

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

Tarpon Investimentos S.A.

Individual and Consolidated
Interim Financial Statements
for the Quarter and Six-month Period
Ended June 30, 2018 and Report on
Review of Interim Financial Statements

Deloitte Touche Tohmatsu Auditores Independentes

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

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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

We have reviewed the accompanying individual and consolidated interim financial statements of Tarpon Investimentos S.A. ("Company"), which comprise the balance sheet as at June 30, 2018, and the related statements of profit and loss and of comprehensive income for the quarter and semester then ended, and the of changes in equity and of cash flows for the semester then ended, as well as the summary of significant accounting practices and other explanatory notes.

Management's responsibility for interim financial statements

The Company's Management is responsible for the preparation and adequate presentation of these interim financial statements, individual and consolidated, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, as well as for the internal controls that it has determined to be necessary to enable the preparation of these interim financial statements free of material misstatement, whether caused by fraud or error. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial statements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial statements

Based on our review, we are not aware of any fact that would lead us to believe that the aforementioned individual and consolidated interim financial statements have not been prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and the international standard IAS 34, applicable to the preparation of interim financial statements.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the semester ended June 30, 2018, prepared by 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 IFRS, issued by the IASB, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial statements taken as a whole.

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

São Paulo, July 24, 2018


DELOITTE TOUCHE TOHMATSU
Auditores Independentes


Luiz Carlos Oseliero Filho
Engagement Partner

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Tarpon Investimentos S.A.

Individual and consolidated balance sheets
As at June 30, 2018 and December 31, 2017

(In thousands of Brazilian reais - R\$)

Assets	Note	Individual		Consolidated		Liabilities	Note	Individual		Consolidated	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017			06/30/2018	12/31/2017		
Current Assets						Current liabilities					
Cash and cash equivalents	4	30	51	282	28,285	Trade payables	13	16	7,271	259	462
Financial assets measured at fair value through profit or loss	5	32,267	-	53,305	25,585	Corporate obligations	16.d	86	2,421	86	2,421
Receivables	7	-	-	284	658	Tax liabilities	14	359	364	7,905	6,307
Recoverable taxes	8	207	203	1,942	452	Labor obligations	15	16	14	1,078	2,195
Other assets	9	145	-	9,482	8,129	Total		477	10,070	9,328	11,385
Total		32,649	254	65,295	63,109						
Noncurrent assets						Noncurrent liabilities					
Recoverable taxes	8	1,099	1,075	1,099	1,075	Deferred taxes	22.b	-	-	337	295
Other Assets		-	-	202	-	Total		-	-	337	295
Deferred taxes	22.b	-	-	236	-						
Investments	10	24,146	61,518	-	-	Equity					
Property, plant and equipment	11	-	-	82	101	Capital	16.a	7,362	7,085	7,362	7,085
Intangible	12	-	-	168	172	Capital reserve	16.f	3,236	3,236	3,236	3,236
Total		25,245	62,593	1,787	1,348	Treasury shares	16.h	(624)	(624)	(624)	(624)
						Legal reserve	16.c	1,415	1,415	1,415	1,415
						Profit reserve	16.g	7,072	7,072	7,072	7,072
						Share - Based Payment Reserve		22,474	21,697	22,474	21,697
						Cumulative translation adjustments		16,174	12,896	16,174	12,896
						Retained earnings		308	-	308	-
						Total		57,417	52,777	57,417	52,777
Total assets		57,894	62,847	67,082	64,457	Total liabilities and equity		57,894	62,847	67,082	64,457

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 income statements

For the quarters and six-month periods ended June 30, 2018 and 2017

(In thousands of Brazilian reais - R\$)

	Note	Individual				Consolidated			
		04/01/2018	01/01/2018	04/01/2017	01/01/2017	04/01/2018	01/01/2018	04/01/2017	01/01/2017
		to 06/30/2018	to 06/30/2018	to 06/30/2017	to 06/30/2017	to 06/30/2018	to 06/30/2018	to 06/30/2017	to 06/30/2017
Management Fee		-	-	-	-	8,044	17,823	10,354	22,698
Performance Fee		-	-	-	-	-	-	748	748
Net operating revenue	18	-	-	-	-	8,044	17,823	11,102	23,446
Operating income (expenses)									
Personnel expenses	15	-	-	-	-	1,315	(11,251)	(3,658)	(15,628)
Share - Based Payment Reserve	21	-	-	-	-	(655)	(777)	(264)	(555)
Administrative expenses	19	(420)	(806)	(207)	(439)	(1,971)	(3,553)	(1,469)	(3,143)
Income from financial assets	20	148	162	-	-	484	882	300	621
Share of profit of subsidiaries	10	4,279	1,133	5,680	2,720	-	-	-	-
Other operating income (expenses)		(151)	(181)	(19)	(36)	(219)	(279)	(204)	(154)
		3,856	308	5,454	2,245	(1,046)	(14,978)	(5,295)	(18,859)
Operating profit		3,856	308	5,454	2,245	6,998	2,845	5,807	4,587
Income tax and social contribution	22	-	-	-	-	(3,142)	(2,537)	(353)	(2,342)
Current Tax		-	-	-	-	(2,034)	(2,731)	(324)	(2,282)
Deferred Tax		-	-	-	-	(1,108)	194	(29)	(60)
Profit for the quarter and six-month period		3,856	308	5,454	2,245	3,856	308	5,454	2,245
Attributable to Company's owners		3,856	308	5,454	2,245	3,856	308	5,454	2,245
Number of outstanding shares at end of period		44,063	44,063	44,063	44,063	43,959	43,959	43,959	43,959
Basic earnings per share	17.a	0.09	0.01	0.12	0.05	0.09	0.01	0.12	0.05
Diluted earnings per share	17.b	0.08	0.01	0.12	0.05	0.08	0.01	0.12	0.05

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
For the quarters and six-month periods ended June 30, 2018 and 2017
(In thousands of Brazilian reais - R\$)

	Note	Individual				Consolidated			
		04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017
Profit for the quarter and six-month period		3,856	308	5,454	2,245	3,856	308	5,454	2,245
Comprehensive income		3,138	3,278	1,710	707	3,138	3,278	1,710	707
Cumulative translation adjustments	10	3,138	3,278	1,710	707	3,138	3,278	1,710	707
Total comprehensive income for the quarter and six-month period		6,994	3,586	7,164	2,952	6,994	3,586	7,164	2,952
Comprehensive income attributable to Company's owners		6,994	3,586	7,164	2,952	6,994	3,586	7,164	2,952

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Tarpon Investimentos S.A.

Consolidated statements of changes in equity

For the six-month periods ended June 30, 2018 and 2017

(In thousands of Brazilian reais - R\$)

		<u>Capital</u>	<u>Capital Reserve</u>	<u>Profit Reserve</u>	<u>Legal Reserve</u>	<u>(-) Treasury Shares</u>	<u>Share - Based Payment Reserve</u>	<u>Cumulative Translation Adjustments</u>	<u>Additional Dividends Proposed</u>	<u>Retained earning</u>	<u>Total Equity</u>
Balances as at December 31, 2016	Note	7,085	1,968	1,268	1,415	-	20,758	12,236	3,462	-	48,192
Share - Based Payment Reserve	21	-	-	-	-	-	555	-	-	-	555
Cumulative translation adjustments	10	-	-	-	-	-	-	707	-	-	707
Treasury shares acquired	16.h	-	-	-	-	(624)	-	-	-	-	(624)
Distribution of dividends		-	-	-	-	-	-	-	(3,462)	-	(3,462)
Profit for the six-month period		-	-	-	-	-	-	-	-	2,245	2,245
Balances as at June 30, 2017		7,085	1,968	1,268	1,415	(624)	21,313	12,943	-	2,245	47,613
Balances as at December 31, 2017	Notes	7,085	3,236	7,072	1,415	(624)	21,697	12,896	-	-	52,777
Capital Increase	16.b	277	-	-	-	-	-	-	-	-	277
Share - Based Payment Reserve	21	-	-	-	-	-	777	-	-	-	777
Cumulative translation adjustments	10	-	-	-	-	-	-	3,278	-	-	3,278
Profit for the six-month period		-	-	-	-	-	-	-	-	308	308
Balances as at June 30, 2018		7,362	3,236	7,072	1,415	(624)	22,474	16,174	-	308	57,417

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Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows
For the six-month periods ended June 30, 2018 and 2017
(In thousands of Brazilian reais - R\$)

	Note	Individual		Consolidated	
		06/30/2018	06/30/2017	06/30/2018	06/30/2017
Operating activities					
Profit for the quarter and six-month period		308	2,245	308	2,245
Adjustments:					
Depreciation and amortization	11, 12 & 19	-	-	33	164
Share of profits of subsidiaries	10	(1,133)	(2,720)	-	-
Increase in share-based payment plan	21	-	-	777	555
Provision for Income tax and social contribution	22	-	-	2,731	2,282
Provision for deferred income and social contribution taxes	22	-	-	(194)	60
Adjusted profit		(825)	(475)	3,655	5,306
Changes in assets and liabilities:					
(Increase) / decrease in receivables		-	-	374	(1,580)
(Increase) / decrease in financial assets measured at fair value through profit or loss	5	(32,267)	-	(27,720)	910
(Increase) / reduction of derivative financial assets		-	-	-	(456)
(Increase) / decrease in recoverable taxes		(28)	-	(1,514)	1,245
(Increase) / decrease in other assets		(145)	(6)	(1,555)	2,646
Increase / (decrease) in labor liabilities		2	11	(1,117)	3,447
(Decrease) in trade payables		(7,255)	(81)	(203)	(159)
Increase / (decrease) in taxes payable		(5)	6	1,618	635
Income tax and social contribution paid		-	-	(2,751)	(2,964)
Cash flow from/(to) operating activities		(40,523)	(545)	(29,213)	9,030
Investing activities					
Dividends received	10	10,439	6,089	-	-
Effect arising from the payment plan based on restricted shares		2,436	-	-	-
Receipt with settlement of subsidiary (TISA NY)	10	29,685	-	-	-
Acquisitions / write-off in property, plant and equipment	11	-	-	(10)	-
Cash flow from/(to) investing activities		42,560	6,089	(10)	-
Financing activities					
Capital increase	16.b	277	-	277	-
Dividends paid	16.c	(2,335)	(4,975)	(2,335)	(4,975)
Repurchase shares in treasury		-	(624)	-	(624)
Cash flow from/(to) financing activities		(2,058)	(5,599)	(2,058)	(5,599)
Total cash flows		(21)	(55)	(31,281)	3,431
Increase / (decrease) in cash and cash equivalents, net		(21)	(55)	(31,281)	3,431
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		-	-	3,278	576
Cash and cash equivalents at the end of the period	4	30	195	282	29,749

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 value added
For the six-month periods ended June 30, 2018 and 2017
(In thousands of Brazilian reais - R\$)

	Note	Individual		Consolidated	
		06/30/2018	06/30/2017	06/30/2018	06/30/2017
Management Fee (Gross)	18	-	-	18,340	23,982
Performance Fee (Gross)	18	-	-	-	-
Materials, power, outside services and other		(987)	(475)	(3,799)	(3,133)
Gross value added		(987)	(475)	14,541	20,849
Retentions					
(-) Depreciation and amortization	19	-	-	(33)	(164)
Net value added		(987)	(475)	14,508	20,685
Value added received in transfer		1,295	2,720	882	621
Share of profit of subsidiaries	10	1,133	2,720	-	-
Finance income	20	162	-	882	621
Total value added to be distributed		308	2,245	15,390	21,306
Distribution of value added		308	2,245	15,390	21,306
Personnel		-	-	12,028	16,183
Payroll and related taxes	15	-	-	12,028	16,183
Taxes, rates and contributions					
Federal		-	-	3,054	2,878
Municipal		-	-	2,687	2,441
Equity remuneration		308	2,245	367	437
Profit of the period		308	2,245	308	2,245

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 a publicly-held company.

In July 2011, the Company’s subsidiary was incorporated 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 have been prepared and are being presented in accordance with accounting practices adopted in Brazil, in conformity with CPC 21 – Interim Financial Reporting and International Accounting Standards Board (IASB) 34 – Interim Financial Reporting.

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

All relevant information in the interim financial statements, and only 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 July 24, 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 policies, 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 par value of R\$1.00.

On August 31, 2012, capital was increased 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. and TSOP Ltd.

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

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

- The balances of assets and liabilities are translated at the 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 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.

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 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

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, which 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)	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/from investment properties, requires assessing whether a property is included or not 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.

Standards and interpretations issued and not yet adopted

IFRS 16 (CPC 6(R2))	The standard introduces a comprehensive model for the identification of lease agreements and accounting treatments for lessees and lessors, replacing the current lease guidelines, including IAS 17 and the corresponding interpretations as of their effective date. This standard is applicable for annual periods beginning on or after January 1, 2019.	Management estimates that the adoption of these changes will not have an impact on the Company’s individual and consolidated financial statements, since it does not have lease agreements applicable to the new requirements for recognition of right of use assets.
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3 Significant accounting policies

The significant accounting policies below were consistently applied by the Company and its subsidiaries and foreign subsidiaries in the six-month period ended June 30, 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 income statement in line item "Gain (loss) on financial assets measured at fair 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 income statement. 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 there is any indication of impairment, 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 quarter ended June 30, 2018, no impairment loss was recognized in the Company's interim financial statements.

e. Investments in subsidiaries and foreign subsidiary

Investments in subsidiaries and foreign subsidiary are stated at cost 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 - 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 income statement on a pro rata basis, over the vesting period of each grant.

l. Income tax, social contribution, and other taxes

For the quarter ended June 30, 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 these interim financial statements tax credits on temporary differences.

For the quarter ended June 30, 2017, Tarpon Gestora de Recursos S.A., adopted the deemed income regime at the rate of 32% on gross revenues from provision of services, adding finance income and capital gains to determine the tax base of income tax and social contribution, and applying the rate of 15% for income tax, plus a 10% surtax on the portion of taxable deemed income exceeding R\$60 per quarter and 9% for social contribution.

For the quarter ended June 30, 2018, non-Cumulative PIS and COFINS tax rates are 1.65% and 7.60% respectively (for the quarter ended June 30, 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 finance 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 as PIS, COFINS and ISS are recorded as tax expenses 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 finance 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, is engaged in only one type of business (provision of portfolio management services) in the various markets where it operates and, consequently, no secondary segment division by type of business or geographic segment is presented.

p. Comprehensive income

Comprehensive income derives from the exchange rate differences from the translation of the balance sheet of the foreign subsidiary.

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 BR GAAP applicable to publicly-held companies, whereas they represent additional financial information for IFRSs.

r. Earnings per share (basic and diluted)

Basic earnings per share are calculated based on profit or loss for the quarters ended June 30, 2018 and 2017 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 are calculated based on the aforementioned average of outstanding shares, adjusted by the possible exercise of call options and the vesting period of the restricted shares, both mentioned in note 21, with dilutive effect in the quarters ended June 30, 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 June 30, 2018 and December 31, 2017, balances were broken down as follows:

	Individual		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Cash and cash equivalents	30	51	282	28,285
	30	51	282	28,285

5 Financial assets measured at fair value through profit or loss

As at June 30, 2018 and December 31, 2017, financial assets were broken down as follows:

	Individual		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Financial Treasury Bills (i)	32,267	-	53,305	23,614
CDB (ii)	-	-	-	1,971
	32,267	-	53,305	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. Investments made at different periods, with respective maturities in: September 2022 in the individual, and September 2020, 2022 and 2023 in the consolidated. 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. Their 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 at the beginning of 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 or loss

	Valuation method in June/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

As at June 30, 2018 and December 31, 2017, the Company did not conduct any derivative transactions.

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., where the Company held a long position in the fluctuation of the price of its common shares and a short position in the fluctuation of 100% of the CDI, plus a fixed rate. The loss on the transaction, in the quarter ended June 30, 2017, amounted to R\$419 (note 20) recorded in line item "Gain (loss) on financial assets".

d. Other financial assets and financial liabilities

The fair values of financial assets and liabilities measured at amortized cost such as receivables, other assets, accounts payable, statutory obligations, are 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 basis and paid in the quarters ended March 31, June 30, September 30 and December 31 of each year, according to the respective Bylaws.

	Consolidated	
	06/30/2018	12/31/2017
Management fees	282	327
Performance fee	2	331
	284	658

8 Recoverable taxes

As at June 30, 2018 and December 31, 2017, the balance of recoverable taxes is broken down as follows:

Short term	Individual		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
IRPJ and CSLL	188	184	188	184
Prepaid IRPJ and CSLL	-	-	1,321	-
Withholding contributions	19	19	19	19
Recoverable taxes– TISA NY	-	-	145	124
Other	-	-	269	125
	207	203	1,942	452

Long term	Individual		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
IRPJ and CSLL (i)	1,099	1,075	1,099	1,075
	1,099	1,075	1,099	1,075

Total recoverable taxes	1,306	1,278	3,041	1,527
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- (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 rate as presented.

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9 Other Assets

As at June 30, 2018 and December 31, 2017, the balance of other assets is broken down as follows:

Short term	Individual		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Advance to suppliers	145	-	1,034	1,669
Advance to employees	-	-	45	-
Subscription of restricted shares - taxes (i)	-	-	1,214	-
Refundable amounts – Funds	-	-	2,135	1,278
ISS judicial deposit (note 23a)	-	-	4,929	4,471
Others	-	-	125	711
	<u>145</u>	<u>-</u>	<u>9,482</u>	<u>8,129</u>
Long term	Individual		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Subscription of restricted shares - taxes (i)	-	-	202	-
	<u>-</u>	<u>-</u>	<u>202</u>	<u>-</u>
Total other assets	<u>145</u>	<u>-</u>	<u>9,684</u>	<u>8,129</u>

- i. The charges related to the payment based on subscription of restricted shares (stock grant) already paid by the Company, will be accounted in the Company's profit or loss, as the assumptions and terms of the grant agreements are vested (see note 21).

10 Investments

Below are the changes in the balances 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	<u>27,606</u>
Changes	
Share of profit (loss) of subsidiaries	(520)
Currency fluctuation adjustment	3,278
(-) Amounts paid to the parent company for divestment	<u>(29,685)</u>
Balance as at June 30, 2018	<u>679</u>

The subsidiary TISA NY is in the process of discontinuing its activities (see note 1). Accordingly, part of its assets were transformed into cash and transferred to the Company, in the form of divestment. The amount represented by the liquidation process, up to the six-month period ended June 30, 2018, is R\$ 29,685. Therefore, the investment is as follows:

TISA NY – in R\$ thousands – Accumulated

In USD - Thousands		In R\$ - Thousands		(-) Amounts paid to parent company for divestment	Currency fluctuation adjustment	Ownership interest	Share of profit (loss) of subsidiaries	Equity as at June 30, 2018
Equity as at December 31, 2017	Profit/loss as at June 30, 2018	Equity as at December 31, 2017	Profit/loss as at June 30, 2018					
8.345	(62)	27.606	(520)	(29,685)	3,278	100%	(520)	679

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	1,653
Related to the stock-based payment plans	777
(-) Contribution to the subsidiary, related to stock-based	(2,436)
(-) Dividends paid to the parent company	(10,439)
Balance as at June 30, 2018	23,366

In R\$ - thousands

Equity as at December 31, 2017	Profit (loss) as at June 30, 2018	Ownership interest - %	Share of profit (loss) of subsidiaries	Related to the stock-based payment plans	(-) Contribution to the subsidiary, related to stock-based bonus	(-) Dividends paid to the parent company	Others	Equity as at June 30, 2018
33,811	1,653	100%	1,653	777	(2,436)	(10,439)	-	23,366

Tarpon All Equities (Cayman) and TSOP Ltd.

Investments in subsidiaries Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. amount to R\$101 as at June 30, 2018 and December 31, 2017.

11 Property, plant and equipment

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

Facilities	Balance as at December 31, 2017	Additions	(-) Depreciation	Balance as at June 30, 2018
Machinery and equipment	15	2	(3)	14
Computers	85	-	(24)	61
Telephone equipment	1	8	(2)	7
Total	101	10	(29)	82

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As at June 30, 2018 and December 31, 2017, only Tarpon Gestora de Recursos S.A. recognizes property, plant and equipment in its balance sheet.

12 Intangible assets

Refers to the software internally developed in the amount of R\$188, with estimated useful life of 20 years. As at June 30, 2018, intangible assets amount to R\$168 (R\$172 as at December 31, 2017) and software amortization was R\$2 in the quarter and R\$4 in the six-month period ended June 30, 2018.

13 Accounts payable

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

	Individual		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Intragroup loans (note 24)	-	6,292	-	-
Suppliers and leases	-	-	89	340
Services provided	16	-	170	122
Other (note 24)	-	979	-	-
	16	7,271	259	462

14 Taxes payable

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

	Individual		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
IRPJ and CSLL payable	-	-	2,525	1,430
PIS and COFINS payable	7	8	30	32
IOF and ISS payable	330	330	381	343
Provision for tax risks (note 23)	-	-	4,929	4,471
Taxes withheld from third parties	22	26	40	31
	359	364	7,905	6,307

15 Payroll and related taxes

Labor obligations are composed of comprised of taxes on salaries, accrued vacation, 13th salary, profit sharing, and bonuses. As at June 30, 2018, the balances were: R\$1,078 in the consolidated (R\$2,195 in the consolidated as at December 31, 2017) and as at June 30, 2018, R\$16 in the individual (R\$14 in the individual as at December 31, 2017).

As at June 30, 2018, personnel expenses amounted to R\$11,251 in the consolidated (R\$15,628 as at June 30, 2017), and are composed of compensation, related taxes, bonuses and other rewards.

In the quarter ended June 30, 2018, personnel expenses amounted to R\$1,315 (R\$3,658 in 2017). However, due to the share-based payment plan approved in April 2018, as explained in note 21, the expense with accrued bonus was reversed in the amount of R\$4,257, as expenses will be recognized over the vesting period.

16 Equity

a. Share Capital

As at June 30, 2018, the Company's capital amounts to R\$7,362 (R\$7,085 as at December 31, 2017), represented by 44,063 thousand registered common shares (44,115 thousand registered common shares as at December 31, 2017) without par value.

b. Capital Increase

In the quarter ended June 30, 2018, the Company increased its capital through public issuance of 104 thousand new shares, at the unit value of R\$2.67, totaling R\$277.

In addition, the Company issued 910 thousand restricted shares at the unit value of R\$2.67, totaling R\$2,434, as explained in note 21.

These restricted shares were paid up by the executives after receiving the pecuniary benefit given by the Company, but which was subject to the acquisition of the restricted shares issued by the Company at the market value of the last 60 days of the grant date.

These restricted shares have the same rights as the other shareholders, including the receipt of dividends, but cannot be traded by executives until the vesting period has expired; 50% of the restricted shares cannot be traded until October 31, 2018 and 50% of the restricted shares cannot be traded until October 31, 2019.

The granting plan provides that in the event of a voluntary departure from the executive, the Company has the right to repurchase the restricted shares for a nominal symbolic value of R\$0.01 (one cent), respecting the pro rata calculation from the grant date until the date the executive leaves the Company.

Accordingly, the Company understands that the capital increase through the issuance of such restricted shares will only be considered after the vesting period has been met.

c. Legal reserve

The legal reserve is calculated at 5% of profit for the year, as set forth in article 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 June 30, 2018, the balance of legal reserve is R\$1,415 (R\$ 1,415 as at December 31, 2017).

d. 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 decided to distribute the amount of R\$2,358 as mandatory minimum dividend for the year ended December 31, 2017. In the second quarter of 2018, the amount of R\$2,335 was distributed as dividends.

As at June 30, 2018, the amount of dividends payable is R\$86 (R\$2,421 as at December 31, 2017).

e. 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 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.

f. 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 June 30, 2018, the balance of capital reserve is R\$3,236 (R\$3,236 as at December 31, 2017) arising from the earnings reserve, based on a capital budget approved at the Annual and Extraordinary General Meeting held on March 27, 2017.

g. Earnings reserve

The balance of the earnings reserve as at June 30, 2018 is R\$7,072 (R\$7,072 as at December 31, 2017).

h. Share buyback

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 held 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			
	04/01/2018	01/01/2018	04/01/2017	01/01/2017
	à	à	à	à
	06/30/2018	06/30/2018	06/30/2017	06/30/2017
Profit attributable to shareholders	3,856	308	5,454	2,245
<i>Weighted average number of common shares</i>				
Common shares at the beginning of the period	43,959	43,959	44,115	44,115
Treasury shares	-	-	(156)	(156)
Total outstanding shares at the beginning of the period	43,959	43,959	43,959	43,959
Issued shares	104	104	-	-
Total outstanding shares at the end of the period	44,063	44,063	43,959	43,959
Weighted average number of Company's outstanding common shares	44,030	43,995	44,034	44,074
Basic earnings per share	0.09	0.01	0.12	0.05

b. Diluted earnings per share

We assume the exercise of the stock options granted and restricted shares issued to calculate diluted earnings per share, as detailed in note 16.b:

	Consolidated			
	04/01/2018 à 06/30/2018	01/01/2018 à 06/30/2018	04/01/2017 à 06/30/2017	01/01/2017 à 06/30/2017
Profit attributable to shareholders	3,856	308	5,454	2,245
Weighted average number of Company's outstanding common shares	44,030	43,995	44,034	44,074
Adjustment due to stock option	2,275	2,275	1,090	1,090
Adjustment for restricted shares issued	910	910	-	-
Weighted average number of outstanding common shares for diluted earnings per share.	47,215	47,180	45,124	45,164
Diluted earnings per share	0.08	0.01	0.12	0.05

18 Net operating revenue

	Consolidated			
	04/01/2018 à 06/30/2018	01/01/2018 à 06/30/2018	04/01/2017 à 06/30/2017	01/01/2017 à 06/30/2017
Revenue related to management fees	8,285	18,340	10,580	23,189
Revenue related to performance fee	-	-	793	793
Taxes on management fee (i)	(241)	(517)	(226)	(491)
Taxes on performance fee (i)	-	-	(45)	(45)
	8,044	17,823	11,102	23,446

(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			
	04/01/2018	01/01/2018	04/01/2017	01/01/2017
	à	à	à	à
	06/30/2018	06/30/2018	06/30/2017	06/30/2017
Office maintenance	-	-	-	-
Outside services	(376)	(718)	(207)	(411)
Representation expenses	-	-	-	-
Depreciation and amortization (notes 11 and 12)	-	-	-	-
Expenses on IT Systems	-	-	-	-
Expenses on fees and other contributions	(9)	(19)	-	(28)
Other expenses and reversal of provision	(35)	(69)	-	-
	(420)	(806)	(207)	(439)

	Consolidated			
	04/01/2018	01/01/2018	04/01/2017	01/01/2017
	à	à	à	à
	06/30/2018	06/30/2018	06/30/2017	06/30/2017
Office maintenance	(426)	(918)	(404)	(895)
Outside services	(1,034)	(1,718)	(585)	(1,313)
Representation expenses	(90)	(125)	(305)	(348)
Depreciation and amortization (notes 11 and 12)	(7)	(33)	(84)	(164)
Expenses on IT Systems	(200)	(344)	(114)	(179)
Expenses on fees and other contributions	(35)	(71)	(96)	(186)
Other expenses and reversal of provision	(179)	(344)	119	(58)
	(1,971)	(3,553)	(1,469)	(3,143)

20 Gain (loss) on financial assets

Finance income

	Individual	
	04/01/2018	04/01/2018
	à	à
	06/30/2018	06/30/2018
Financial Treasury Bill (LFT)	142	142
Inflation adjustments	14	28
Exchange gains	-	-
	156	170

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Finance costs	Individual	
	04/01/2018 à 06/30/2018	01/01/2018 à 06/30/2018
Taxes on finance income	(8)	(8)
	(8)	(8)
Finance income (costs)	148	162

The Company did not generate cash for the six-month period ended June 30, 2017.

Finance Income	Consolidated			
	04/01/2018 à 06/30/2018	01/01/2018 à 06/30/2018	04/01/2017 à 06/30/2017	01/01/2017 à 06/30/2017
Income from investments in CDB	-	10	133	133
Income from repurchase agreement investment	-	-	179	802
Financial Treasury Bill (LFT)	460	836	105	105
Inflation adjustments	78	163	-	-
Exchange gains	22	38	-	-
	560	1,047	417	1,040
Finance costs	Consolidated			
	04/01/2018 à 06/30/2018	01/01/2018 à 06/30/2018	04/01/2017 à 06/30/2017	01/01/2017 à 06/30/2017
Expenses on derivatives (i)		-	(117)	(419)
Inflation adjustments	(53)	(124)	-	-
Taxes on finance income	(23)	(41)	-	-
	(76)	(165)	(117)	(419)
Finance income (costs)	484	882	300	621

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

21 Stock-based payment plans

a) Stock option plan

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

The Plan is designed to enable certain Company's management personnel and employees, as well as parties related to portfolio companies of Tarpon Funds or providing services to the Company, as decided by the Board of Directors, to acquire the Company's common shares, corresponding to up to 25% of the shares issued by the Company. Each option granted confers upon the participant the right to subscribe one Company's share.

Of the total options granted under the Plan (a) up to 70% can be granted as from the Plan's effective date, (b) an additional volume of up to 7.5% can be granted as from July 1, 2009, (c) an additional volume of up to 7.5% can be granted as from July 1, 2010, (d) an additional volume of up to 7.5% can be granted as from July 1, 2011, and (e) an additional volume of up to 7.5% can be granted as from July 1, 2012. Options not granted on any grant date described above can be granted on subsequent grant dates.

Options granted are exercisable, as follows:

- First portion of options granted on March 10, 2009, exercisable at the percentage rate of 20% on March 10, 2009, 20% on July 1, 2009 and 20% on each one of the three annual anniversaries subsequent to July 1, 2009;
- Second portion of options granted on March 10, 2009, exercisable at the percentage rate of 20% on July 1, 2009 and 20% on each one of the four annual anniversaries subsequent to July 1, 2009; and
- Options granted as from July 1, 2009, exercisable at the percentage rate of 20% on every July 1 of the five 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.

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Tarpon Investimentos S.A.

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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 June 30, 2018		
Grant	Date	Quantity	Fair value on grant date	Cost grant	Quantity	Value	Quantity	Average price	Value	Quantity	Exercise price	Value
1°	10/03/2009	6,894	0.39	2,668	(132)	(51)	(6,762)	2.59	(17,514)	-	-	-
2°	10/03/2009	768	0.39	297	(106)	(41)	(662)	2.59	(1,715)	-	-	-
3°	30/11/2009	2,493	4.08	10,180	(384)	(1,568)	(1,923)	3.06	(5,884)	186	3.06	569
4°	19/02/2010	530	4.62	2,449	(184)	(850)	(325)	3.38	(1,099)	21	3.38	71
5°	18/08/2010	1,115	6.72	7,491	(299)	(2,009)	(684)	5.55	(3,796)	132	5.15	680
6°	05/08/2011	960	8.07	7,745	(326)	(2,630)	(257)	8.73	(2,244)	377	8.75	3,300
7°	09/08/2012	560	6.51	3,645	(312)	(2,031)	(78)	8.99	(701)	170	7.02	1,193
8°	20/09/2012	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

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

	Consolidated			
	04/01/2018 à 06/30/2018	01/01/2018 à 06/30/2018	04/01/2017 à 06/30/2017	01/01/2017 à 06/30/2017
Stock option plan - Profit or loss	(114)	(236)	(264)	(555)

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

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

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

b) Restricted share plan

As explained in note 16.b, 910 thousand restricted shares were issued, in the unit fair value of R\$2.67, totaling R\$ 2,434, which will be recognized in profit or loss over the vesting period, which refers only to the remaining in the employment of this Company.

22 Statement of income tax and social contribution calculation

a) Income tax and social contribution

Taxable income	06/30/2018		06/30/2017	
	Individual	Consolidate d	Individual	Consolidate d
Tax basis calculation				
Profit (loss) before income tax and social contribution	308	2,845	2,245	4,587
Effect of profit before subsidiaries' taxes under different tax regimes (Note 10).	-	520	-	(5,057)
Tax basis	308	3,365	2,245	(470)
Income tax and social contribution based on prevailing tax rates of 25% and 9%	(105)	(1,144)	(763)	160
Permanent additions/deductions				
Share of profits (loss) of subsidiaries	385	-	923	-
Effect of taxation under the US legislation on Tisa NY	-	(206)	-	371
Effect of taxation under deemed income on Tarpon Gestora (ii)	-	-	-	(2,653)
Bonus and related taxes	-	(1,633)	-	-
Gifts	-	-	-	-
Additional income tax	-	12	-	-
Credit on unrecorded tax loss (i)	(280)	(280)	(160)	(160)
Current income tax and social contribution	-	(2,731)	-	(2,282)
Deferred income tax and social contribution	-	194	-	(60)
Income tax and social contribution in the period	-	(2,537)	-	(2,342)

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

(ii) On June 30, 2017, taxes of Tarpon Gestora de Recursos S.A. levied substantially on the total operating income for the six-month period, in the amount of R\$18,340 (note 18). On January 1, 2018, the tax regime was changed to the taxable income regime.

b) Deferred income tax and social contribution

Deferred tax asset as at 12/31/2017	-
Tax contingencies recognized in the six-month period	114
Judicial deposits adjustments	42
Bonus and related taxes	69
Other deferred tax assets	11
	<hr/>
Deferred tax asset as at 06/30/2018	236
Deferred tax liabilities as at 12/31/2017	(295)
Judicial deposits adjustments	(42)
	<hr/>
Deferred tax liabilities as at 06/30/2018	(337)
Deferred income tax and social contribution as at 06/30/2018 (i)	194

- (i) Pursuant to note 3.1, beginning 2018 “Tarpon Gestora”, adopted the taxable income regime. According to the Tarpon Gestora's tax calculation made in 2018, the company recognized deferred assets and liabilities due to expected generation of taxable income for the subsequent periods.

23 Provision for Tax, Civil and Labor risks 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.

Lawsuits	Provision for ISS – R\$ (note 14)	Judicial Deposit – R\$ (note 09)
Appeal filed for non-collection of ISS on service export	4,929	4,929

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	334
Adjustment	124
Balance as at June 30, 2018	4,929

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 denied such offset and the Company currently claims its approval. The total amount is R\$208, of which R\$329 is adjusted through June 30, 2018 and R\$324 adjusted through December 31, 2017. Based on the Company's legal counsel's opinion, the likelihood of loss is assessed as possible.

In April 2018 a decision was rendered by the Brazilian Federal Revenue Service, not homologating the offset declared electronically through a PER / DCOMP process. This fact resulted in an administrative proceeding No. 16327.901028 / 2018-51, in which the entity claims the amount of R\$863, of which R\$869 was adjusted up to June 30, 2018. The Company, in turn, filed a statement of nonconformity and awaits analysis by the authorities.

The Company's management challenges both assessments. 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 June 30, 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	
	06/30/2018	12/31/2017
Short-term benefits to Management (*)	(2,606)	(1,022)
Stock option plan to Management	-	(10,167)

	Consolidated			
	Income /			
	(Expense)			
	04/01/2018	01/01/2018	04/01/2017	01/01/2017
	à	à	à	à
	06/30/2018	06/30/2018	06/30/2017	06/30/2017
Short-term benefits to Management	(3,776)	(9,186)	(1,208)	(6,033)
Stock option plan to Management	-	-	98	(25)

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

The loan agreement entered into by the Company and its subsidiary Tarpon Gestora, in the amount of R\$6,292, was settled in the quarter ended June 30, 2018. The Company also settled its liabilities against other accounts payable, which was held with the same subsidiary.

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25 Events after the reporting period

On July 11, 2018, a payment of R\$456 related to the Company's capital increase was made, through the issuance of 170 new shares at the unit value of R\$2.67.

* * *

Executive Board

Chief Executive Officer

José Carlos Reis de Magalhães Neto

Accountant

Henrique Luiz Gonzaga

São Paulo - SP, June 24th, 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 DATA

Ticker: TRPN3
O/S: 44,219 shares
Treasury shares: 156k shares
Stock Price (24/07/2018): R\$ 2.53
Market Cap: R\$ 111.9 million
Daily Volume LTM:
67,3 k shares

IR contact

Phone: +55 (11) 3074-5800
ri@tarpon.com.br

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

2Q18 – Highlights

- ✓ **Assets under management:** As of June 30th, 2018, R\$ 4.7 billion in the portfolio funds strategies and R\$ 2.0 billion in the co-investment strategy, amounting to R\$ 6.7 billion of assets under management.
- ✓ **Performance:** Gross returns of R\$ 371.2 million and R\$ 481.6 million in the portfolio funds and co-investment funds, respectively.
- ✓ **Subscriptions and redemptions:** Redemption of R\$ 293.8 million in the portfolio funds and R\$ 13,2 in the co-investment funds.
- ✓ **Gross Revenue:** Management fee amounted to R\$ 8.3 million.
- ✓ **Net Income:** Net income amounted R\$ 3.9 million in 2Q18.

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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.

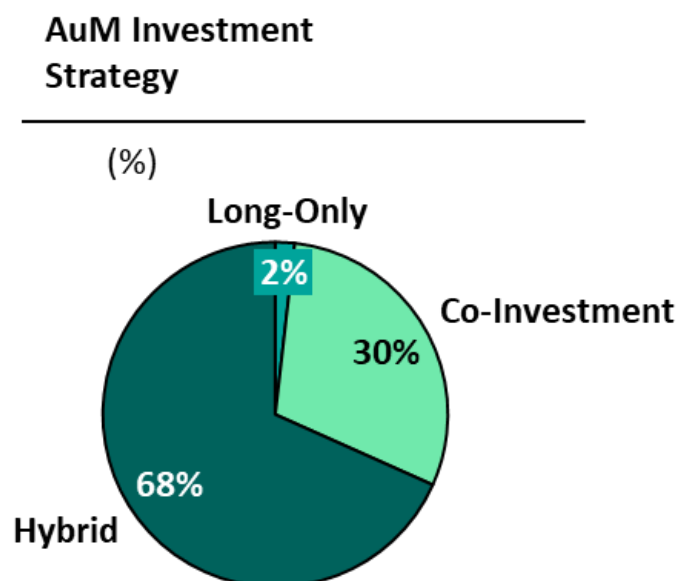
In 2Q18, the Tarpon Funds initiated two significant divestments: the execution of an agreement for the sale of a controlling stake in Somos Educação SA ("Somos") to Saber Serviços Educacionais Ltda., a company controlled by Kroton SA, the closing of which is subject to the implementation of certain conditions precedent; and Cremer S.A., whose sale was completed on April 4th, 2018.

The Tarpon Funds continue to hold a controlling stake in Omega Energia Renovável, while the investment in BRF S.A. ("BRF") has turned into a passive investment, without involvement by Tarpon in the Company's management.

We have observed a positive increase of R\$ 545 million in the Tarpon Funds' assets under management (AuM) in the 2Q18, compared to the previous quarter, mainly due to the revaluation of the investment in Somos after the announcement of the sale of control transaction. This increase has been offset by redemptions of R\$ 293.7 million paid in 2Q18 and by the negative performance of BRF shares in the period (depreciation of 21% in the stock price)

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 portfolio funds investment strategy comprises funds that invest only in listed companies (Long-Only Equity) and funds investing in both listed companies and illiquid investments/private equity (Hybrid Equity).

As of June 30th, 2018, the AuM allocated to this strategy amounted to R\$ 4.7 billion.

Co-Investment Strategies

The co-investment strategy consists of funds organized with the purpose to invest in a single 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 hold a significant exposure, allowing us to increase our overall stake in certain invested companies.

As of June 30th, 2018, the AuM allocated to this strategy amounted to R\$ 2.0 billion.

Investment performance

In the 2Q18, the Portfolio Funds Hybrid-Equity strategy posted net returns of 8.0% in R\$ and -7.7% in US\$. Net annualized performance is -1.5% in R\$ and 5.6% in US\$.

In the 2Q18, the Portfolio Funds Long-Only Equity strategy posted net returns of 14.5% in R\$ and 0.6% in US\$. The accumulated annualized returns of this strategy, net of taxes and expenses, is 16.6% in R\$ and 10.6% in US\$.

For illustrative purposes, in the 2Q18, Ibovespa and IBrX Indexes posted returns of -14.8% and -14.8%, respectively (both in R\$). Returns in US\$ were -26.5% and -26.6% for Ibovespa and IBrX, respectively:

Strategy	Launch	Performance ¹				Since Launch (annualized)
		2Q18	12 Months	2 years	5 years	
Long Only Equity (R\$)	may 2002	14.5%	-12.4%	-10.2%	-29.0%	16.6%
Long Only Equity (US\$)	may 2002	0.6%	-24.3%	-28.7%	-61.9%	10.6%
Hybrid Equity (R\$)	sep 2011	8.0%	2.0%	1.1%	-16.3%	-1.5%
Hybrid Equity (US\$)	oct. 2006	-7.7%	8.3%	11.6%	-40.9%	5.6%

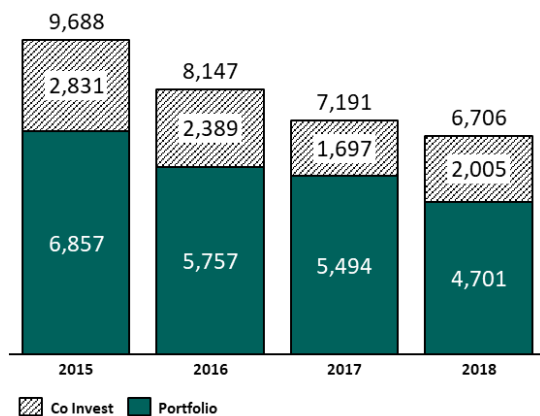
(1) Performance net of fees.

Assets under management

AuM¹ amounted to R\$ 6.7 billion as of June 30, 2018, an increase of 8.7% when compared to the previous quarter and an increase of 1.5% when compared to the same period of the previous year.

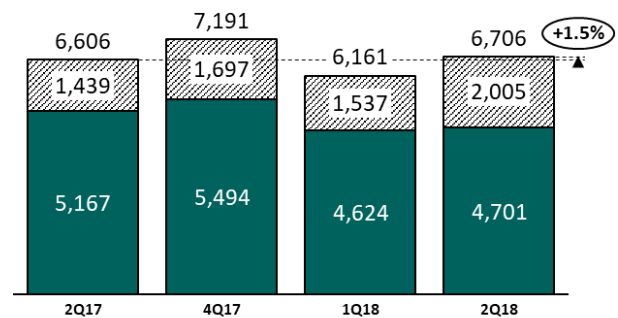
AuM Evolution - Annual

(R\$ MM)



AuM Evolution - Quarter

(R\$ MM)

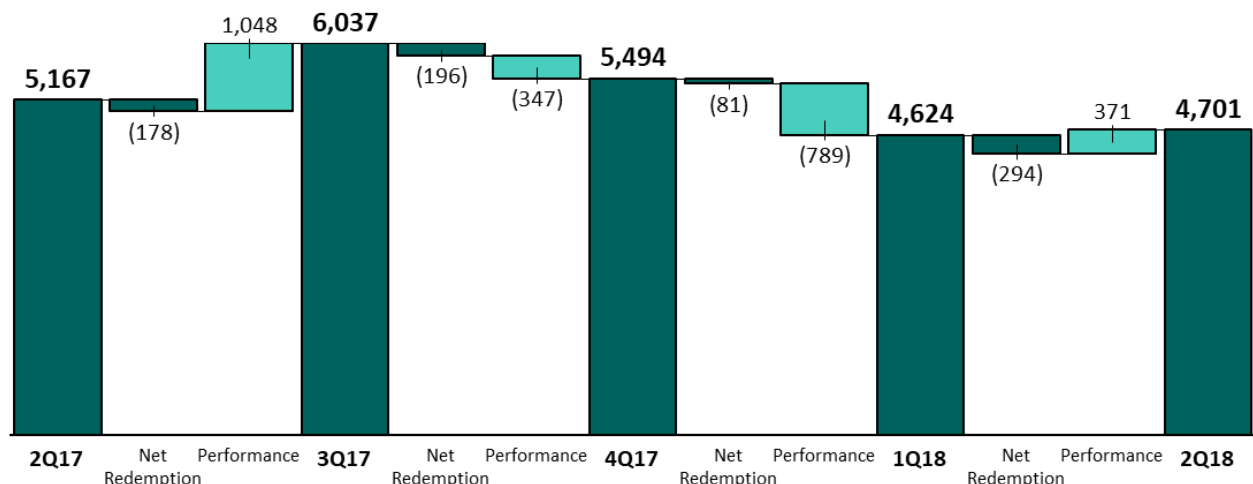


Portfolio Funds AuM

In 2Q18, the Portfolio Funds registered net redemptions of R\$ 293.7 million and performance of R\$ 371.2 million, resulting in an increase of 1.67% of our assets under management when compared to the previous quarter.

AuM Evolution Portfolio - Quarter

(R\$ MM)



As of June 30th, 2018, the AuM for portfolio funds allocated to investments classified as liquid (primarily represented by the investment in BRF) represented 21.0% of the total AuM of the portfolio funds (R\$ 987.3 million). Investments classified as illiquid (represented mainly by

investments in Somos Educação and Omega Energia), valued at fair value¹, corresponded to 79.0% of the AuM of the portfolio funds (R\$ 3.714,0 million).

Approximately 81.6% 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 June 30th, 2018, the outstanding amount of redemptions payable from the portfolio funds' liquid pool corresponded to approximately 49.0% of the aggregate balance of liquid pool of the portfolio funds (R\$ 483,8 million), of which 31.7% shall be paid by the end of 2018, 57.9% by the end of 2019 and 10.4% after 2019. These percentages were estimated without considering any change in the net asset value of the funds after June 30th, 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, 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. As of June 30th, the balance of illiquid investments of the portfolio funds already linked to redemptions corresponded to 65.1% of the total illiquid investments of the portfolio funds (R\$ 2,419.0 million).

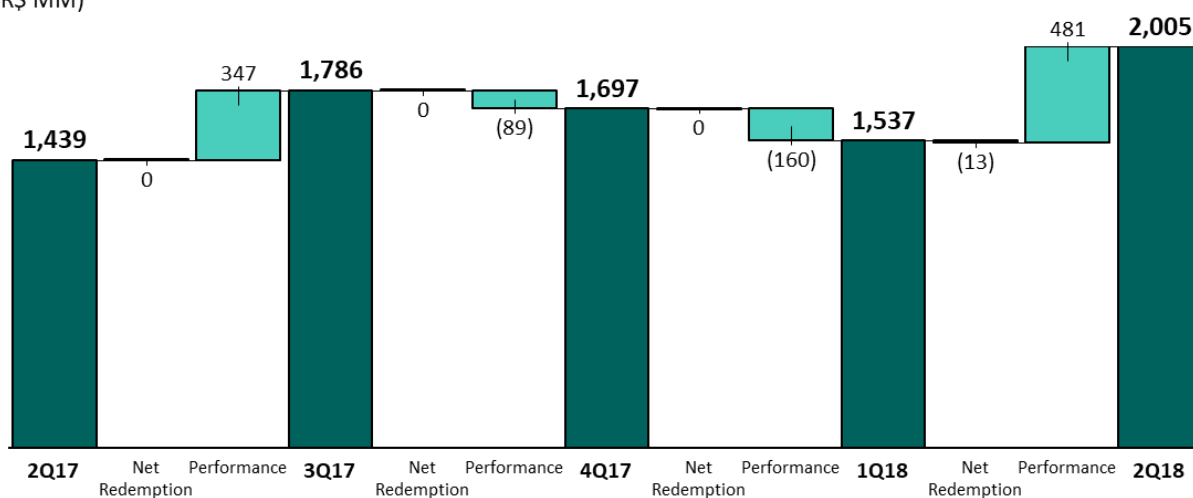
Therefore, as of June 30, 2018, the AuM of the Portfolio Funds not linked to outstanding redemptions was R\$ 1.798,5 million.

Co-investment Funds AuM

The co-investment funds posted a gross performance of R\$ 481.6 million in 2Q18.

AuM Evolution Co Investment - Quarter

(R\$ MM)



(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 June 30th, 2018, the investment of the Tarpon Funds in Somos was not valued considering the price under the sale of control transaction.

As of June 30th, 2018, out of the total amount of the AuM of the co-investment funds, 82.3% 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 June 30th, 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.

Somos Educação S.A. divestment

On April 23rd, 2018, Tarpon Funds, as sellers, and Saber Serviços Educacionais Ltda., a company controlled by "Kroton S.A.", as the 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 disposed of in the future.

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

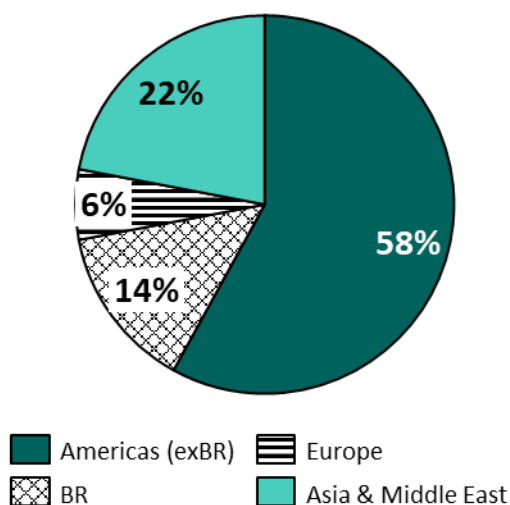
From the proceeds of the Somos divestment, it is estimated, based on data as of June 30th, 2018, that 79.6% will be distributed to the Tarpon Funds' limited partners (40.7% from the single investment co-investment fund and 38.9% referring to redemptions from other funds) and 20.4% will revert to new investments by the Tarpon Funds.

Investor base

As of June 30th, 2018, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds, accounted for 78.9% of total AuM. The proprietary capital represented 10.7% of total AuM of the Tarpon Funds as of June 30th, 2018 and 36.3% of the total AuM not linked to outstanding redemptions.

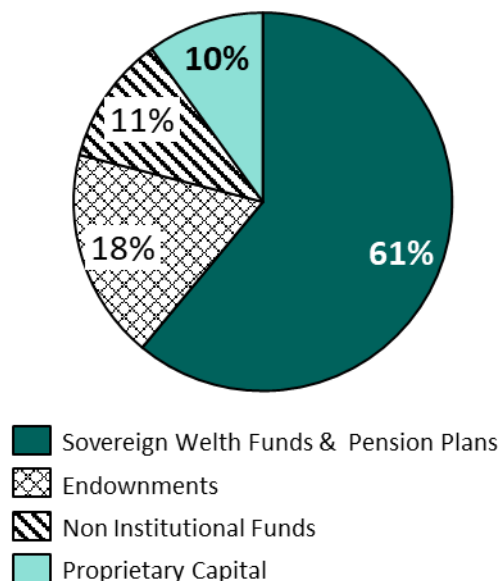
AuM by Region

(%)



AuM Investor Type

(%)



Financial Highlights

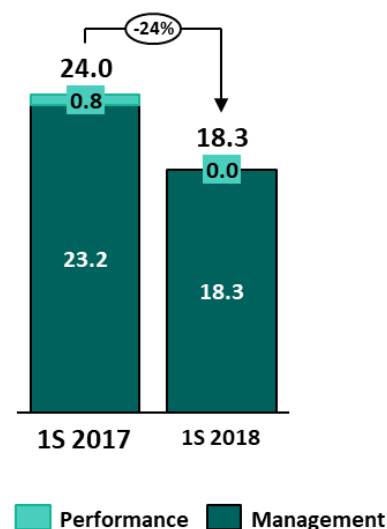
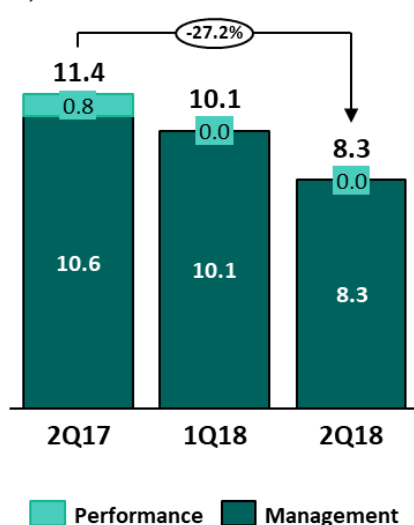
Operating revenues

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 2Q18, the gross operating revenues amounted R\$ 8.3 million, a decrease of 27.6% when compared to 2Q17. This reduction is a consequence from the decrease of the Portfolio Funds’ AuM in the 2Q18, compared to 2Q17.

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\$ 8.3 million in 2Q18, 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.

As of June 30th, 2018, there was no revenue related to performance fees. Except for the special purpose funds for investment in Somos, the AuM of the Tarpon Funds remains substantially below the water mark.

In addition, if the sale of control of Somos is completed, it is expected that the Company will calculate performance fee revenue related to the special purpose funds, in the estimated gross amount of R\$ 117 million (referring to the portion in cash of the sale price, being that the determination of performance rate on the portion of the retained price is conditioned to its actual receipt by the funds). Of this amount, 35% is allocated as variable compensation to the Company's management and employees.

Operating expenses

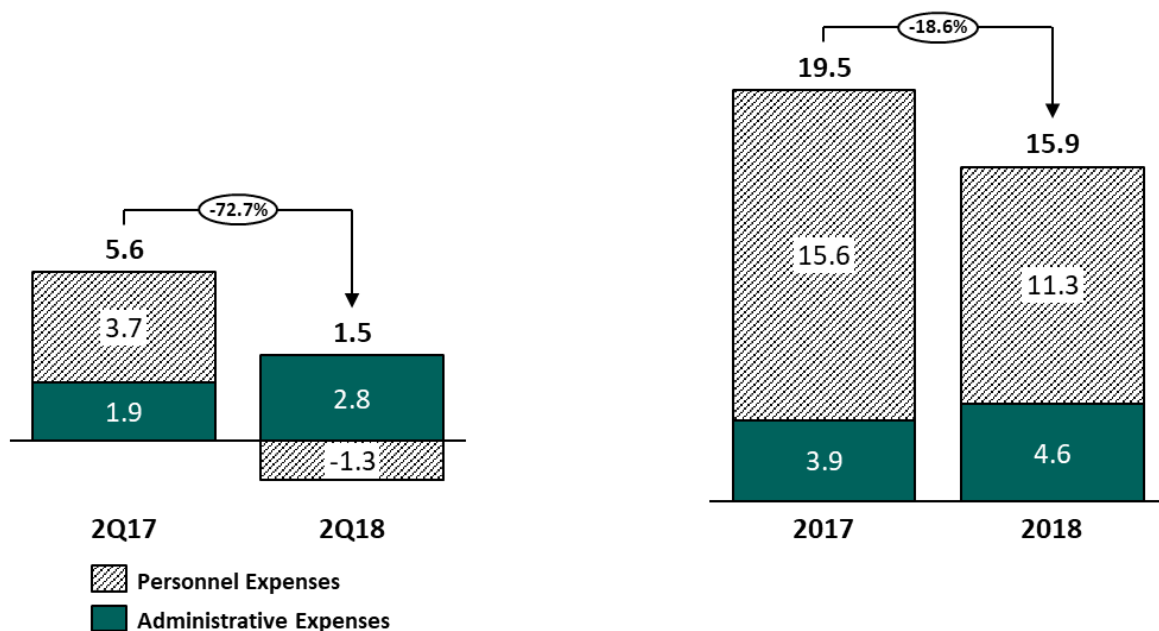
Operating expenses include general and administrative expenses, payroll, and other expenses related to depreciation, travel expenses, provisions for profit sharing program, stock option plans (without cash effect) and variable compensation.

During the 2Q18, operating expenses totaled R\$ 1.5 million, a decrease of 72.7% when compared to the same period of 2Q17, and a reduction of 18.6% compared to the same annualized period of 2017.

As of June 30th, 2018, personnel expenses totaled R\$ 1,315 (R\$ 3,658 in 2017). Due to the stock-based payment plan approved in April 2018, the bonus expense provision of the first quarter was reversed in the amount of R\$ 4,257, as these expenses will be recognized over the applicable vesting period.

Operating Expenses

(R\$ MM)



Taxes

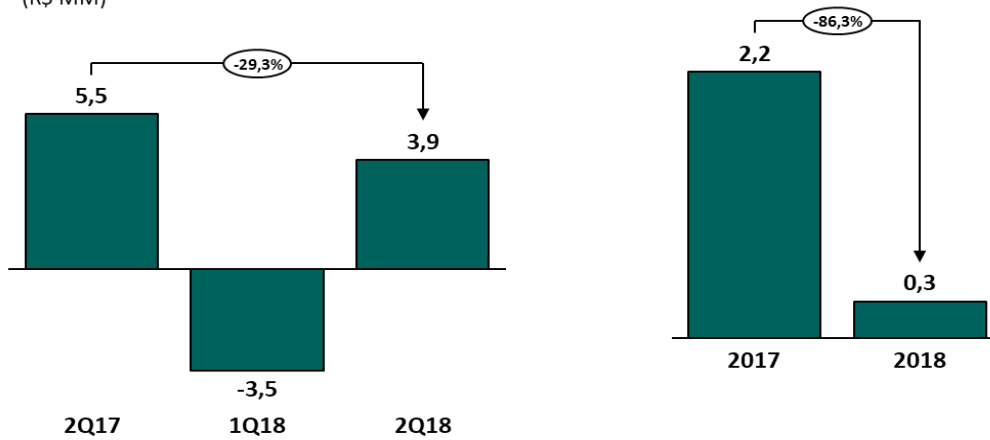
Deferred Income taxes and social contribution amounted up to R\$ 3.1 million during 2Q18.

Net Income

Tarpon registered a net loss of R\$ 3.9 million during 2Q18.

Net Income

(R\$ MM)



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\$ 2.53, the company's market value is R\$ 111.9 million.



TRPN3 vs Ibovespa (LTM - base 100)

Attachments - Reports

Consolidated Income Statement

Financial highlights - R\$ million

Income Statement	2Q18	2Q17	Var.%	6M 2018	6M 2017	Var.%
Gross revenues	8.3	11.4	-27%	18.3	24.0	-24%
Management fees	8.0	10.4	-22%	17.8	22.7	-21%
Performance fees	-	-	-	-	-	100%
Net revenues	8.0	11.1	-28%	17.8	23.4	-24%
Operating Expenses						
Personal Expenses	1.3	(3.7)	-136%	(11.3)	(15.6)	-28%
Administrative Expense and others	(2.8)	(1.9)	47%	(4.6)	(3.9)	20%
Net Income after Operating Expenses	6.5	5.5	18%	2.0	4.0	-51%
<i>Gross margin</i>	<i>81%</i>	<i>50%</i>		<i>11%</i>	<i>17%</i>	
Finance Income	0.5	0.3	61%	0.9	0.6	42%
Income tax and social contribution	(3.1)	(0.4)	790%	(2.5)	(2.3)	8%
Net Income	3.9	5.5	-29%	0.3	2.2	-86%
<i>Net margin</i>	<i>48%</i>	<i>49%</i>		<i>2%</i>	<i>10%</i>	
Earnings per share (R\$/share)	0.09	0.12	-29%	0.01	0.05	-86%
O/S	44,063	44,063	0%	44,063	44,063	0%
AuM (end of period)	6,706	6,606	2%	6,706	6,606	2%

Consolidated Balance Sheet

Financial highlights - R\$ thousands

Assets	2018	2017
Cash and cash equivalents	282	28,285
Financial assets measured at fair value through profit and loss	53,305	25,585
Receivables	284	658
Recoverable taxes	1,942	452
Other assets	9,482	8,129
Current assets	65,295	63,109
Recoverable taxes	1,099	1,075
Other assets	202	-
Deferred Tax	236	-
Fixed Assets	82	101
Intangible Assets	168	172
Non-current assets	1,787	1,348
Total assets	67,082	64,457
Liabilities		
Accounts payable	259	462
Dividends payable	86	2,421
Current tax liabilities	7,905	6,307
Payroll accruals	1,078	2,195
Current liabilities	9,328	11,385
Deferred Tax Liability	337	295
Non-current liabilities	337	295
Share capital	7,362	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
Stock based payment reserve	22,474	21,697
Cumulative translation adjustment	16,174	12,896
Retained Earnings	308	-
Equity	57,417	52,777
Total liabilities and equity	67,082	64,457

Consolidated Cash Flow

Financial highlights - R\$ thousands

Cash Flow	2018	2017
Net income / (Loss)	308	2,245
Depreciation and Amortization	33	164
Stock Options	777	555
Accrued Income Tax and Social Contribution	2,731	2,282
Deferred Income Tax and Social Contribution	(194)	60
Adjusted net income	3,655	5,306
Receivables	374	(1,580)
Financial Instruments fair value through profit loss	(27,720)	910
Financial Derivatives	-	(456)
Recoverable Taxes	(1,514)	1,245
Other Assets	(1,555)	2,646
Payroll Accruals and Dividends payable	(1,117)	3,447
Accounts Payable	(203)	(159)
Tax liabilities	1,618	635
Income tax and social contribution paid	(2,751)	(2,964)
Cash used/provided by operating activities	(29,213)	9,030
Acquisition of property, plant and equipment	(10)	-
Cash provided by investing activities	(10)	-
Capital Increase	277	-
Dividends Paid	(2,335)	(4,975)
Purchase of treasure shares	-	(624)
Cash used in financing activities	(2,058)	(5,599)
Net decrease in cash and cash equivalents	(31,281)	3,432
Cash and cash equivalents at the beginning of period	28,285	25,742
Exchange rate changes on cash and cash equivalents	3,278	576
Net decrease in cash and cash equivalents	282	29,749

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Disclaimer

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