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

Tarpon Investimentos S.A.

Individual and Consolidated Financial Statements
For the Year Ended December 31, 2017
and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying individual and consolidated financial statements of Tarpon Investimentos S.A. (Company), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2017 and the related income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements, referred to above present fairly, in all material respects, the financial position, individual and consolidated, of Tarpon Investimentos S.A. as at December 31, 2017, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities in conformity with those standards are described below in the section titled "Auditor's responsibilities for the audit of the individual and consolidated financial statements". We are independent in relation to the Company and its subsidiaries in accordance with the relevant ethical principles set out in the Code of Ethics for Professional Accountants and professional standards issued by the Federal Accounting Council - CFC, and we have fulfilled our other ethical responsibilities in accordance with those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not provide a separate opinion on these matters.

Recognition of revenue from management and performance fees

As mentioned in Notes 3a and 18 to the financial statements, the revenues from management and performance fees account for all the Company's and its subsidiaries revenues. The recorded amounts of revenues from management and performance fees significantly rely on manual inputs of the metrics and percentage rates established in each investment fund's bylaws, as well as the amounts used as a basis to recognize revenues, such as the fund's net assets and minimum yield rate. Accordingly, we consider this matter as an area of interest in our audit approach.

How our audit conducted this matter

Our audit procedures included, among others: (i) understand and test the design and effectiveness of internal controls related to management process to calculate management and performance fees for each investment fund managed and the ultimately review of the amounts recorded as revenue, (ii) for a sample of investment funds managed by the Company and its subsidiaries, we recalculated the revenues from management and performance fees based on the metrics and percentage rates set out in the respective investment fund's bylaws and the financial information on such investment funds, and matched them to the amounts recorded, and (iii) for such sample, we matched the amounts recognized as revenue by the Company and its subsidiaries, to the subsequent cash inflows in the Company's bank statements.

Based on the audit procedures performed and the results obtained, we consider that the criteria adopted by Management for recognition of management fee and performance fee are appropriate to support the amounts included in the individual and consolidated financial statements taken as a whole.

Other matters

Statement of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2017, prepared under the responsibility of the Company's management and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these individual and consolidated statements of value added were fairly prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

Management of the Company is responsible for such other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

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In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of Management Report, we are required to report such fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards - IFRS, 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.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's and its subsidiaries' ability to continue as a going concern, disclosing, when applicable, those matters related to its continuity as a going concern and using the going concern basis of accounting in the preparation of the financial statements, unless management either intends to liquidate the Company and its subsidiaries or discontinue operations, or has no realistic alternative to prevent the discontinuance of operations.

Those charged with governance of the Company and its subsidiaries are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit conducted in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism during the course of our audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve the override of internal controls, collusion, forgery, intentional omissions or misrepresentations.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty with respect to events or conditions that may raise significant doubt with respect to the Company and its subsidiaries ability to continue as a going concern. If we conclude that material uncertainty exists, we must draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inappropriate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may give rise to the Company and its subsidiaries inability to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the related transactions and events in a manner that achieves fair presentation.

- We obtain sufficient and appropriate audit evidence regarding the financial information of the Company's subsidiaries or business activities to express an opinion on the consolidated financial statements. We are responsible for the steering, supervision and performance of the group audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit work and significant audit findings, including any significant deficiencies in internal controls identified during our audit work.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence and communicate all relationships or matters that could considerably affect our independence, and, when applicable, related safeguards.

Based on the matters communicated to those charged with governance, we determine those matters that were most significant in the audit of the individual and consolidated financial statements for the current year and are, therefore, the key audit matters. We describe these matters in our auditor's report unless any law or regulation precludes public disclosure of the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of such disclosure could reasonably be expected to outweigh the public interest benefits of such communication.

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

São Paulo, February 9, 2018

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Luiz Carlos Oseliero Filho
Engagement Partner

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(Convenience Translation into English from the Original Previously Issued in Portuguese)
Tarpon Investimentos S.A.

Individual and consolidated balance sheets
Year Ended December 31, 2017 and December 31, 2016
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
Assets	**Notes**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Current Assets					
Cash and cash equivalents	4	51	250	28.285	25.742
Financial assets measured at					
fair value through profit or loss	5	-	-	25.585	18.982
Receivables	7	-	-	658	395
Recoverable taxes	8	203	1.354	452	3.867
Other assets	9	-	599	8.129	8.710
Total		**254**	**2.203**	**63.109**	**57.696**
Noncurrent assets					
Recoverable taxes	8	1.075	-	1.075	-
Investments	10	61.518	57.539	-	-
Property, plant and equipment	11	-	-	101	443
Intangible	12	-	-	172	182
Total		**62.593**	**57.539**	**1.348**	**625**
Total assets		**62.847**	**59.742**	**64.457**	**58.321**

		Company		Consolidated	
Liabilities	**Notes**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Current liabilities					
Trade payables	13	7.271	9.541	462	648
Derivatives	6.c	-	-	-	456
Dividends	16.c	2.421	1.576	2.421	1.576
Taxes payable	14	364	414	6.307	5.662
Payroll and related taxes	15	14	19	2.195	1.600
Total		**10.070**	**11.550**	**11.385**	**9.942**
Noncurrent liabilities					
deferred tax		-	-	295	187
Total		**-**	**-**	**295**	**187**
Stockholder's Equity					
Capital	16.a	7.085	7.085	7.085	7.085
Capital reserve	16.e	3.236	1.968	3.236	1.968
Treasury shares	16.g	(624)	-	(624)	-
Legal reserve	16.b	1.415	1.415	1.415	1.415
Profit reserve	16.f	7.072	1.268	7.072	1.268
Stock option plan	21	21.697	20.758	21.697	20.758
Cumulative translation adjustments	10	12.896	12.236	12.896	12.236
Additional Dividends Proposed	16.c	-	3.462	-	3.462
		52.777	48.192	52.777	48.192
Total liabilities and equity		**62.847**	**59.742**	**64.457**	**58.321**

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Tarpon Investimentos S.A.

Individual and consolidated income statements
Year Ended December 31, 2017 and December 31, 2016
(In thousands of Brazilian reais - R$)

	Notes	Company		Consolidated	
		12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Management Fee		-	-	46.021	55.025
Performance Fee		-	-	1.064	-
Net operating revenue	18	**-**	**-**	**47.085**	**55.025**
Operating income (expenses)					
Personnel expenses	15	-	-	(23.465)	(29.119)
Stock option plan	21	-	-	(939)	(1.786)
Administrative expenses	19	(1.914)	(1.089)	(7.552)	(10.857)
Income from financial assets	20	171	206	1.489	(2.008)
Share of profit of subsidiaries	10	11.450	7.641	-	-
Other operating income (expenses)		(277)	(438)	(1.003)	26
		9.430	**6.320**	**(31.470)**	**(43.744)**
Operating profit (loss)		**9.430**	**6.320**	**15.615**	**11.281**
Income tax and social contribution	22	-	-	(6.185)	(4.961)
Net profit for the year		**9.430**	**6.320**	**9.430**	**6.320**
Attributable to Company's owners		9.430	6.320	9.430	6.320
Number of outstanding shares at end of year		43.959	44.115	43.959	44.115
Basic earnings per share	17.a	**0,21**	**0,14**	**0,21**	**0,14**
Diluted earnings per share	17.b	**0,20**	**0,13**	**0,20**	**0,13**

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Tarpon Investimentos S.A.

Individual and consolidated statements of value added
Year Ended December 31, 2017 and December 31, 2016
(In thousands of Brazilian reais - R$)

	Notes	Company		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016
Management Fee (Gross)	18	-	-	47.060	56.252
Performance Fee (Gross)	18	-	-	1.128	-
Materials, power, outside services and other		(2.191)	(1.527)	(9.250)	(11.935)
Gross value added		**(2.191)**	**(1.527)**	**38.938**	**44.317**
Retentions					
Depreciation and amortization	19	-	-	(308)	(494)
Net value added		**(2.191)**	**(1.527)**	**38.630**	**43.823**
Value added received in transfer		**11.621**	**7.847**	**1.489**	**(2.008)**
Share of profit of subsidiaries	10	11.450	7.641	-	-
Finance income (expenses)	20	171	206	1.489	(2.008)
Total value added to be distributed		**9.430**	**6.320**	**40.119**	**41.815**
Distribution of value added		**9.430**	**6.320**	**40.119**	**41.815**
Personnel		**-**	**-**	**23.465**	**29.119**
Payroll and related taxes	15	-	-	23.465	29.119
Taxes, rates and contributions		-	-	7.224	6.376
Federal		-	-	6.307	5.379
Municipal		-	-	917	997
Equity remuneration		9.430	6.320	9.430	6.320
Mandatory dividends	16.c	2.358	1.576	2.358	1.576
Retained income for the year	16.b & 16.f	7.072	1.282	7.072	1.282
Proposed dividends	16.c	-	3.462	-	3.462

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Tarpon Investimentos S.A.

Consolidated statements of changes in equity
Year Ended December 31, 2017 and December 31, 2016
(In thousands of Brazilian reais - R$)

	Notes	Capital	Capital Reserve	Profit Reserve	Legal Reserve	Treasury Shares	Stock Option Plan	Cumulative Translation Adjustments	Additional Dividends Proposed	Retained earning (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	16.a	69	638	-	-	-	-	-	-	-	707
Repurchase shares	16.g	-	-	-	-	(15.010)	-	-	-	-	(15.010)
Stock option plan	21	-	-	-	-	-	1.787	-	-	-	1.787
Reversal of options exercised	16.e & 21	-	964	-	-	-	(964)	-	-	-	-
Cancellation of Shares	16.a	-	(619)	(14.391)	-	15.010	-	-	-	-	-
Cumulative translation adjustments	10	-	-	-	-	-	-	(6.350)	-	-	(6.350)
Net profit for the year		-	-	-	-	-	-	-	-	6.320	6.320
Constitution of reserve	16.b & 16.f	-	-	1.268	14	-	-	-	-	(1.282)	-
Distribution of mandatory dividends	16.c	-	-	-	-	-	-	-	-	(1.576)	(1.576)
Distribution of aditional proposed dividends	16.c	-	-	-	-	-	-	-	3.462	(3.462)	-
Balances as at December 31, 2016		**7.085**	**1.968**	**1.268**	**1.415**	**-**	**20.758**	**12.236**	**3.462**	**-**	**48.192**
Repurchase shares	16.g	-	-	-	-	(624)	-	-	-	-	(624)
Stock option plan	21	-	-	-	-	-	939	-	-	-	939
Cumulative translation adjustments	10	-	-	-	-	-	-	660	-	-	660
Transfer from earnings reserve to capital reserve	16.e & 16.f	-	1.268	(1.268)	-	-	-	-	-	-	-
Net profit for the year		-	-	-	-	-	-	-	-	9.430	9.430
Constitution of reserve	16.b & 16.f	-	-	7.072	-	-	-	-	-	(7.072)	-
Distribution of mandatory dividends	16.c	-	-	-	-	-	-	-	-	(2.358)	(2.358)
Distribution of aditional proposed dividends	16.c	-	-	-	-	-	-	-	(3.462)	-	(3.462)
Balances as at December 31, 2017		**7.085**	**3.236**	**7.072**	**1.415**	**(624)**	**21.697**	**12.896**	**-**	**-**	**52.777**

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

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Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows
Year Ended December 31, 2017 and December 31, 2016
(In thousands of Brazilian reais - R$)

	Notes	Company		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016
Operating activities					
Net profit for the year		9.430	6.320	9.430	6.320
Adjustments:					
Depreciation and amortization	11, 12 & 19	-	-	308	494
Share of profits of subsidiaries	10	(11.450)	(7.641)	-	-
Increase / decrease in stock option plan	21	-	-	939	1.785
Write-off in property, plant and equipment	11	-	-	109	-
Mark-to-market derivative financial assets	6.c	-	-	-	456
Provision for Income tax and social contribution	22	-	-	6.077	4.774
Deferred Tax	22	-	-	108	187
Adjusted profit		**(2.020)**	**(1.321)**	**16.971**	**14.016**
Changes in assets and liabilities:					
(Increase) decrease in receivables		-	-	(263)	(742)
(Increase) decrease in financial assets measured at fair value through profit or loss	5	-	-	(6.603)	4.241
(Increase)/ decrease in recoverable taxes		76	72	2.340	3.934
Changes in assets (liabilities) derivatives		-	-	(456)	(3.057)
(Increase)/ decrease in other assets		601	(358)	581	770
Increase/ (decrease) in payroll and related taxes		(5)	19	595	(312)
Increase/ (decrease) in trade payables		(2.270)	27	(186)	(789)
Increase/ (decrease) in taxes payable		(50)	63	77	526
Income tax and social contribution paid		-	-	(5.509)	(6.253)
Cash flow from/(to) operating activities		**(3.668)**	**(1.498)**	**7.547**	**12.334**
Investing activities					
Dividends received	10	9.068	13.822	-	-
(Acquisitions) / write-off in property, plant and equipment	11	-	-	(65)	-
(Acquisitions) / write-off in intangible assets	12	-	-	-	(53)
Cash flow from/(to) investing activities		**9.068**	**13.822**	**(65)**	**(53)**
Financing activities					
Capital increase	16.a & 16.e	-	707	-	707
Repurchase treasury shares	16.g	(624)	(15.009)	(624)	(15.009)
Dividends paid	16.c	(4.975)	(1.979)	(4.975)	(1.979)
Cash flow from/(to) financing activities		**(5.599)**	**(16.281)**	**(5.599)**	**(16.281)**
Total cash flows		(199)	(3.957)	1.883	(4.000)
Increase /(decrease) in cash and cash equivalents, net		(199)	(3.957)	1.883	(4.000)
Cash and cash equivalents at the beginning of the year		250	4.207	25.742	34.740
Exchange rate changes on cash and cash equivalents		-	-	660	(4.998)
Cash and cash equivalents at the end of the year		**51**	**250**	**28.285**	**25.742**

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

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Tarpon Investimentos S.A.

Individual and consolidated statements of comprehensive income
Year Ended December 31, 2017 and December 31, 2016
(In thousands of Brazilian reais - R$)

	Notes	Company		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016
Net profit for the year		9.430	6.320	9.430	6.320
Comprehensive income		660	(6.350)	660	(6.350)
Cumulative translation adjustments	10	660	(6.350)	660	(6.350)
Total comprehensive income		**10.090**	**(30)**	**10.090**	**(30)**
Comprehensive income atributable to Company's owners		10.090	(30)	10.090	(30)

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

Notes to the individual and consolidated financial statements

(Amounts in thousands of Brazilian reais - R$)

1 General Information

Tarpon Investimentos S.A. ("Company" or "Tarpon") was established in September 2002, initially organized as a limited liability company, with head office at Rua Iguatemi, 151 - 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.

On July 31, 2011, was incorporated the Company's subsidiary in New York (TISA NY, Inc.), which is engaged in the provision of financial advisory services. This subsidiary is in the process of discontinuance of its activities. 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 financial statements

2.1 Presentation of individual and consolidated financial statements

The individual and consolidated financial statements were prepared and are been presented in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Standards Board (IASB).

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

All relevant information in the financial statements, and only such 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 financial statements and the related independent auditor's report were approved and authorized for issue by the Board of Directors on February 09,2018.

2.2 Functional and reporting currency

The financial statements have been prepared in Brazilian reais (R$), which is the Company's functional and reporting currency. The subsidiary Tarpon Gestora's functional currency is the Brazilian real (R$). Subsidiaries TISA NY's, Tarpon All Equities (Cayman)'s and TSOP Ltd's functional currency is the US Dollar (US$).

2.3 Use of estimates and judgment

The preparation of 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 and annual basis.

2.4 Basis of consolidation

The consolidated 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. ("Tarpon Gestora")
On April 25, 2012, Tarpon Investimentos S.A. started to hold all shares issued by Tarpon Gestora, totaling 500 shares at the unit value of R$1.00.

On August 31, 2012, there was a capital increase to R$763 upon the issuance of 762,292 shares, with a par value of R$ 1.00 each.

TISA NY, Inc. ("TISA NY")
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 (financial statements), whose functional currency (US$) is different from the Parent's functional currency.

Tarpon All Equities (Cayman), Ltd. e 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 official 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 on the statements of cash flow.

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

2.5 Adoption of new standards

The accounting standards and pronouncements effective for reporting periods beginning on or after January 1, 2017, when applicable, were adopted by Tarpon.

Standards and interpretations issued and adopted beginning January 1, 2017

IAS 12 (CPC 32)	The amendments clarify how an entity must assess whether there will be sufficient future taxable income so that deductible temporary differences can be utilized.	The application of these amendments had no impact on the Company's individual and consolidated financial statements, as the Company already assesses the sufficiency of future taxable income consistently with such amendments.
IAS 7 (CPC 03)	The amendments require the entity to provide disclosures that enable the users of the financial statements to assess the changes in liabilities arising from financing activities, including cash and non-cash changes.	The application of these amendments had no impact on their adoption, as all variations in current liabilities arising from financing activities are already being fully disclosed in the statements of cash flows, such as dividends and share buyback.
IFRS 12 (CPC 45) (annual improvements to IFRSs: 2014-2016 cycle)	The amendments clarify that an entity is not required to provide summarized financial information on interests in subsidiaries, associates or joint ventures classified as (or included in a disposal group classified as) held for sale.	The application of these amendments had no impact on the Company's individual and consolidated financial statements, as no interest held by the Company in such entities is classified as, or is included in a disposal group classified as, held for sale.

Standards and interpretations issued but not yet adopted

IFRS 9 (CPC 48)	IFRS 9 introduced new requirements for: (a) classification and measurement of financial assets and financial liabilities and derecognition of financial liabilities; (b) impairment requirements for financial assets; (c) hedge accounting and (d) limited amendments for classification and measurement requirements when introducing a fair value measurement criterion recognized through other comprehensive income for some simple debt instruments. This standard is effective for annual periods beginning on or after January 1, 2018.	In relation to the application of such standard, the Company assesses that: (a) the changes in the measurement of financial assets and financial liabilities will have no impact on its adoption, considering the Company's current financial assets and financial liabilities and its current business model; (b) the changes in the classification of financial assets and financial liabilities will also have no significant impacts, as the current financial assets measured at fair value, such as investments in CDB and other securities will continue to be presented as assets stated at fair value; receivables deriving from management and performance revenues will continue to be presented as assets stated at amortized cost; and financial liabilities, such as trade payables, will continue to be presented as liabilities stated at amortized cost; (c) the impairment requirements for financial assets will have no significant impact on their adoption as the Company has no significant amounts of financial assets with credit risk that would be subject to impairment methodologies; (d) the hedge accounting requirements will have no impact on their adoption, as the Company does not currently operate with derivative instruments; and (e) in relation to the fair value recognition criteria through other comprehensive income, the Company also does not expect any significant impacts on their adoption, as currently it does not recognize any financial assets under such conditions.

IFRS 15 (CPC 47)	Revenue from contracts with customers – establishes one simple, clear model for entities to use in the accounting for revenues from contracts with customers, replacing the current guidelines on revenue recognition set out in IAS 18/CPC 30(R1) and IAS 11/CPC 17(R1). Such standard is effective for annual period beginning on or after January 1, 2018.	Management assesses that the adoption of this pronouncement will have no impact on the recognition of the Company's current revenues, as these revenues derive from the management and performance fees of the funds managed, which performance obligation criteria are defined in the funds' regulations, and this is similar to the current identification of revenue components and compliance with performance obligations of IAS 18/CPC 30(R1).
IFRS 16 (CPC 6(R2))	The standard introduces a comprehensive model for identification of lease agreements and accounting treatment for lessees and lessors, replacing the current guidelines on lease, including IAS 17 and the corresponding interpretations after its effective date. This standard is effective for annual periods beginning on or after January 1, 2019.	Management assesses that the adoption of these amendments will have no impact on the Company's individual and consolidated financial statements, as it has no lease agreements applicable to the new requirements for recognition of the right of use.
Amendment to IFRS 2 (CPC 10)	The amendments provide clarifications on (a) the way of estimating the fair value of share-based payments, when settled in cash; (b) classification of transactions when they have "characteristics of settlement on a net basis" and (c) accounting for the share-based payment that changes the settlement of "settled in cash" to "settled through equity instruments". These amendments are effective for annual periods beginning on or after January 1, 2018.	Management assesses that the amendments introduced by the standard will have no impact on the Company's individual and consolidated financial statements, as the current share-based plan is settled through equity instruments.
Amendments to IFRS 10 and IAS 28 (CPC 36 and CPC 18)	The amendments address situations involving the sale or contribution of assets between an investor and its associate or joint venture. The effective date was not yet determined.	The adoption of these amendments will have no impact on the Company's individual and consolidated financial statements, as they are not applicable to the Company's current operations.
Amendments to IAS 40 (CPC 28)	The amendments clarify that any transfer to, or from investment properties, requires assessing whether a property is included, or ceased to be included, in the definition of investment property, based on observable evidence of a change in the use. These amendments are effective for annual periods beginning on or after January 1, 2018.	The adoption of these amendments will have no impact on the Company's individual and consolidated financial statements, as they are not applicable to the Company's current operations.
IFRS 1/CPC 37 and IAS 28/CPC 18 (annual improvements to the IFRSs 2014-2016 cycle)	The amendments clarify that the option made by a venture capital entity and other similar entities to measure investments in associates and joint ventures at fair value through profit or loss is separately available for each associate or joint venture, and such option must be made upon initial recognition of the associate or joint venture. Effective for annual periods beginning on or after January 1, 2018.	The adoption of these amendments will have no impact on the Company's individual and consolidated financial statements, as the Company is neither a first-time adopter of the IFRSs nor a venture capital entity, and has no associate or joint venture that is an investment entity.

IFRIC 22	IFRIC 22 addresses how the "transaction date" must be defined to determine the exchange rate applicable to the initial recognition of an asset, income or expense when the consideration of that item has been paid or received in advance in foreign currency, resulting in the recording of non-monetary assets or liabilities (e.g., non-reimbursable deposit or deferred revenue). Effective for annual periods beginning on or after January 1, 2018.	The adoption of these amendments will have no impact on the Company's individual and consolidated financial statements, as the Company already adopts the transaction date in relation to payments or receipts of advance consideration in a foreign currency consistently with the amendments.

2.6 Reclassifications

In 2017, Management elected to separately disclose the judicial deposits and the provision for tax contingencies relating to the lawsuit, the purpose of which is the non-payment of ISS on service export, in current assets, in line item "Other assets" (note 9), and the corresponding tax risk assessed by Management as probable loss, in current liabilities, in line item "Taxes payable" (note 14), which are shown in note 23. Such reclassifications were made retrospectively in the balance sheet for better comparability and did not have any impact on the income statement, 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 year ended December 31, 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, based on 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, substantially, of the Company's investments in Public Securities pegged to the Selic rate. Interest, gains and losses arising from the adjustment to fair value were recognized in the statement of operations in line item "Gain (loss) on financial assets measured at value through profit or loss".

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 operations. Derivatives were settled on May 22, 2017, as shown in note 6.c

c. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and short-term investments with maturities of no more than three months at contracting date, which are subject to an insignificant risk of change in fair value, and are used by the Company when managing short-term obligations.

d. Impairment

The Company's assets are tested for impairment at every balance sheet date. If such indication exists, the recoverable value of the asset is estimated. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable value.

In the year ended December 31, 2017, no impairment loss was recognized in the Company's financial statements.

e. Investments in subsidiaries and foreign subsidiary

Investments in foreign subsidiaries are stated at costs and 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 and amortization rates are as follows: 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 based on the estimated useful lives of the assets. The estimated useful life and amortization method are reviewed at the end of each year and the effect of any changes in estimates are recorded 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 (note 23a).

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 (note 23) are recognized, measured and disclosed in conformity with the criteria set forth in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, as follows:

Provision 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 on future events to determine the likelihood of 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 operations on a pro rata basis, over the vesting period of each grant.

l. Income tax, social contribution, and other taxes

For the year ended, Tarpon Investimentos S.A. adopts the taxable income regime. Therefore, the provision for income tax is calculated at the rate of 15% of taxable income, plus a 10% surtax on the portion of taxable income exceeding R$240 per year, or, R$ 20 per month. The provision for social contribution is calculated at the rate of 9%. For the period ended, Tarpon Gestora de Recursos S.A., adopted the tax regime for the estimated income, same regime adopted in 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, using the rates of 25% for income tax and 9% for social contribution.

Cumulative PIS and COFINS tax rates are 0.65% and 3.00,% respectively, for the calculation of taxes at Tarpon Gestora, levied only on revenues from management and performance fees arising from the management of Brazilian investment funds. For the non-cumulative tax regime applicable to Tarpon Investimentos S.A., PIS and COFINS tax rates are 1.65% and 7.60%, respectively, less creditable expenses and plust 0.65% and 4.00% on finance income.

The ISS tax rate levied on portfolio management revenues, including the management of national and foreign funds 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 derive from the inflation adjustment of ISS judicial deposists on income from foreign investment funds.

m. Other assets and liabilities

Other assets are stated at their realizable values, including, where applicable, earnings, inflation adjustments (on a daily pro rata basis) and allowance for losses, when necessary. Other liabilities include known and estimated amounts, plus financial charges and inflation adjustment losses (calculated 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 of 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 differences from the transaction of the balance sheet of foreign subsidiaries.

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 financial statements according to the BRGAAP applicable to publicly-held companies, whereas they represent additional financial information for IFRSs.

r. Earnings (Loss) per share (basic and diluted)

Basic earnings (loss) per share are calculated based on profit or loss for the year ended December 31, 2017 and 2016 attributable to the Company's controlling shareholders and the weighted average number of outstanding common shares in the related period. 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 year ended December 31, 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 cash and banks and short-term investments maturing within up to 90 days from the investment.

Date as at December 31, 2017 and December 31, 2016, balances were broken down as follows:

	Company		**Consolidated**	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Cash and cash equivalents	51	250	28,285	25,742
	51	**250**	**28,285**	**25,742**

5 Financial assets measured at fair value through profit or loss

As at December 31, 2017 and 2016, financial assets were broken down as follows:

	Consolidated	
	12/31/2017	**12/31/2016**
Financial Treasury Bills (LFTs) (i)	23,614	-
Repurchase transactions (ii)	-	18,982
CDB (ii)	1,971	-
	25,585	**18,982**

i. Investment in Financial Treasury Bills (LFT), with XP Investimentos, classified as level 2 and yielding interest based on the effective SELIC rate. Amount represented by three (3) investments at different dates, with respective maturities in: March 2019; September 2020; and September 2023. These transactions are classified in the short term as they have daily liquidity.

ii. Products pegged to the DI fluctuation, invested in Itaú Unibanco S/A. Its fair value is classified as level 2 considering the daily liquidity and that it is pegged to the DI rate, which daily adjustments are informed by the Financial Institution. The investments in CDB of Itaú Unibanco S/A. mature in November 2018, with possibility of daily settlement.

6 Financial instruments

a. Risk management

The Company is basically exposed to risks arising from the use of financial instruments, as follows:

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 by reviewing and approving 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 and liabilities measured at fair value through profit

	Valuation method 2017 e 2016	**Exposure to fair value risk?**
Investment in CDB	Adjusted by indexing rate – DI	No
Financial Treasury Bill (LFT)	Adjusted by Selic rate	No
Repurchase agreements	Adjusted by DI rate	No
Derivative financial instruments	Short Position: TRPN3 shares Long Position: CDI + 1,3% p.y.	Yes

c. Derivatives

On May 22, 2017 the Company, through its subsidiary Tarpon Gestora, has settled its agreement for swap of gain (loss) on future financial flows (swap agreement) with Banco Itaú BBA S.A., that the Company had 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, settlement term of up to 12 months counted from each negotiation. The result of operations will be financially settled on maturity. Such settlement generated a loss of R$419 (note 20) recorded in line item "Gain (loss) on financial assets measured at fair value through profit or loss".

On December 31, 2017, the Company had no derivative financial instruments. On December 31, 2016, the Company (through its subsidiary) had the following outstanding transactions, which are classified as level 2:

Consolidated

Financial Instrument	**Transaction Date**	**Maturity Date**	**National Value**	**Asset Position**	**Fair Value in December 31, 2017**	**Fair Value in December 31, 2016**
SWAP	05/25/2016	05/22/2017	1,492	Shares	-	-
			National Value	**Liabilities Position**		
			1,492	CDI + 1,3% p.y.	-	(456)
				Unsettled balance	**-**	**(456)**

d. Other financial assets and financial liabilities

The financial assets and liabilities measured at amortized cost such as receivables, other assets, accounts payable, statutory obligations, have fair values equal to their carrying values.

7 Accounts receivable

Management fees payable by local 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 and paid on March 31, June 30, September 30 and December 31 of each year, according to the respective Bylaws.

	Consolidated	
	12/31/2017	**12/31/2016**
Management fees	327	395
Performance fee	331	-
	658	**395**

8 Recoverable taxes

As at December 31, 2017 and 2016, the balance of recoverable taxes is broken down as follows:

Short term	**Company**		**Consolidated**	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
IRPJ and CSLL negative balance	184	1,128	184	3,433
Withholding contributions	19	19	19	19
Recoverable taxes– TISA NY	-	-	124	-
Other	-	207	125	415
	203	**1,354**	**452**	**3,867**

Long term	**Company**		**Consolidated**	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Negative 2013 IRPJ Balance	1,075	-	1,075	-
	1,075	**-**	**1,075**	**-**
Total recoverable taxes	**1,278**	**1,354**	**1,527**	**3,867**

(i) In 2017, the Company filed with the Brazilian Federal Revenue Service a request for refund of the negative 2013 IRPJ balance. The principal is R$737, adjusted based on the SELIC rate through December 31 to R$1,075.

9 Other Assets

As at December 31, 2017 and 2016, the balance of other assets is broken down as follows:

	Company		Consolidated	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Prepaid expenses	-	-	1,669	157
Refundable amounts - Funds	-	-	1,278	4,213
ISS judicial deposit (note 23)	-	-	4,471	3,510
Outros	-	599	711	830
	-	**599**	**8,129**	**8,710**

10 Investments

Below are the changes of investees Tarpon Gestora, TISA NY, Tarpon All Equities (Cayman) and TSOP ltd:

TISA NY, Inc.

TISA NY - in R$ thousands - Changes in investments

Balance as at December 31, 2016	**31,246**
Changes	
Share of profit (loss) of subsidiaries	(4,300)
Currency fluctuation adjustment	660
Balance as at December 31, 2017	**27,606**

TISA NY – in R$ thousands – Accumulated

TISA NY, Inc. - Changes in investments

In USD - Thousands		In R$ - Thousands					
Equity – December 31, 2016	**Profit/loss as at December 31, 2017**	**Equity – December 31, 2016**	**Profit/loss as at December 31, 2017**	**Accumulated Exchange variation**	**Share of profit of subsidiaries**	**Equity Equivalent**	**Book value of investimento in December 31, 2017**
9,683	(1,338)	31,246	(4,300)	660	100%	(4,300)	27,606

Tarpon Gestora de Recursos S.A. - in R$ thousands - Changes in investments

Tarpon Gestora de Recursos S/A. – Changes in investments (In thousands of Brazilian reais – R$)

Balance as at December 31, 2016	**26,192**
Movement	
Dividends paid to the Parent	(9,068)
Share of profit (loss) of subsidiaries	15,750
Contribution to the subsidiary relating to the stock option plan	939
Other	(2)
Balance as at December 31, 2017	**33,811**

Tarpon Gestora de Recursos S/A. - Changes in investments

In R$ - thousands

Equity as at December 31, 2016	Profit (loss) as at December 31, 2017	Ownership interest - %	Share of profit (loss) of subsidiaries	Contributions – Stock option plan	Dividends paid to the parent	Others	Investment balance as at December 31, 2017
26,192	15,750	100%	15,750	939	(9,068)	(2)	33,811

Tarpon All Equities (Cayman) and TSOP Ltd.

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

11 Property, plant and equipment

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

Facilities	Balance as at December 31, 2016	Exchange difference effect (i)	Write-off of property, plant and equipment (ii)	Additions	Depreciation	Balance as at December 31, 2017
Machinery and equipment	145	(47)	(30)	-	(10)	58
Computers	200	(5)	(15)	65	(203)	42
Furniture and fixtures	61	92	(81)	-	(72)	-
Telephone equipment	9	(3)	(3)	-	(2)	1
Leasehold improvements	28	5	(22)	-	(11)	-
Total	**443**	**42**	**(151)**	**65**	**(298)**	**101**

(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.

(ii) Write-off of property, plant and equipment of investee TISA NY Inc, in August 2017.

As at December 31, 2017 only Tarpon Gestora de Recursos S/A had property, plant and equipment recorded in its balance sheet. As at December 31, 2016, only subsidiaries had property, plant and equipment recorded in their balance sheets.

12 Intangible assets

Refers to the software internally developed in the amount of R$188, with estimated useful life of 20 years. As at December 31, 2017, intangible assets amount to R$172 (R$182 in 2016) and software amortization was R$10 (note 19) in 2017.

13 Accounts payable

The Company's accounts payable are broken down as follows:

	Company		**Consolidated**	
	12/21/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Intragroup loans (note 24)	6,292	9,400	-	-
Suppliers and leases	-	-	340	154
Services provided	-	124	122	459
Other	979	17	-	35
	7,271	**9,541**	**462**	**648**

14 Taxes payable

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

	Company		**Consolidated**	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
IRPJ and CSLL payable	-	-	1,430	1,638
PIS and COFINS payable	8	10	32	24
IOF and ISS payable	330	347	343	345
Provision for tax risks (note 23)	-	-	4,471	3,510
Taxes withheld from third parties	26	57	31	145
	364	**414**	**6,307**	**5,662**

15 Payroll and related taxes

Social security and labor obligations are as follows:

The balance is comprised of taxes on salaries, accrued vacation, 13^{th} salary, profit sharing, and bonuses. As at December 31, 2017, the balances were: R$2,195 in the consolidated (December 31, 2016: R$1,600 in the consolidated) and as at December 31, 2017, R$14 in the Parent (December 31, 2016: R$19).

Personnel expenses in 2017 amounted to R$23,465 in the consolidated (R$29,119 as at December 31, 2016), in profit or loss and are comprised of compensation, payroll taxes, profit sharing, and bonuses.

16 Equity

a. Share 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$706, the amount of R$637 was allocated to the capital reserve and R$69 to the Company's capital.

On August 2, 2016, the Company approved the cancellation of all Company's common shares held in treasury, as described in note 16g.

As at December 31, 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

The legal reserve is calculated at 5% of profit for the year, as set forth in art 193 of Law 6404/76, which cannot exceed 20% of capital. The objective of the legal 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 December 31, 2017, the balance of legal reserve is 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 December 31, 2017, the total dividends paid amounted to R$4,975 relating to the year ended December 31, 2016.

On February 9, 2018, the Board of Directors approved the distribution of R$2,358 as mandatory dividend, relating to the year ended December 31, 2017 and the allocation of R$7,072 to the earnings reserve.

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. As at December 31, 2017, R$1,268 from the earnings reserve was transferred, based on a capital budget approved at the Annual and Extraordinary General Meeting held on March 27, 2017.

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. At December 31, 2017, the amount of R$7,072 (R$ 1,268 in December 31, 2016).

g. Repurchase of shares

On March 07, 2016, the Company approved the buyback of up to 1,699 (thousand) shares representing 10% of the total outstanding shares.

As at March 31, 2016, due to the repurchase program, it was incorporated in treasury the amount of R$10,444, representing 1,382 common shares.

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

On April 6, 2016, by the above share repurchase program, were incorporated into the treasury the amount equivalent to R$ 1,681, equivalent to 300 thousand shares.

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

On May 27, 2016, by the above share repurchase program, were incorporated into the treasury the amount equivalent to R$ 2,206, equivalent to 300 thousand shares.

On June 23, 2016, by the above share repurchase program, were incorporated into the treasury the amount equivalent to R $ 679, equivalent to 100 thousand shares, totaling the amount of 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 up to 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.

17 Earnings per share

a. Basic earnings per share

Earnings per share were calculated based on the Company's profit/loss attributable to controlling shareholders and the weighted average number of common shares, as shown below:

	Consolidated and Company	
	12/31/2017	**12/31/2016**
Profit attributable to shareholders	**9,430**	**6,320**
Weighted average number of common shares		
Common shares at the beginning of the period	44,115	46,040
Treasury shares	(156)	-
Total outstanding shares at the beginning of the period	**43,959**	**46,040**
Shares issued	-	157
Canceled shares	-	(2,082)
Total outstanding shares at the end of the period	**43,959**	**44,115**
Weighted average number of Company's outstanding common shares	44,017	45,144
Basic earnings per share	0.21	0.14

b. Diluted earnings per share

In calculating the diluted earnings per share, we assumed the exercise of the stock options already granted. We assume the exercise of stock options already granted to calculate diluted loss per share:

	Consolidated and Company	
	12/31/2017	**12/31/2016**
Profit attributable to shareholders	**9,430**	**6,320**
Weighted average number of shares into common shares of the Company outstanding	44,017	45,144
Adjustment due to stock option (nota 21)	2,275	2,275
Weighted average number of common shares outstanding for diluted earnings per share.	46,292	47,419
Diluted earnings per share	0.20	0.13

18 Net operating revenue

	Consolidated	
	12/31/2017	**12/31/2016**
Revenue related to management fees	47,060	56,252
Revenue related to performance fee	1,128	-
Taxes on management fee (i)	(1,039)	(1,227)
Taxes on performance fee (i)	(64)	-
	47,085	**55,025**

(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).

19 Administrative expenses

	Company		Consolidated	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Office maintenance	-	-	(1,939)	(3,519)
Outside services	(1,863)	(773)	(3,620)	(4,157)
Representation expenses	-	-	(739)	(523)
Depreciation and amortization (notes 11 e 12)	-	-	(308)	(494)
Expenses on IT Systems	-	-	(433)	(1,118)
Expenses on fees and other contributions	(51)	(312)	(199)	(448)
Others	-	(4)	(314)	(598)
	(1,914)	**(1,089)**	**(7,552)**	**(10,857)**

20 Gain (loss) on financial assets

Finance income	Company		Consolidated	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Income from investments in CDB	-	-	265	-
Income from repurchase agreement investment	-	206	812	1,945
Financial Treasury Bill (LFT)	-	-	622	-
Inflation adjustments	180	-	471	851
Exchange gains	-	-	63	-
	180	**206**	**2,233**	**2,796**

Expenses	Company		Consolidated	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Expenses on derivatives (i)	-	-	(419)	(4,253)
Inflation adjustments	-	-	(316)	(551)
Taxes on finance income	(9)	-	(9)	-
	(9)	**-**	**(744)**	**(4,804)**
Gain (loss) on financial assets	**171**	**206**	**1,489**	**(2,008)**

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

21 Stok 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 fiscal 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 fiscal years subsequent to the respective grant date.

If the current controlling shareholders case to collectively hold at least 30% of total shares on 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/consolidated) made is described below:

	Granted				Returned		Exercised			Outstanding as of December 31, 2017		
Grant	**Date**	**Quantity**	**Fair value on grant date**	**Cost grant**	**Quantity**	**Value**	**Quantity**	**Average price**	**Value**	**Quantity**	**Exercise Price**	**Value**
1º	10/03/2009	6,894	0,39	2,668	(132)	(51)	(6,762)	2,59	(17,534)	-	-	-
2º	10/03/2009	768	0,39	297	(106)	(41)	(662)	2,59	(1,716)	-	-	-
3º	30/11/2009	2,493	4,08	10,180	(384)	(1,568)	(1,923)	3,06	(5,884)	186	3,06	569
4º	19/02/2010	530	4,62	2,449	(184)	(850)	(325)	3,38	(1,098)	21	3,38	71
5º	18/08/2010	1,115	6,72	7,491	(299)	(2,009)	(684)	5,55	(3,797)	132	5,15	680
6º	05/08/2011	960	8,07	7,745	(326)	(2,630)	(257)	8,73	(2,245)	377	8,75	3,300
7º	09/08/2012	560	6,51	3,645	(312)	(2,031)	(78)	8,99	(701)	170	7,02	1,193
8º	20/09/2012	50	6,88	344	-	-	-	-	-	50	7,81	391
9º	10/10/2013	1,192	8,15	9,713	-	-	-	-	-	1,192	10,22	12,179
10º	03/03/2015	147	5,80	853	-	-	-	-	-	147	7,57	1,112
Total		**14,709**		**45,385**	**(1,743)**	**(9,180)**	**(10,691)**		**(32,952)**	**2,275**		**19,495**

With respect to the balances recognized in line item "stock option plan", both in equity and profit or loss (consolidated):

	Consolidated	
In R$ thousands	**December 2017**	**December 2016**
Stock option plan - Profit or loss	(939)	(1,786)
Exercised - Transfer from reserve account	-	(964)
Exercised - Amount paid by exercise	-	706

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 19, 2010**	**August 8, 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 [B]3.

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.

22 Statement of income tax and social contribution calculation

Reconciliation of tax rate

Taxable income	**Company**		**Consolidated**	
Calculation basis	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Profit (loss) before income tax and social contribution	9,430	6,320	15,615	11,282
Effect of income before subsidiaries' taxes under different tax regimes	-	-	(17,528)	(12,602)
Tax basis	**9,430**	**6,320**	**(1,913)**	**(1,320)**
Income tax and social contribution based on prevailing tax rates of 25% and 9%	(3,207)	(2,149)	650	449
Deductible expenses not subject to tax credits (i)				
Share of profit (loss) of subsidiaries	3,857	2,598	-	-
(Profit) loss earned abroad	1,504	728	1,504	728
Effect of taxation under the US legislation of Tisa NY	-	-	(513)	1,133
Effect of taxation under deemed income of Tarpon Gestora (ii)	-	-	(5,565)	(6,094)
Current income tax and social contribution	**(650)**	**(449)**	**(650)**	**(449)**
Credit on tax loss and loss abroad not recognized (i)	**(1,504)**	**(728)**	**(1.504)**	**(728)**
Deferred income tax and social contribution	**-**	**-**	**(6,077)**	**(4,774)**
	-	**-**	**(108)**	**(187)**
Income tax and social contribution in the period	**-**	**-**	**(6,185)**	**(4,961)**

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

(ii) Tarpon Gestora's taxes levied substantially on its operating revenue recognized in 2017, in the amount of R$ 48,188 (R$ 56.252 at December 31, 2016).

23 Provision for Tax, Civil, Labor and judicial deposits

a) Judicial deposits

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 recognizes on a monthly basis ISS amounts due which have been paid through judicial deposits.

Nature of litigation	Provision for ISS – R$ (note 14)	Judicial Deposit – R$ (note 09)
Appeal filed for non-collection of ISS	4,471	4,471

Pursuant to note 2.6

a) Contingent Taxes

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

Opening balance - December 2016	**3,510**
Recognition	6435
Adjustment	316
Balance as of December 31, 2017	**4,471**

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$324, adjusted through December 31, 2017 and R$ 275, adjusted through December 31, 2016).

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:

- Profit sharing program (PLR): Tax deficiency notice in the amount of R$9,061, of which R$11,484 adjusted through December 2017 relating to alleged IRPJ debts related to the payment of profit sharing to certain Company's employees in calendar years 2009 to 2011. The 1st Ordinary Panel of the 3rd Chamber of the 2nd Section handed down, on June 6, 2017, a favorable decision to the Company, upon majority of votes, relating to the lawsuit addressing alleged social security debts, not subject to appeal by the Brazilian Federal Revenue Service.

- Stock option plan: tax deficiency notice in the amount of R$13,692 (R$16,953 updated until June 30, 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, not subject to appeal by the Brazilian Federal Revenue Service.

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.

24 Related parties

The main asset and liability balances as at December 31, 2017 and 2016, as well as intercompany transactions that impacted profit or loss for the year then ended, arise from transactions between the Company and its key management personnel.

	Consolidated	
	Asset / Equity	
	12/31/2017	**12/31/2016**
Short-term benefits to Management **(*)**	(1,022)	-
Stock option plan to Management	(10,167)	(12,374)

	Consolidated	
	Income / (Expense)	
	12/31/2017	**12/31/2016**
Short-term benefits to Management	(10,321)	(13,349)
Stock option plan to Management	(25)	(1.104)

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

There is a balance of R$6,292 (at December 31, 2016, R$9,400), Company, relating to loans between the Company and its subsidiary Tarpon Gestora de Recursos S.A., without interested and maturity of up to two years (note 13). On August 25, 2017, the Company has settled part of such loan, in the amount of R$3,108.

* * *

Executive Board
Chief Executive Officer

José Carlos Reis de Magalhães Neto

Accountant

Henrique Luiz Gonzaga
CRC 1SP256056//O-0