

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

Tarpon Investimentos S.A.

Individual and Consolidated Interim
Financial Statements for the Three-month
Period Ended March 31, 2018 and
Report on Review of Individual and
Consolidated Interim Financial Statements

Deloitte Touche Tohmatsu Auditores Independentes

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

REPORT ON REVIEW OF INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial statements of Tarpon Investimentos S.A. ("Company"), which comprise the balance sheet as at March 31, 2018 and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including explanatory information.

Management is responsible for the preparation of these individual and consolidated interim financial statements in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting, issued by the Accounting Pronouncements Committee (CPC), and in accordance with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB. 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 technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of interim financial statements.

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Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the three-month period ended March 31, 2018, prepared under Management's responsibility, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) and is considered as supplemental information for International Financial Reporting Standards - IFRS, which do 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 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, May 15, 2018

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU
Auditores Independentes



Luiz Carlos Oseliero Filho
Engagement Partner

Tarpon Investimentos S.A.

Individual and consolidated balance sheets

As at March 31, 2018 and December 31, 2017

(In thousands of Brazilian reais - R\$)

Assets	Notes	Individual		Consolidated		Liabilities	Notes	Individual		Consolidated	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017			03/31/2018	12/31/2017		
Current Assets						Current liabilities					
Cash and cash equivalents	4	4	51	33,020	28,285	Trade payables	13	7,657	7,271	212	462
Financial assets measured at fair value through profit or loss	5	-	-	23,887	25,585	Corporate obligations	16.c	2,421	2,421	2,421	2,421
Receivables	7	-	-	342	658	Tax liabilities	14	347	364	6,295	6,307
Recoverable taxes	8	205	203	1,680	452	Labor obligations	15	14	14	11,308	2,195
Other assets	9	-	-	8,449	8,129	Total		10,439	10,070	20,236	11,385
Total		209	254	67,378	63,109						
Noncurrent assets						Noncurrent liabilities					
Recoverable taxes	8	1,087	1,075	1,087	1,075	Deferred tax	22.b	-	-	320	295
Deferred taxes	22.b	-	-	1,327	-	Total		-	-	320	295
Investments	10	58,634	61,518	-	-						
Property, plant and equipment	11	-	-	85	101	Equity					
Intangible	12	-	-	170	172	Capital	16.a	7,085	7,085	7,085	7,085
Total		59,721	62,593	2,669	1,348	Capital reserve	16.e	3,236	3,236	3,236	3,236
						Treasury shares	16.g	(624)	(624)	(624)	(624)
						Legal reserve	16.b	1,415	1,415	1,415	1,415
						Profit reserve	16.f	7,072	7,072	7,072	7,072
						Stock option plan		21,819	21,697	21,819	21,697
						Cumulative translation adjustments		13,036	12,896	13,036	12,896
						Accumulated losses		(3,548)	-	(3,548)	-
						Total liabilities and equity		49,491	52,777	49,491	52,777
Total assets		59,930	62,847	70,047	64,457			59,930	62,847	70,047	64,457

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

Tarpon Investimentos S.A.

Individual and consolidated income statements

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian reais - R\$)

	Notes	Individual		Consolidated	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
Management Fee		-	-	9,779	12,344
Net operating revenue	18	-	-	9,779	12,344
Operating income (expenses)					
Personnel expenses	15	-	-	(12,566)	(12,004)
Stock option plan	21	-	-	(122)	(291)
Administrative expenses	19	(386)	(232)	(1,582)	(1,640)
Income from financial assets	20	14	-	398	321
Share of profit of subsidiaries	10	(3,146)	(2,960)	-	-
Other operating income (expenses)		(30)	(17)	(60)	50
		(3,548)	(3,209)	(13,932)	(13,564)
Operating profit (loss)		(3,548)	(3,209)	(4,153)	(1,220)
Income tax and social contribution	22	-	-	605	(1,989)
Current Tax		-	-	(697)	(1,958)
Deferred Tax		-	-	1,302	(31)
(Loss) for the period		(3,548)	(3,209)	(3,548)	(3,209)
Attributable to Company's owners		(3,548)	(3,209)	(3,548)	(3,209)
Number of outstanding shares at end of period		43,959	44,115	43,959	44,115
Basic (loss) per share	17.a	(0.08)	(0.07)	(0.08)	(0.07)
Diluted (loss) per share	17.b	(0.08)	(0.07)	(0.08)	(0.07)

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

Tarpon Investimentos S.A.

Individual and consolidated statements of comprehensive income

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian reais - R\$)

	Notes	Individual		Consolidated	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
Loss for the period		(3,548)	(3,209)	(3,548)	(3,209)
Comprehensive income		140	(1,003)	140	(1,003)
Cumulative translation adjustments	10	140	(1,003)	140	(1,003)
Total comprehensive income		(3,408)	(4,212)	(3,408)	(4,212)
Comprehensive income attributable to Company's owners		(3,408)	(4,212)	(3,408)	(4,212)

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

Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows
For the three-month period ended March 31, 2018 and 2017
(In thousands of Brazilian reais - R\$)

	Notes	Individual		Consolidated	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
Operating activities					
(Loss) for the period		(3,548)	(3,209)	(3,548)	(3,209)
Adjustments:					
Depreciation and amortization	11, 12 & 19	-	-	26	80
Share of profits of subsidiaries	10	3,146	2,960	-	-
Increase / decrease in stock option plan	21	-	-	122	291
Provision for bonus, charges and profit sharing		-	-	10,199	8,481
Mark-to-market derivative financial assets	6.c	-	-	-	302
Provision for Income tax and social contribution	22	-	-	697	1,958
Provision for deferred income and social contribution taxes	22	-	-	(1,302)	31
Adjusted profit		(402)	(249)	6,194	7,934
Changes in assets and liabilities:					
(Increase) decrease in receivables		-	-	316	(916)
(Increase) decrease in financial assets measured at	5	-	-	1,698	(26)
(Increase)/ decrease in recoverable taxes		(14)	-	(470)	-
(Increase)/ decrease in other assets		-	578	(320)	3,240
Increase / (decrease) in labor liabilities		-	(2)	(1,086)	175
Increase/ (decrease) in trade payables		386	(89)	(250)	(260)
Increase/ (decrease) in taxes payable		(17)	21	721	(31)
Income tax and social contribution paid		-	-	(2,200)	(1,664)
Cash flow from/(to) operating activities		(47)	259	4,603	8,452
Investing activities					
Dividends received		-	5,511	-	-
(Acquisitions) / write-off in property, plant and equipment	11	-	-	(8)	59
Cash flow from/(to) investing activities		-	5,511	(8)	59
Financing activities					
Dividends paid	16.c	-	(243)	-	(243)
Cash flow from/(to) financing activities		-	(243)	-	(243)
Total cash flows		(47)	5,527	4,595	8,268
Increase /(decrease) in cash and cash equivalents, net		(47)	5,527	4,595	8,268
Cash and cash equivalents at the beginning of the period	4	51	250	28,285	25,742
Exchange rate changes on cash and cash equivalents		-	-	140	(734)
Cash and cash equivalents at the end of the period	4	4	5,777	33,020	33,276

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

Tarpon Investimentos S.A.

Consolidated statements of changes in equity

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian reais - R\$)

		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, 2016	Notes	7,085	1,968	1,268	1,415	-	20,758	12,236	3,462	-	48,192
Stock option plan	21	-	-	-	-	-	291	-	-	-	291
Cumulative translation adjustments	10	-	-	-	-	-	-	(1,003)	-	-	(1,003)
Distribution of dividends		-	-	-	-	-	-	-	(3,462)	-	(3,462)
Loss for the period		-	-	-	-	-	-	-	-	(3,209)	(3,209)
Balances as at March 31, 2017		7,085	1,968	1,268	1,415	-	21,049	11,233	-	(3,209)	40,809
Balances as at December 31, 2017	Notes	7,085	3,236	7,072	1,415	(624)	21,697	12,896	-	-	52,777
Stock option plan	21	-	-	-	-	-	122	-	-	-	122
Cumulative translation adjustments	10	-	-	-	-	-	-	140	-	-	140
Loss for the period		-	-	-	-	-	-	-	-	(3,548)	(3,548)
Balances as at March 31, 2018		7,085	3,236	7,072	1,415	(624)	21,819	13,036	-	(3,548)	49,491

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

Tarpon Investimentos S.A.

Individual and consolidated statements of value added
For the three-month period ended March 31, 2018 and 2017
(In thousands of Brazilian reais - R\$)

	Notes	Individual		Consolidated	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
Management Fee (Gross)	18	-	-	10,055	12,609
Materials, power, outside services and other		(416)	(249)	(1,738)	(1,802)
Gross value added		(416)	(249)	8,317	10,807
Retentions					
(-) Depreciation and amortization	19	-	-	(26)	(80)
Net value added		(416)	(249)	8,291	10,727
Value added received in transfer		(3,132)	(2,960)	398	321
Share of profit of subsidiaries	10	(3,146)	(2,960)	-	-
Finance income (expenses)	20	14	-	398	321
Total value added to be distributed		(3,548)	(3,209)	8,689	11,048
Distribution of value added		(3,548)	(3,209)	8,689	11,048
Personnel		-	-	12,566	12,004
Payroll and related taxes	15	-	-	12,566	12,004
Taxes, rates and contributions					
Federal		-	-	(329)	2,253
Municipal		-	-	201	229
Equity remuneration		(3,548)	(3,209)	(3,548)	(3,209)
Loss of the period		(3,548)	(3,209)	(3,548)	(3,209)

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

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 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 interim financial statements

2.1 Presentation of individual and consolidated interim financial statements

The individual and consolidated interim financial statements were prepared and are been presented in accordance with accounting practices adopted in Brazil with observance in CPC 21 – Interim Statement and International Standards Board (IASB) 34 –Intermediate Financial Report.

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 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 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 interim financial statements and the related independent auditor’s report were approved and authorized for issue by the Board of Directors on May 15,2018.

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. 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 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 and annual 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. (“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 interim 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 (standards and interpretations issued and adopted)

The accounting standards and pronouncements effective for reporting periods beginning on January 1, 2018, when applicable, were adopted by Tarpon.

Standards and interpretations issued and adopted beginning January 1, 2018

IFRS 9 (CPC 48)	IFRS 9 introduced new requirements for: (a) classification and measurement of financial assets and financial liabilities and derecognition of financial assets; (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).
Amendment to IFRS 2 (CPC 10)	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. 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 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). 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 improvement s 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.

3 Significant accounting policies

The significant accounting policies below were consistently applied by the Company and its subsidiaries and foreign subsidiaries in the three-month period ended March 31, 2018.

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 three-month period ended March 31, 2018, no impairment loss was recognized in the Company's interim 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 interim 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 three-months ended March 31, 2018, Tarpon Investimentos S.A. and Tarpon Gestora de Recursos 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%. Tarpon recognized in this interim financial statements deferred taxes due to temporary differences.

For the three-months ended March 31, 2017, Tarpon Gestora de Recursos S.A., adopted the tax regime for the estimated income, 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, 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\$60 per three month period and 9% for social contribution.

For the three-months ended March 31, 2018 Non-Cumulative PIS and COFINS tax rates are 1.65% and 7.60% respectively (for the three-months period ended March 31, 2017, cumulative PIS and COFINS tax rates were 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. Credits are collected on inputs, such as: electricity costs, rent, depreciation and amortization.

The financial income base is also taxed, using the PIS and COFINS rates of 0.65% and 4.00%, respectively.

The ISS tax rate on portfolio management revenues, including the management of domestic and foreign funds, is 2%. The amounts due under PIS, COFINS and ISS are recorded as expenses of taxes on billing.

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

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

Basic loss per share are calculated based on profit or loss for the three-month period ended March 31, 2018 and 2017 attributable to the Company's controlling shareholders and the weighted average number of outstanding common shares in the related period. Diluted loss per share is calculated based on the aforementioned average of outstanding shares, adjusted by the possible exercise of call options, with dilutive effect in the three-month period ended March 31, 2018 and 2017, 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 March 31, 2018 and 2017, balances were broken down as follows:

	Individual		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Cash and cash equivalents	4	51	33,020	28,285
	4	51	33,020	28,285

5 Financial assets measured at fair value through profit or loss

As at March 31, 2018 and 2017, financial assets were broken down as follows:

	Consolidated	
	03/31/2018	12/31/2017
Financial Treasury Bills (LFTs) (i)	23,887	23,614
CDB (ii)	-	1,971
	23,887	25,585

- 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. were fully redeemed in the three-month period ended March 31, 2018.

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 March/2018 and December/2017	Exposure to fair value risk?
Investment in CDB	Adjusted by indexing rate – DI	No
Financial Treasury Bill (LFT)	Adjusted by Selic rate	No

c. Derivatives

On March 31, 2018 and December 31, 2017 the Company did not hold any transaction with derivative financial instruments.

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. The result of the operation, in the quarter ended March 31, 2017, was negative in R\$302 (note 20) recorded in line item “Gain (loss) on financial assets measured at fair value through profit or loss”.

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 in the quarters ended March 31, June 30, September 30 and December 31 of each year, according to the respective Bylaws.

	Consolidated	
	03/31/2018	12/31/2017
Management fees	340	327
Performance fee	2	331
	342	658

8 Recoverable taxes

As at March 31, 2018 and December 31, 2017, the balance of recoverable taxes is broken down as follows:

Short term	Individual		Consolidated	
	03/31/2018	12/31/2017	31/03/2018	12/31/2017
IRPJ and CSLL (i)	186	184	186	184
IRPJ and CSLL in advance	-	-	770	-
Withholding contributions	19	19	19	19
Recoverable taxes– TISA NY	-	-	540	124
Other	-	-	165	125
	205	203	1,680	452
Long term	Individual		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
IRPJ and CSLL	1,087	1,075	1,087	1,075
	1,087	1,075	1,087	1,075
Total recoverable taxes	1,292	1,278	2,767	1,527

- (i) In 2017, the Company filed with the Brazilian Federal Revenue Service a request for refund of the 2013 IRPJ balance. The principal is R\$737, adjusted based on the SELIC as presented.

9 Other Assets

As at March 31, 2018 and December 31, 2017, the balance of other assets is broken down as follows:

	Consolidated	
	03/31/2018	12/31/2017
Suppliers in advance	1,360	1,669
Refundable amounts - Funds	1,638	1,278
ISS judicial deposit (note 23a)	4,727	4,471
Outros	724	711
	8,449	8,129

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, 2017	27,606
Changes	
Share of profit (loss) of subsidiaries	314
Currency fluctuation adjustment	140
Balance as at March 31, 2018	28,060

TISA NY – in R\$ thousands – Accumulated

In USD - Thousands		In R\$ - Thousands					
Equity – December 31, 2017	Profit/loss as at March 31, 2018	Equity – December 31, 2017	Profit/loss as at March 31, 2018	Accumulat ed Exchange variation	Share of profit of subsidiaries	Equity Equivalent	Equity in March 31, 2018
8,345	97	27,606	314	140	100%	314	28,060

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, 2017	33,811
Movement	
Share of profit (loss) of subsidiaries	(3,460)
Contribution to the subsidiary relating to the stock option plan	122
Balance as at March 31, 2018	30,473

In R\$ - thousands					
Equity as at December 31, 2017	Profit (loss) as at March 31, 2018	Ownership interest - %	Share of profit (loss) of subsidiaries	Contribu tions – Stock option plan	Equity in balance as at March 31, 2018
33,811	(3,460)	100%	(3,460)	122	30,473

Tarpon All Equities (Cayman) and TSOP Ltd.

Investments in subsidiaries Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. amount to R\$101 as at March 31, 2018 and December 31, 2017.

11 Property, plant and equipment

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

On March 31, 2018 and December 31, 2017, only Tarpon Gestora de Recursos S.A, plant and equipment recorded in its balance.

Facilities	Balance as at December 31, 2017	Additions	Depreciation	Balance as at March 31, 2018
Machinery and equipment	15	-	(1)	14
Computers	85	-	(22)	63
Telephone equipment	1	8	(1)	8
Total	101	8	(24)	85

12 Intangible assets

Refers to the software internally developed in the amount of R\$188, with estimated useful life of 20 years. As at March 31, 2018, intangible assets amount to R\$170 (R\$172 in December 31, 2017) and software amortization was R\$2 in the quarter.

13 Accounts payable

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

	Individual		Consolidated	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Intragroup loans (note 24)	6,292	6,292	-	-
Suppliers and leases	-	-	84	340
Services provided	-	-	128	122
Other (note 24)	1,365	979	-	-
	7,657	7,271	212	462

14 Taxes payable

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

	Individual		Consolidated	
	03/31/2018	12/31/2017	12/03/2018	12/31/2017
IRPJ and CSLL payable	-	-	1,104	1,430
PIS and COFINS payable	-	8	24	32
IOF and ISS payable	330	330	414	343
Provision for tax risks (note 23)	-	-	4,727	4,471
Taxes withheld from third parties	17	26	26	31
	347	364	6,295	6,307

15 Payroll and related taxes

Social security and labor obligations are as follows:

The balance is comprised of taxes on salaries, accrued vacation, 13th salary, profit sharing, and bonuses. As at March 31, 2018, the balances were: R\$11,308 in the consolidated (December 31, 2017 R\$2,195 in the consolidated) and as at March 31, 2018, R\$14 in the Individual (December 31, 2017: R\$14).

Personnel expenses in the quarter ended March 31, 2018 amounted to R\$12,566 in the consolidated (R\$12,004 as at March 31, 2017), in profit or loss and are comprised of compensation, payroll taxes, profit sharing, and bonuses.

16 Equity

a. Share Capital

As at March 31, 2018, the Company's capital amounts to R\$7,085 (R\$7,085 as at December 31, 2017), represented by 44,115 thousand registered common shares (44,115 thousand registered common shares as at December 31, 2017) 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 March 31, 2018, the balance of legal reserve is R\$1,415 (December 31, 2017 R\$1,415).

c. Dividends

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

On February 9, 2018, the Board of Directors proposed the distribution of dividends and the General Meeting resolved to distribute the amount of R\$2,358 as mandatory minimum dividend for the year ended December 31, 2017, not yet distributed in the three-month period ended March 31, 2018.

On March 31, 2018, the amount of dividends to pay is R\$2,421 (R\$2,421 as of December 31, 2017).

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 March 31, 2018, the balance of capital reserve is R\$3,236 (December 31, 2017 R\$3,236) 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

The balance of the profit reserve as of March 31, 2018 is R\$7,072 (December 31, 2017 R\$7,072).

g. Repurchase of shares

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 (Loss) per share

a. Basic loss per share

Loss 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 Individual	
	03/31/2018	03/31/2017
Profit attributable to shareholders	(3,548)	(3,209)
<i>Weighted average number of common shares</i>		
Common shares at the beginning of the period	44,115	44,115
Treasury shares	(156)	-
Total outstanding shares at the beginning of the period	43,959	44,115
Total outstanding shares at the end of the period	43,959	44,115
Weighted average number of Company’s outstanding common shares	43,959	44,115
Basic loss per share	(0.08)	(0.07)

b. Diluted loss per share

In calculating the diluted loss 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 Individual	
	12/03/2018	03/31/2017
Loss attributable to shareholders	(3,548)	(3,209)
Weighted average number of shares into common shares of the Company outstanding	43,959	45,115
Adjustment due to stock option (note 21)	2,275	2,275
Weighted average number of common shares outstanding for diluted earnings per share.	46,234	46,390
Diluted loss per share	(0.08)	(0.07)

18 Net operating revenue

	Consolidated	
	03/31/2018	03/31/2017
Revenue related to management fees	10,055	12,609
Taxes on management fee (i)	(276)	(265)
	9,779	12,344

(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

	Individual		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Office maintenance	-	-	(492)	(490)
Outside services	(342)	(170)	(684)	(699)
Representation expenses	-	-	(35)	(42)
Depreciation and amortization (notes 11 and 12)	-	-	(26)	(80)
Expenses on IT Systems	-	-	(144)	(64)
Expenses on fees and other contributions	(10)	(28)	(36)	(90)
Others	(34)	(34)	(165)	(175)
	<u>(386)</u>	<u>(232)</u>	<u>(1,582)</u>	<u>(1,640)</u>

20 Gain (loss) on financial assets

Finance income	Individual		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Income from investments in CDB	-	-	10	-
Income from repurchase agreement investment Financial Treasury Bill (LFT)	-	-	-	623
Inflation adjustments	14	-	85	89
Exchange gains	-	-	16	-
	<u>14</u>	<u>-</u>	<u>487</u>	<u>712</u>
Expenses	Individual		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Expenses on derivatives (i)	-	-	-	(302)
Inflation adjustments	-	-	(71)	(89)
Taxes on finance income	-	-	(18)	-
	<u>-</u>	<u>-</u>	<u>(89)</u>	<u>(391)</u>
Gain (loss) on financial assets	<u>14</u>	<u>-</u>	<u>398</u>	<u>(321)</u>

(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 cease 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:

Grant	Date	Granted			Returned		Exercised			Outstanding as of March 31, 2018		
		Quantity	Fair value on grant date	Cost grant	Quantity	Value	Quantity	Average price	Value	Quantity	Exercise Price	Value
1°	03/10/2009	6,894	0.39	2,668	(132)	(51)	(6,762)	2.59	(17,534)	-	-	-
2°	03/10/2009	768	0.39	297	(106)	(41)	(662)	2.59	(1,716)	-	-	-
3°	11/30/2009	2,493	4.08	10,180	(384)	(1,568)	(1,923)	3.06	(5,884)	186	3.06	569
4°	02/19/2010	530	4.62	2,449	(184)	(850)	(325)	3.38	(1,098)	21	3.38	71
5°	08/18/2010	1,115	6.72	7,491	(299)	(2,009)	(684)	5.55	(3,797)	132	5.15	680
6°	08/05/2011	960	8.07	7,745	(326)	(2,630)	(257)	8.73	(2,245)	377	8.75	3,300
7°	08/09/2012	560	6.51	3,645	(312)	(2,031)	(78)	8.99	(701)	170	7.02	1,193
8°	09/20/2012	50	6.88	344	-	-	-	-	-	50	7.81	391
9°	10/10/2013	1,192	8.15	9,713	-	-	-	-	-	1,192	10.22	12,179
10°	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):

In RS thousands	Consolidated	
	March 2018	March 2017
Stock option plan - Profit or loss	(122)	(291)

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

a) Income tax and social contribution

Calculation basis	March 31, 2018		March 31, 2017	
	Individual	Consolidated	Individual	Consolidated
Profit (loss) before income tax and social contribution	(3,538)	(4,153)	(3,209)	(1,220)
Effect of income before subsidiaries' taxes under different tax regimes	-	91	-	972
Tax basis	(3,548)	(4,062)	(3,209)	(248)
Income tax and social contribution based on prevailing tax rates of 25% and 9%	(1,206)	1,381	1,091	84
Permanent additions/exclusions				
Share of profits (loss) of subsidiaries	(1,070)	-	(1,007)	-
Effect of taxation under the US legislation of Tisa NY	-	406	-	(505)
Effect of taxation under deemed income of Tarpon Gestora (ii)	-	-	-	(1,453)
Bonus and tax bonus	-	(1,050)	-	-
Gifts	-	(1)	-	-
Additional income tax	-	6	-	-
Deferred credit tax not recognized (i)	(136)	(136)	(84)	(84)
Current income tax and social contribution	-	697	-	(1,958)
Deferred tax and social contribution	-	(1,302)	-	(31)
Income tax and social contribution in the period	-	(605)	-	(1,989)

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

(ii) On March 31, 2017, taxes on Tarpon Gestora de Recursos S.A related substantially to the total of its operating revenues for the three-months period, in the amount of R\$12,609. On January 1, 2018, adopted the income regime.

a) Deferred income tax and social contribution

Deferred tax asset on 12/31/2017	-
Provision for tax in the three-month period	62
Escrow deposits adjustments	25
Bonus and tax bonus	1,197
Other deferred tax assets	43
Deferred tax asset on 03/31/2018 (note 8)	1,327
Deferred tax liabilities on 12/31/2017	(295)
Escrow deposits adjustments	(25)
Deferred tax liabilities on 03/31/2018	(320)
Deferred income tax and social contribution on 03/31/2018 (i)	1,302

- (i) As note 3.1, the subsidiary “Tarpon Gestora”, from 2018 adopted the taxable income regime. According the tax in accordance statement of income tax and social contribution calculation in the first three month period Tarpon Gestora recognized deferred assets and liabilities due to expected profit for the next periods.

23 Provision for Tax, Civil, Labor and escrow deposits

a) Escrow 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 escrow deposits.

Lawsuits	Provision for ISS – RS (note 14)	Escrow Deposit – RS (note 09)
Appeal filed for non-collection of ISS	4,727	4,727

b) Variation in contingent liabilities

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

Opening balance - December 2017	4,471
Recognition	185
Adjustment	71
Balance as of March 31, 2018	4,727

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\$326 adjusted through March 31, 2018 and R\$324, adjusted through December 31, 2017 and R\$275, adjusted through December 31, 2016).

The Company's management are challenging the assessment. 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 March 31, 2018 and December 31, 2017, 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 / Liabilities /	
	Equity	
	03/31/2018	12/31/2017
Short-term benefits to Management (*)	(3,500)	(1,022)
Stock option plan to Management	-	(10,167)

	Consolidated	
	Income /	
	(Expense)	
	03/31/2018	31/03/2017
Short-term benefits to Management	(5,410)	(4,825)
Stock option plan to Management	-	(123)

(*) 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, 2017, R\$6,292), in the Individual, relating to loans between the Company and its subsidiary Tarpon Gestora de Recursos S.A., without interest and maturity of up to two years (note 13). The Company maintains in its liabilities, the balance to be settled with Tarpon Gestora, related to the expenses paid by the subsidiary on behalf of the Company. The balance as of March 31, 2018, is R\$1,365 (R\$979 as of December 31, 2017).

25 Subsequent events

- On April 4, 2018, a decision was issued by the Federal Revenue Service, refusing the compensation declared electronically. This fact led to an administrative proceeding number 16327.901028 / 2018-51, in which the agency claims the amount of R\$863. The contingency was not accounted for, according to the law firm that sponsors the case, it is a possible process of loss. The Company, in turn, filed a statement of nonconformity and awaits analysis.

- On April 23, 2018, the Company announced to the market the sale of 73.35% of the shares of Somos Educação S / A, held until then by funds managed by Tarpon Gestora de Recursos S / A. (subsidiary). The compliance with the agreed assumptions is subject to the analysis of CADE - Administrative Council of Economic Defense and the previous conditions of the agreement. Tarpon Gestora has an expectation of revenues, through performance in the sale.

* * *

**Executive Board
Chief Executive Officer**

José Carlos Reis de Magalhães Neto

Accountant

Henrique Luiz Gonzaga
CRC 1SP256056//O-0

São Paulo - SP, May 15th, 2018. Tarpon Investimentos S.A. ("Tarpon" or "the Company"), through its subsidiaries, conducts public and private equity investment activity through funds and managed accounts under its management ("Tarpon Funds"). The release was issued in accordance with accounting practices adopted in Brazil and with the IFRS.

STOCK MARKET

Ticker: TRPN3
O/S: 44,115 stocks
Stocks in treasury: 156k Stocks
Stock Price (14/05/2018): R\$ 3.29
Market Cap: R\$ 131.0 million
Daily Volume LTM: 67.7k stocks

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Visit our IR website:
www.tarpon.com.br

1Q18 – Highlights

- ✓ **Assets under management:** As of March 31st, 2018, R\$ 4.6 billion in the portfolio funds strategies and R\$ 1.5 billion in the co-investment strategy, amounting R\$ 6.1 billion of assets under management.
- ✓ **Performance:** Negative gross returns of R\$ 789.5 million and R\$ 160.2 million in the portfolio funds and co-investment funds, respectively.
- ✓ **Subscription and Redemptions:** Redemption of R\$ 81 million in the portfolio funds.
- ✓ **Gross Revenue:** Management fee amounted to R\$ 10.1 million.
- ✓ **Net Income:** Losses amounted R\$ 3.5 million in 1Q18.

Introduction.....	3
Investment Strategy	4
Investment Performance	5
Assets Under Management	6
Investor Base	9
Financial Highlights.....	9
Corporate Governance	13
Attachments - Financial Reports	14

Introduction

Through its subsidiaries, Tarpon carries out the management of funds dedicated to investments in public and private companies, with the objective of achieving absolute long-term returns above the market.

Our business model is focused on generating value in companies in the long term, and our main investments involve controlling interests or as a relevant shareholder of such companies, with participation in their management.

In addition, we manage a portfolio dedicated to investments in the stock exchange, focusing on opportunities whose market value is substantially lower than our perception of intrinsic value.

In the beginning of 2018, we've observed significant developments related to our main investments:

Somos Educação S.A. ("Somos") - Signing of a purchase and sale agreement

On April 23rd, 2018, the Tarpon Funds, as sellers, and Saber Serviços Educacionais Ltda., a company controlled by Kroton S.A., as buyer, entered into an agreement providing for the purchase and sale of shares representing a controlling stake in Somos. This transaction involves the sale of 73.35% of the capital stock of Somos, for a total price of approximately R\$ 4.56 billion, of which R\$ 4.12 billion will be paid in cash upon closing of the transaction and the remainder will be retained as guarantee for certain contingent obligations assumed by sellers. The Tarpon Funds hold additional shares in Somos (1.43% of the share capital) that will be subsequently sold.

The completion of this transaction is subject to certain conditions precedent provided in the agreement.

Cremer S.A. ("Cremer") - Closing of the sale of the Tarpon Funds

On April 4th, 2018, the entire shareholding stake held by the Tarpon Funds in Cremer was sold to CM Hospitalar S.A., pursuant to the transaction initially announced in November 2017. The total sale price was R\$ 506.7 million, and the amount of R\$ 159.2 remained withheld as guarantee for certain contingent obligations assumed by the sellers.

BRF S.A. ("BRF") - Operation "Trapaça" and corporate governance

BRF S.A. ("BRF") experienced a very challenging period, as the market price of its shares fell sharply (-44% from the beginning of 2018 to the date of the lowest price in the period, April 16th, 2018, and - 32.6% since the beginning of 2018 to date). The two main events impacting BRF were: (i) the launching of the Operation "Trapaça" by the Federal Police, a development of Operation "Carne Fraca" started in April 2017; and (ii) uncertainties regarding the corporate governance of BRF, especially after the initiation of the process for removal of the company's entire board of directors.

Operation "Trapaça" investigates alleged breaches of quality and integrity of laboratory tests applied by BRF and involved the temporary arrest (and subsequent release after testimony) of 11 employees and former employees of the company, as well as search, seizure and testimony involving BRF and several other employees and former employees. As a result of Operation Trapaça, several markets imposed sanctions on BRF exports.

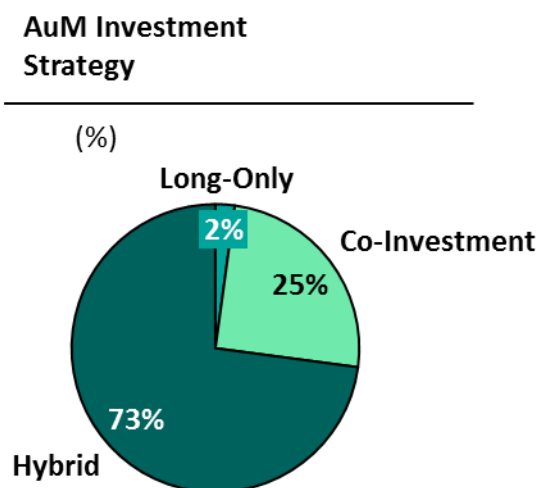
The uncertainties regarding the governance of BRF were mitigated after the general meeting of April 26th, 2018, which resulted in the election of BRF Board members selected by mutual

agreement among the company's major shareholders (Petros, Previ, Tarpon Funds and Peninsula).

Therefore, we have observed the conclusion of two relevant investment cycles (Cremer, already completed, and Somos, subject to closing of the sale), in which Tarpon successfully implemented its strategy of active involvement in the management of invested companies, while the BRF investment has moved to a fully passive investment profile, without direct involvement by Tarpon in the company's management.

Investment strategy

We conduct our asset management activities through two main investment strategies: Portfolio Funds, divided in Long-Only Equity and Hybrid Equity and Co Investment Fund. In the chart below, we present the AuM breakdown between strategies:



Portfolio Funds

The investment strategy at portfolio funds comprises fund that invest only in public company shares listed on stock exchange (Long-Only Equity) and funds held both stock market investments and illiquid investments/private equity (Hybrid Equity).

As of March 31st, 2018, the AuM allocated to this strategy amounted R\$ 4.6 billion.

Co-Investment Strategies

The co-investment strategy consists of funds with the purpose to invest in a Company or in specific opportunities along other Tarpon Funds.

The strategy of these funds is to invest in companies in which the portfolio funds' already have exposure considered ideal, allowing us to increase the participation in certain invested Companies.

As of March 31st, 2018, the AuM allocated to this strategy amounted R\$ 1.5 billion.

Investment performance

The Portfolio Funds Hybrid-Equity strategy posted on 1Q18 net returns of -15.6% in R\$ and -3.1% in US\$. Net annualized performance is -2.7% in R\$ and 6.4% in US\$.

In 1Q18, the Portfolio Funds Long-Only Equity strategy posted net returns of -20.8% in R\$ and -21.8% in US\$. The accumulated annualized returns of this strategy, net of taxes and expenses, is 18.9% in R\$ and 10.7% in US\$.

For illustrative purposes, in the 1Q18, Ibovespa and IBrX Indexes posted returns of 9.6% and 9.2%, respectively (both in R\$). Returns in US\$ were -7.8% and -7.5% for Ibovespa and IBrX, respectively:

Strategy	Launch	Performance ¹				Since Launch (annualized)
		1Q18	12 Months	2 years	5 years	
Long Only Equity (R\$)	may 2002	-20.8%	-16.1%	-25.0%	-40.2%	15.9%
Long Only Equity (US\$)	may 2002	-21.8%	-20.6%	-24.9%	-66.6%	10.7%
Hybrid Equity (R\$)	sep 2011	-15.6%	-3.4%	-12.3%	-24.8%	-2.7%
Hybrid Equity (US\$)	oct 2006	-3.1%	14.9%	27.7%	-42.7%	6.4%

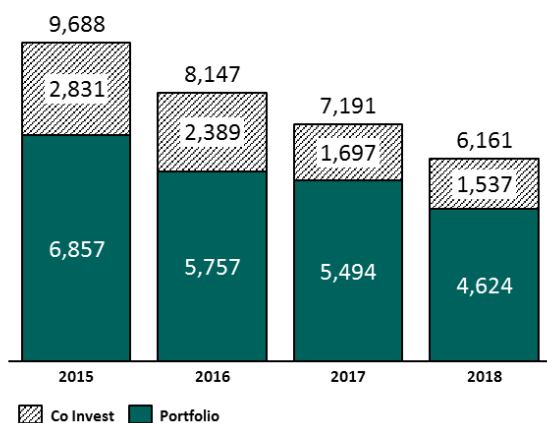
(1) Performance net of fees.

Assets under management

Our assets under management ("AuM") amounted to R\$ 6.1 billion as of March 31st, 2018, a decrease of 14.3% when compared to the previous quarter and a decrease of 16.8% when compared to the same period of the prior year due.

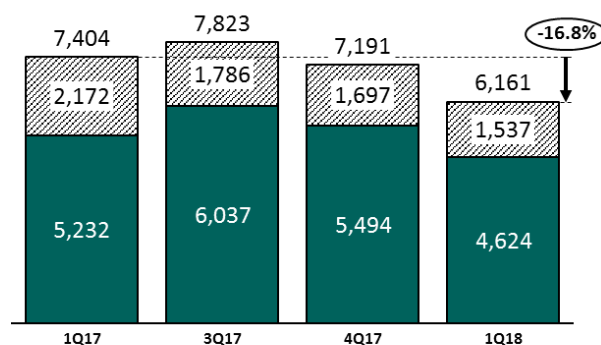
AuM Evolution - Annual

(R\$ MM)



AuM Evolution - Quarter

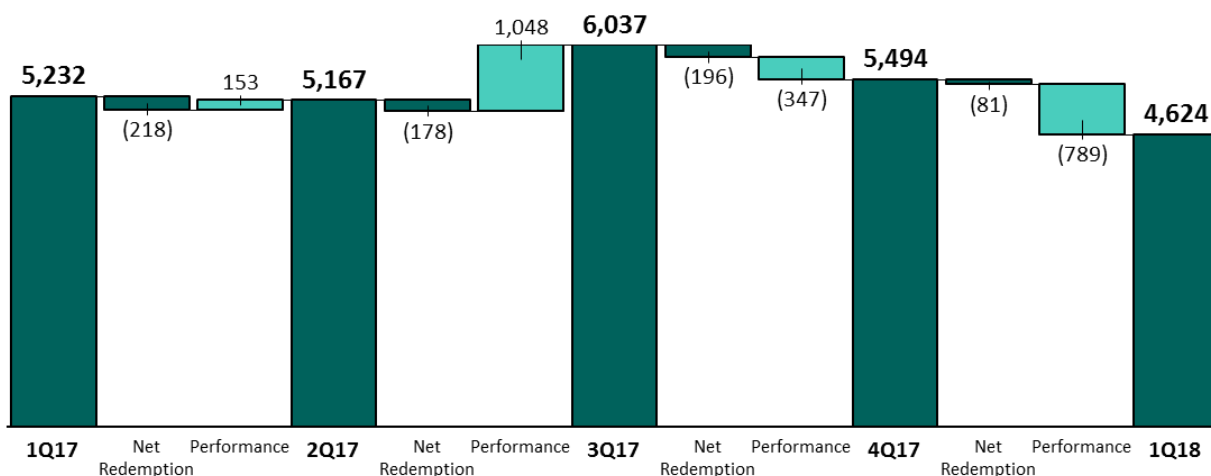
(R\$ MM)



AuM Portfolio Funds

In 1Q18, the Portfolio Funds registered net redemptions of R\$ 81.0 million and negative performance of R\$ 789.5 million (mainly due to underperformance of -37.6% of BRF shares in 1Q18), resulting in a decrease of 14.3% of our assets under management ("AuM") when compared to the previous quarter.

(R\$ MM)



As of March 31st, 2018, the AuM for portfolio funds allocated to investments classified as liquid (primarily represented by the investment in BRF) represented 29.6% of the total AuM of the portfolio funds (R\$ 1,367.6 million). Investments classified as illiquid (represented mainly by

investments in Somos Educação, Omega Energia and Cremer), valued at fair value¹, corresponded to 70.4% of the AuM of the portfolio funds.

Approximately 91.4% of the AuM of the portfolio fund belongs to the Tarpon Partners "family of funds", whose liquidity terms are more restrictive than the other portfolio funds. In general, the Tarpon Partners' investor may redeem, every quarter, up to 1/12 of the outstanding balance of its liquid investment account, after a 90-day notice period, so that a full redemption from the liquid investment account shall be paid over three years after the notice period.

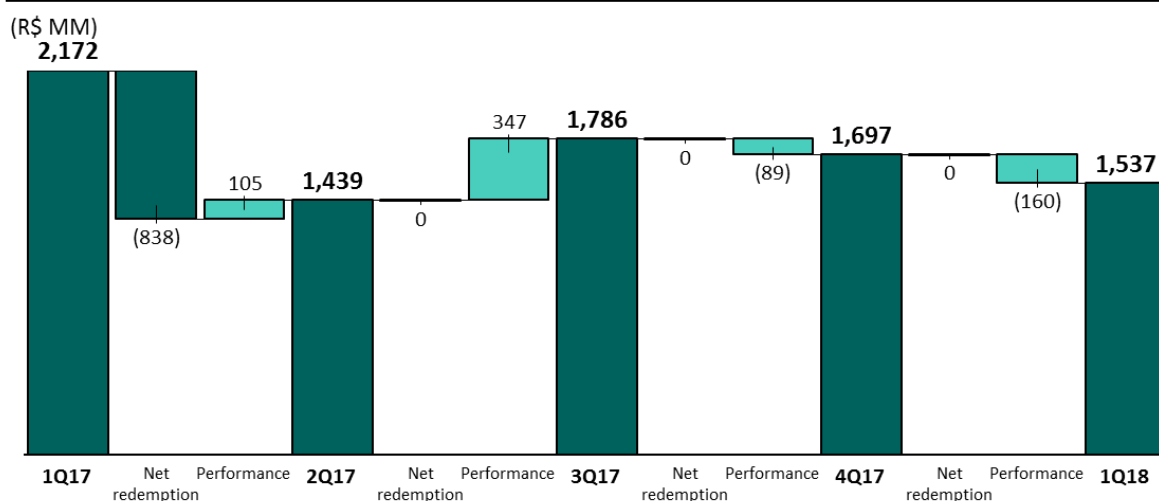
As of March 31, 2018, the outstanding amount of redemptions payable from the portfolio funds' liquid pool corresponded to approximately 47.1% of the aggregate balance of liquid pool of the portfolio funds, of which 42.7% shall be paid by the end of 2018, 49.2% by the end of 2019 and 8.1% after 2019. These percentages were estimated without considering any change in the net asset value of the funds after March 31, 2018.

The illiquid investments are not subject to redemptions while they remain classified as such, and Tarpon must seek the transfer to the liquid investment account or the sale until the 8th anniversary (including extensions) of the respective investment. If an illiquid investment is sold, as occurred more recently with Cremer and as may occur if the sale of the controlling stake in Somos is completed, the proceeds from the sale attributed to investors who have already requested a full redemption from the fund will be distributed to the respective investors. It is estimated that approximately 62.3% of the proceeds from these two divestments will be distributed to the fund investors and 37.7% will be available for new investments by the portfolio funds.

AuM for Co-investment Funds

The co-investment funds posted a negative gross performance of R\$ 160.2 million in 1Q18.

AuM Evolution Co Investment - Quarter



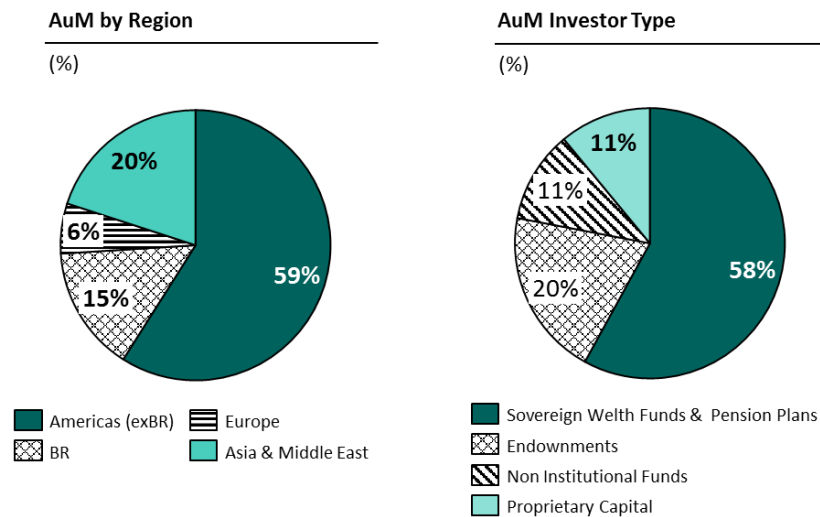
(1) The fair value for illiquid investments are measured based in quarterly internal valuations, according with accounting practices applicable to investment funds and conservative liquidity discounts. The fair value of certain investments may differ from the market price of the assets, due to the illiquidity of the positions held by the Tarpon Funds in the companies. For clarification purposes, as of March 31, 2018, the investment of the Tarpon Funds in Somos was not valued considering the price under the sale of control transaction.

Management Report

As of March 31, 2018, out of the total amount of the AuM of the co-investment funds, 77.4% were not subject to a management fee and the performance fee is charged only upon the fund's divestment, corresponding primarily to the special purpose funds organized for investment in Somos. If the sale of control of Somos is completed, such special purpose funds (holders of approximately 41.2% of the total stake of the Tarpon Funds in Somos) will be liquidated and the proceeds from the sale (net of the respective performance fees) will be distributed to investors. The remainder of the AUM of the co-investment funds is allocated into a multi-investment fund, subject to a quarterly collection of management fee and annual performance fee calculation. Of this fund, based on balances as of March 31, 2018, 14.3% of the proceeds will be distributed as redemptions in 2018, 24.4% as of March 2020 and 61.3% corresponded to illiquid investments, which will be distributed upon the respective divestment.

Investor base

As of March 31st, 2018, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds, accounted for 77.2% of total AuM. The proprietary capital represented 11.1% of total AuM of the Tarpon Funds.



Financial Highlights

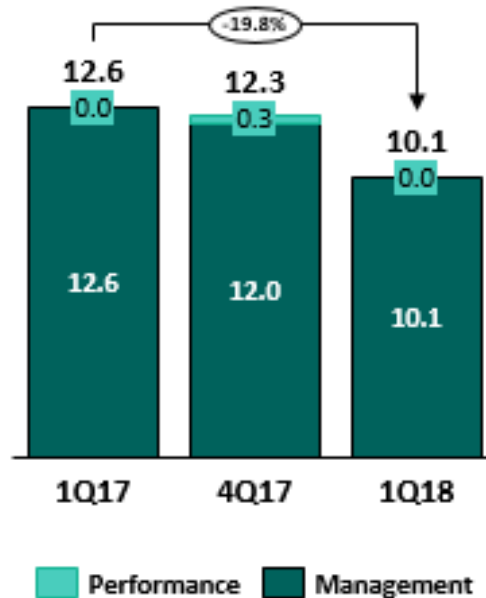
Operating revenues

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

During the 1Q18, the gross operating revenues amounted R\$ 10.1 million, a decrease of 12.1% when compared to 1Q17. This reduction is a consequence from the decrease of AuM Tarpon funds on 1Q18, compared to 1Q17.

Operating Revenues

(R\$ MM)



Revenues related to management fees

Management fees are charged on the Tarpon Funds based on the amount of invested capital. Gross revenues related to management fees amounted to R\$ 10.1 million in 1Q18, equivalent to 100.0% of the operating revenues of the period.

The basis of collection of administration fee, in the case of illiquid investments, is the acquisition cost or the fair value of the investments, whichever is lower. Therefore, any revaluation of illiquid investments in excess of the respective acquisition cost will not impact the collection of management fees on these investments.

Revenues related to performance fees

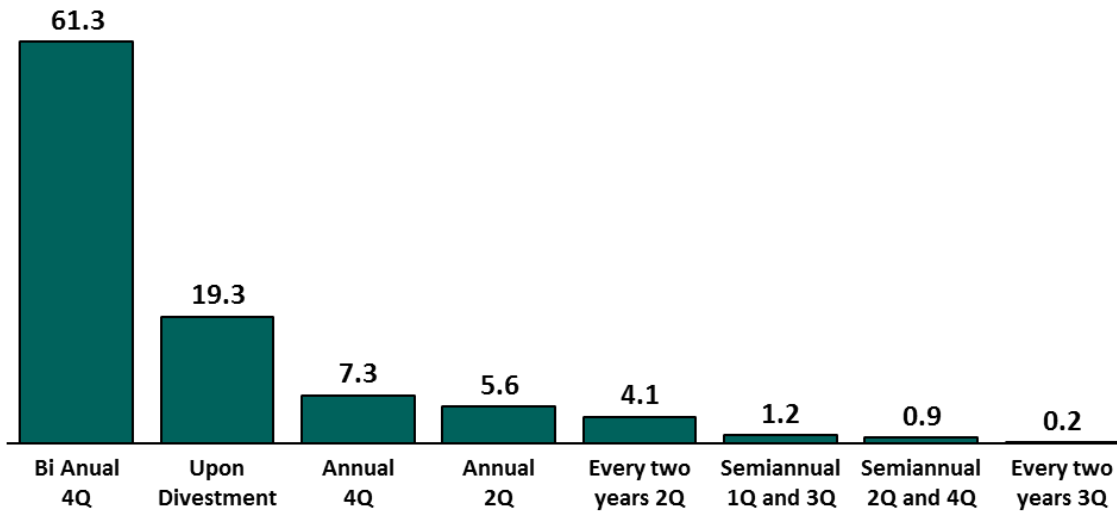
Performance fees are payable when the Tarpon Funds' performance exceeds certain hurdle rates. The hurdles primarily are inflation index plus 6.0% per year.

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

The performance fees of the Tarpon Funds are payable on different dates. Below is the current distribution of our AuM by performance collection period:

Distribution of the performance fee collection

(% AuM)



In March 31, 2018, there were no revenues related performance fees. Except for the special purpose funds organized for investment in Somos, the AuM of the Tarpon Funds remains substantially below the water mark.

If the sale of control of Somos is completed, it is expected that the Company will collect a performance fee on the special purpose funds in the estimated gross amount of R\$ 117 million (relating to the portion of the purchase price payable upon closing of the transaction, with an additional performance fee conditioned upon effective release of the retained portion of the purchase price). Out of this amount, 35% is expected to be allocated as variable compensation to the Company's management and employees.

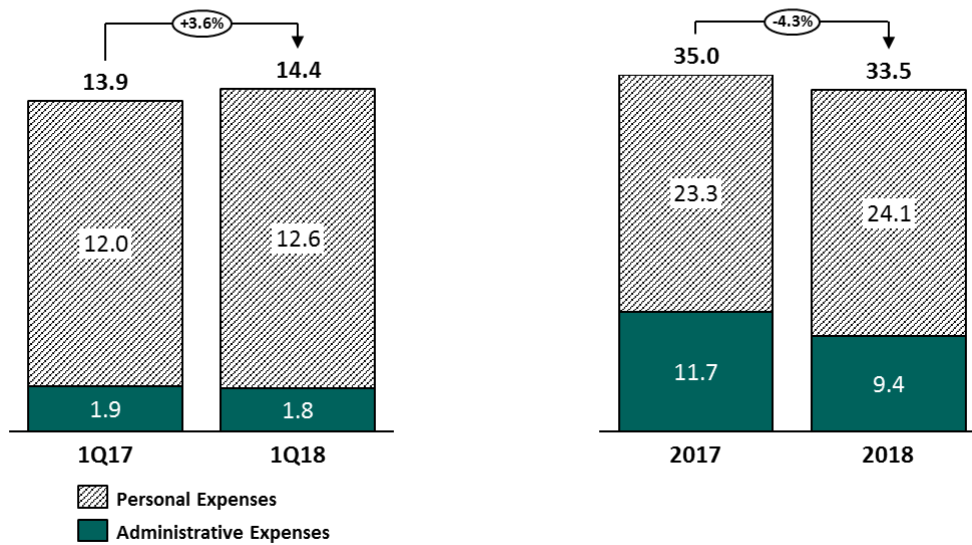
Operating expenses

Operating expenses is comprised of general and administrative expenses, payroll, and other expenses related to depreciation, travel expenses, provisions for profit sharing program, stock option plans (with no cash effect) and variable compensation.

During the 1Q18, operating expenses totaled R\$14.4 million, an increase of 3.6% when compared to the same period of 1Q17, and a reduction of 4.3% compared to the same annualized period of 2017.

Operating Expenses

(R\$ MM)



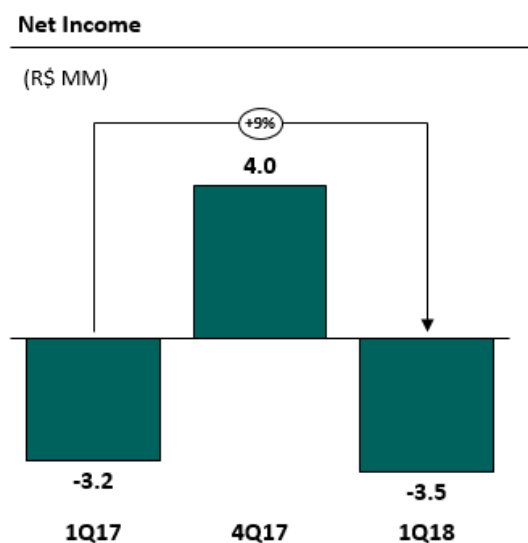
The calculated amounts of bonus remuneration refer to the period of competence between April 1st, 2017 and March 31st, 2018. As recommended by the Company's Compensation Committee (taken exclusively by independent directors), the Company's Chief Executive Officer did not receive any variable remuneration related to this period.

Taxes

Deferred Income taxes and social contribution amounted up to R\$ 0.6 million during 1Q18.

Net Income

Tarpon registered a net loss of R\$ 3.5 million during 1Q18.

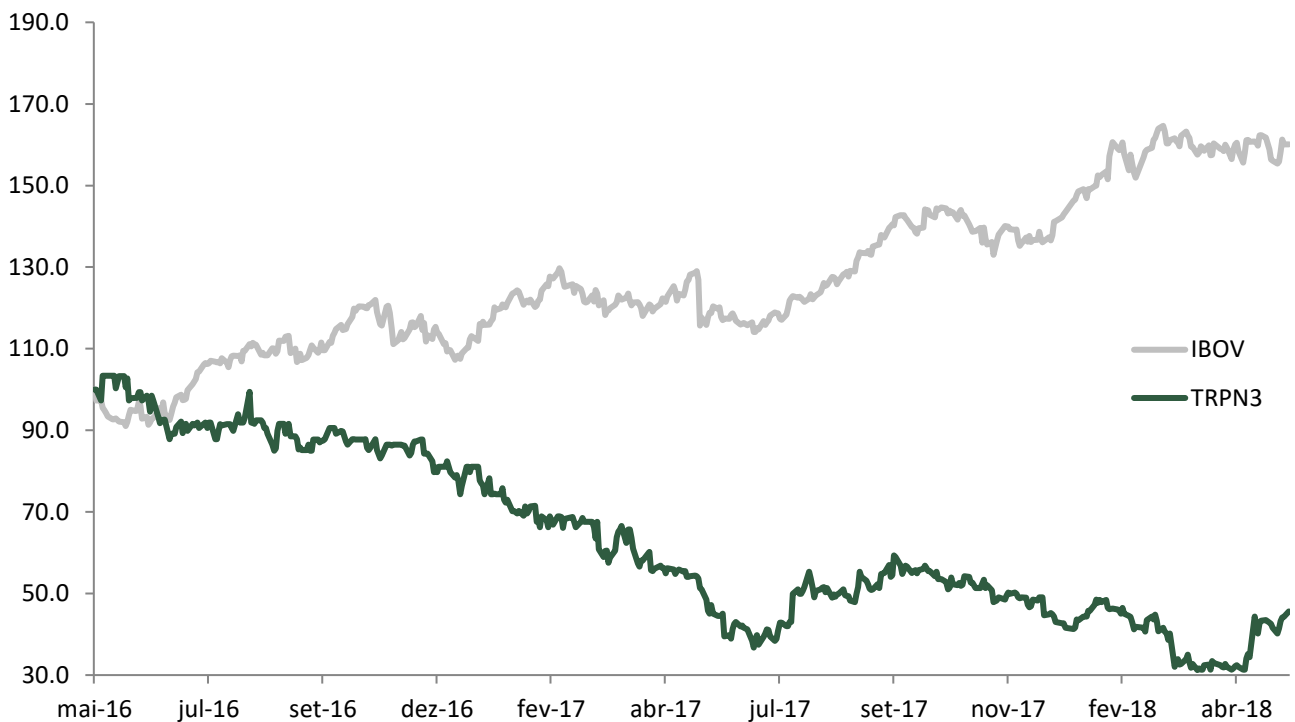


Corporate Governance

Our shares are traded on the Novo Mercado segment of BM&FBOVESPA under the ticker TRPN3. Tarpon has Fiscal Counsel and Audit Committee.

Considering date price of R\$ 3.29, the company's market value is R\$ 131.1 million.

TRPN3 vs Ibovespa (LTM - base 100)



Attachments - Reports

Consolidated Income Statement

Financial highlights - R\$ million

Income Statement	3Q17	3Q16	Var.%
Gross revenues	12.0	13.3	-10%
Management fees	12.0	13.3	-10%
Performance fees	-	-	-
Net revenues	9.8	12.4	-21%
Operating Expenses			
Personal Expenses	(4.6)	(3.7)	24%
Administrative Expense and others	(3.7)	(3.5)	6%
Net Income after Operating Expenses	(4.6)	(1.5)	203%
<i>Gross margin</i>	-47%	-12%	
Finance Income	0.4	0.3	33%
Income tax and social contribution	(0.7)	(1.1)	-130%
Net Income	(3.5)	(3.2)	11%
<i>Net margin</i>	-36%	-26%	
Earnings per share (R\$/share)	(0.08)	(0.07)	11%
O/S	43,959	44,115	0%
AuM (end of period)	6,161	7,411	-17%

Consolidated Balance Sheet

Financial highlights - R\$ thousands

Assets	1Q18	1Q17
Cash and cash equivalents	33,020	28,285
Financial assets measured at fair value through profit and loss	23,887	25,585
Receivables	342	658
Recoverable taxes	1,680	452
Other assets	8,449	8,129
Current assets	67,378	63,109
Recoverable taxes	1,087	1,075
Deferred Tax Assets	1,327	-
Fixed Assets	85	101
Intangible Assets	170	172
Non-current assets	2,669	1,348
Total assets	70,047	64,457
Liabilities		
Accounts payable	212	462
Financial derivatives	2,421	2,421
Current tax liabilities	6,295	6,307
Payroll accruals and Dividends payable	11,308	2,195
Current liabilities	20,236	11,385
Deferred Tax	320	295
Non-current liabilities	320	295
Share capital	7,085	7,085
Capital reserve	3,236	3,236
Share in Treasury	(624)	(624)
Legal reserve	1,415	1,415
Profit reserve	7,072	7,072
Cumulative translation adjustment	21,819	21,697
Stock options	13,036	12,896
Additional dividends proposed	(3,548)	-
Equity	49,491	52,777
Total liabilities and equity	70,047	64,457

Consolidated Cash Flow

Financial highlights - R\$ thousands

Cash Flow	2018	2017
Net income / (Loss)	(3,548)	(3,209)
Depreciation and Amortization	26	80
Stock Options	122	291
Bonus Provision	10,199	8,481
Derivatives	-	302
Current Income Tax and Social Contribution Provision	697	1,958
Deferred Income Tax and Social Contribution Provision	(1,302)	31
Adjusted net income	6,194	7,934
Receivables	316	(916)
Financial assets at fair value	1,698	(26)
Tax compensation	(470)	-
Other assets	(320)	3,240
Payroll accruals and dividends payable	(1,086)	175
Accounts payable	(250)	(260)
Taxes	721	(31)
Income tax and social contribution paid	(2,200)	(1,664)
Cash used/provided by operating activities	4,603	8,452
Received Dividend	-	-
Aquisition in Intangible Assets	(8)	59
Cash provided by investing activities	(8)	59
Dividends paid	-	(243)
Cash used in financing activities	-	(243)
Net decrease in cash and cash equivalents	4,595	8,268
Cash and cash equivalents at the beginning of period	28,285	25,742
Exchange rate changes on cash and cash equivalents	140	(734)
Cash and cash equivalents at the end of period	33,020	33,276

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Disclaimer

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

This document presents forward-looking statements and estimates regarding financial results and assets under management of Tarpon that may materialize upon the conclusion of the transaction involving the sale of control of Somos by the Tarpon Funds. As mentioned above, the closing of this transaction is subject to several precedent conditions set forth in the respective transaction documents and the Company cannot assure that such forward-looking information will materialize under the terms set forth herein.

The readers are advised not to make decisions exclusively on the basis of these projections and estimates. The projections and estimates do not represent and should not be interpreted as guarantees of future performance and should neither be construed as guarantee that the transactions that may generate estimated results will be effectively completed in accordance with their terms.

This document may contain operational information and other information that are not derived from the financial reporting of the Company. Such data has not been subject to any revision by the independent auditors of the Company and may involve management's estimates and assumptions.

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