7.91
Risk-free interest rate	13.00%	8.75%	8.63%	10.75%	11.90%	10.15%	9.10%	11.78%	13.00%
Expected dividends	0.62	0.47	0.45	0.69	6%	6%	6%	6%	6%

(*) As of the date hereof, the shares issued by Tarpon Investimentos S.A were not traded on BM&FBovespa

Ibovespa indices and the Tarpon stock trading price (TRPN3), during the periods in which options were granted, were used to determine expected volatility, among other parameters.

17 Statement of income tax and social contribution calculation

Reconciliation of tax rate

<i>Taxable income</i>	<u>Consolidated</u>		<u>Individual</u>	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Calculation basis				
Profit (loss) before income tax and social contribution	4,587	(1,729)	2,245	(4,124)
Effect of income before subsidiaries' taxes under different tax regimes	(5,057)	1,257	-	-
Tax basis	(470)	(427)	2,245	(4,124)
Income tax and social contribution based on prevailing tax rates	(160)	(145)	(763)	1,402
Deductible expenses not subject to tax credits (i)	160	145	-	-
Share of profit (loss) of subsidiaries	-	-	923	(1,139)
(Profit) loss earned abroad	-	-	489	631
Effect of taxation under the US legislation of Tisa NY	371	(457)	-	-
Effect of taxation under deemed income of Tarpon Gestora (iii)	(2,653)	(1,938)	-	-
Provision for contingencies	-	-	-	(82)
Other	-	-	-	(181)
Current income tax and social contribution	(2,282)	(2,395)	-	-
Credit on tax loss and loss abroad not recognized (i)	-	-	649	631
Deferred taxes (ii)	(60)	-	-	-
Deferred income tax and social contribution	(60)	-	-	-
Income tax and social contribution in the period	(2,342)	(2,395)	-	-

(i) As the Company does not expect the generation of taxable income, no tax credit on tax losses was recognized.

(ii) Deferred tax liabilities are recognized based on the inflation adjustment to Tarpon Gestora's judicial deposits. In the six-month period ended June 30, 2017, the amount of R\$60 was recognized. Total accumulated deferred taxes amount to R\$247 as at June 30, 2017.

(iii) Tarpon Gestora's taxes levied substantially on its operating revenue recognized in the six-month period, in the amount of R\$21,854.

a. Recoverable taxes

Recoverable taxes are comprised of the Company's and subsidiaries' offsettable tax credits, as follows:

	Consolidated		Individual	
	June 2017	December 2016	June 2017	December 2016
Withholding income tax and social contribution	-	1	-	-
Withholding PIS/COFINS	19	19	19	19
Withholding Income Tax (IRRF) on short-term investments	1,129	1,180	1,129	1,128
Prepayments of current income tax and social contribution	-	2,252	-	-
Recoverable taxes abroad (i)	832	-	-	-
Other	676	415	206	207
	2,656	3,867	1,354	1,354

(i) Refers to recoverable taxes of investee TISA NY.

18 Provision for tax, civil and labor contingencies and judicial deposits

a) Judicial deposit

The Company is discussing in courts the levy of the service tax (ISS) on export of services relating to the management of the fund portfolio abroad.

The Company recognized on a monthly basis the ISS amounts due, which have been paid through judicial deposits:

Lawsuit	Provision for ISS payable - R\$ (note 22)	Judicial deposit – R\$ (note 20)
Appeal filed for non-collection of ISS on service export	3,898	3,898

b) Variations in contingent liabilities

The table below shows the variation in contingent liabilities assessed as probable loss:

Opening balance - December 2016	3,510
Recognition	383
Adjustment	5
Closing balance - June 2017	3,898

Risks assessed as possible losses

In June 2010, the Company offset PIS/COFINS (taxes on revenues) which had been overpaid. However, the Federal Revenue Service disallowed such offset and the Company currently claims its authorization. Based on the Company's legal counsel's opinion, the likelihood of loss is assessed as possible, in the amount of R\$208 (R\$283, adjusted for inflation through June 2017).

Additionally, the Company is exposed to certain contingent liabilities of tax nature, related to tax deficiency notices issued by the Federal Revenue Service in April 2014, whose likelihood of loss, based on the opinion of the Company's legal counsel, is assessed as possible:

- Stock option plan: tax deficiency notice in the amount of R\$13,692 (R\$16,953 adjusted for inflation through June 2017) relating to social security contributions allegedly levied on the Company's stock option plan. The tax authorities considered that the plan would have a partially compensatory nature, thus giving rise to the levy of social security contributions. In the decision handed down on April 4, 2017, the 1st Ordinary Panel of the 3rd Chamber of the 2nd Section, upon the majority of the votes, has denied the tax deficiency notice. As such decision can be appealed, the Company's management, in conjunction with its legal counsel, maintained the likelihood of loss as possible.
- Profit sharing program (PLR): tax deficiency notices in the amounts of R\$11,725 and R\$9,061 (R\$14,513 and R\$11,298 adjusted for inflation through June 2017), relating to alleged social security debts and IRPJ, respectively, concerning the payment of profit sharing to certain Company's employees in calendar years 2009 to 2011. The tax deficiency notices established that some of the payments made under the PLR would have compensatory nature and, therefore, would not be entitled to the exemption from social security contributions and should have been added to the Company's taxable income calculation basis. In the decision handed down on June 6, 2017, the 1st Ordinary Panel of the 3rd Chamber of the 2nd Section, upon the majority of the votes, has denied the tax deficiency notice. As such decision can be appealed, the Company's management, in conjunction with its legal counsel, maintained the likelihood of loss as possible.

The Company's management is challenging these tax deficiency notices. Since the likelihood of loss is assessed as possible, no provision was recognized by the Company.

19 Related parties

The main asset and liability balances as at June 30, 2017 and December 31, 2016, as well as intragroup transactions that impacted profit or loss, arise from transactions between the Company and key management personnel.

	Consolidated			
	Assets/(liabilities/equity)		Income / (expenses)	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Short-term benefits to Management (*)	1,657	-	(6,033)	(13,349)
Stock option plan to Management (**)	(10,167)	(12,374)	(25)	(1,104)

(*) Key management personnel are not entitled to any postemployment benefits, other long-term benefits and severance benefits

(**) In the period we had an expense of R\$25 on the stock option plan with the Company's officers.

There is a balance of R\$9,400 (note 21), individual, relating to loans between the Company and its subsidiary Tarpon Gestora de Recursos S.A., not subject to interest, and maturity of up to two years.

20 Other assets

The breakdown of this line item is as follows:

	Consolidated		Individual	
	June 2017	December 2016	June 2017	December 2016
Advances to suppliers / employees	136	157	-	-
Refundable amounts - Funds	1,685	4,213	-	-
Judicial deposit – ISS (note 18)	3,898	3,510	-	-
Other	394	830	29	599
	6,113	8,710	29	599
	6,113	8,710	29	599

21 Accounts payable

As at June 30, 2017, accounts payable are broken down as follows:

	Consolidated		Individual	
	June 2017	December 2016	June 2017	December 2016
Intragroup loans (a)	-	-	9,400	9,400
Suppliers and leases	409	154	-	-
Provision of services	22	459	-	124
Other	59	35	27	17
	490	648	9,427	9,541
	490	648	9,427	9,541

(a) See note 19.

22 Taxes payable

Taxes payable are comprised of Company's and third parties' taxes:

	Consolidated		Individual	
	June 2017	December 2016	June 2017	December 2016
Income tax and social contribution	1,158	1,638	-	-
PIS/ COFINS (taxes on revenue)	40	24	-	10
Service tax (ISS)/Tax on financial transactions (IOF)	388	345	332	347
Taxes withheld on third parties' payments	132	145	86	57
Provision for ISS contingency (note 18)	3,898	3,510	-	-
	5,616	5,662	418	414
	5,616	5,662	418	414

23 Payroll and related taxes

Payroll and related taxes are comprised of taxes on salaries, accrued vacation, 13th salary, profit sharing, and bonuses. As at June 30, 2017, the balances were: R\$5,047, Consolidated (R\$1,600 as at December 31, 2016) and R\$28, Individual (R\$19 as at December 31, 2016).

As at June 30, 2017, personnel expenses, in the amount of R\$15,628, Consolidated (as at June 30, 2016, R\$21,827, Consolidated) are comprised of compensation, payroll taxes, profit sharing, and bonuses.

* * *

Executive Board

Chief Executive Officer

José Carlos Reis de Magalhães Neto

Accountant

Henrique Luiz Gonzaga