

1Q12 - Earnings Release

Tarpon Investimentos S.A. (“Tarpon” or “the Company”) is an independent asset manager dedicated to investments in public and private-equity. Tarpon conducts its investment activity through the funds and management accounts under its management (“Tarpon Funds”). Tarpon’s goal is to provide, in the long run, above-market returns.

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

1Q12 Conference Call

[Call in English](#)

Date: Thursday, May 10th 2012

Time:

11:00 am (Brasilia)
10:00 am (US East)

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1Q12 - Highlights

Service gross revenues related to asset management business amounted to R\$ 27.6 million in the first quarter of 2012.

✓ **Portfolio Funds performance:**

	<u>1Q12</u>	<u>1Q11</u>
Long-Only Equity in R\$	10.27%	5.00%
Long-Only Equity in US\$	13.19%	5.80%
Hybrid-Equity in US\$	8.49%	6.10%
Ibovespa index in R\$	13.67%	-1.00%
IBX index in R\$	11.82%	0.60%

✓ **New commitments:** On the quarter Tarpon Funds received net commitments in the amount of R\$ 84 million;

✓ **Assets under management:** R\$6.2 billion of Portfolio Funds strategies and R\$ 1.4 billion of Co-Investment strategy, amounting R\$ 7.5 billion of assets under management 10% increase over December, 31 2011;

✓ **Operating revenues:**

Revenues related to management fees: R\$19.1 million in 1Q12.

Revenues related to performance fees: R\$8.5 million in 1Q12.

✓ **Net income:** R\$12.0 million as of March, 31 2012.

STOCK MARKET

Information as of: 05/07/2012

Market cap:

R\$647.1 million

Stock quote TRPN3: R\$14.06

O/S: 46,022,582



About Tarpon Investimentos

Tarpon Investimentos S.A. is an independent asset manager dedicated to value-oriented investments in public and private equity. Our goal is to provide, in the long-run, above-market returns.

Our investment philosophy is supported by six tenets:

Focus on intrinsic value

We search for investments that, in the long-run, provide above-market returns and where market prices reflect a substantial discount to intrinsic value.

Portfolio concentration

We believe in concentration: each invested company has a meaningful impact on the portfolio and allows us to obtain deep understanding of these companies.

Contrarian approach

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

High Conviction

We have a disciplined investment process that allows us to have a high degree of conviction related to each investment decision.

Long-term perspective

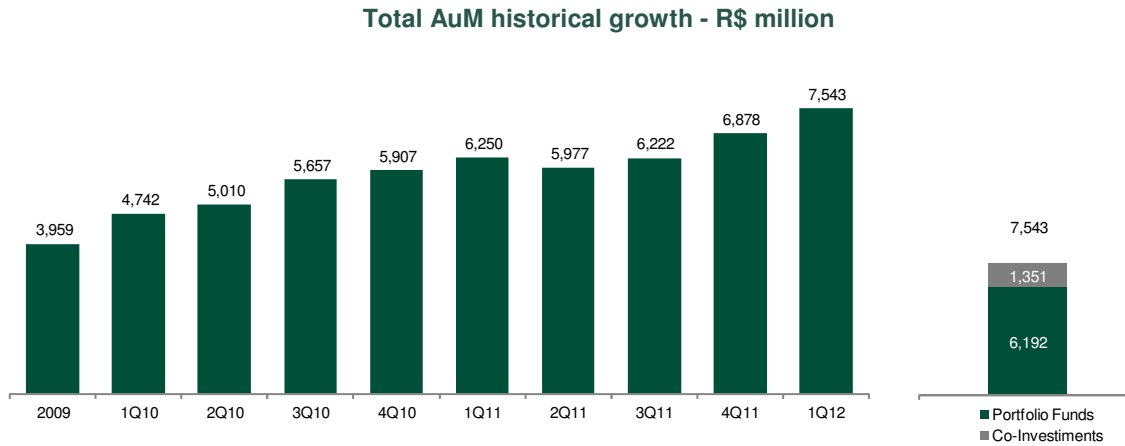
We are looking at long-term time frames to capture the potential value of each investment.

Value Creation

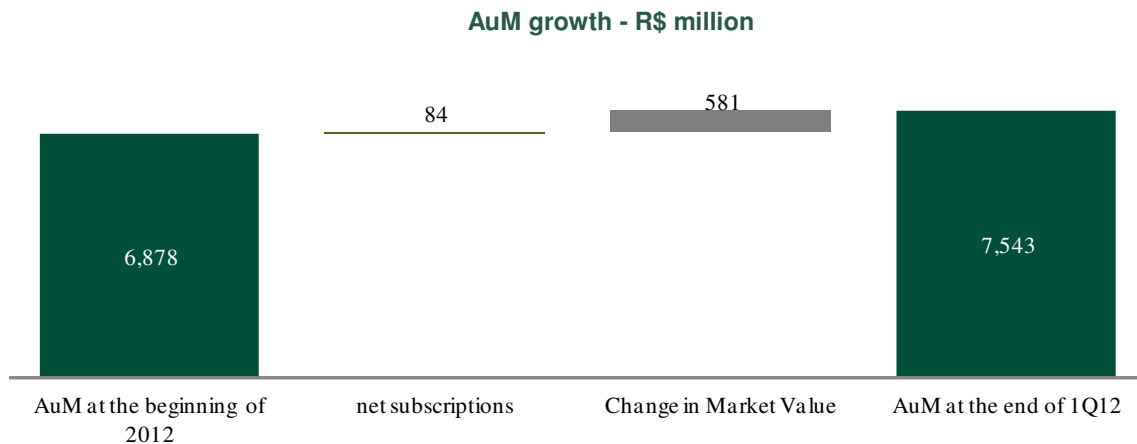
We often work to develop a value creation agenda together with our invested companies.

Assets under management

Our assets under management (“AuM”) amounted to R\$7.5 billion as of March 31st 2012, an increase of 10% when compared to R\$6.9 billion AuM as of December 31st 2011 and an increase of 21% when compared to the first quarter of 2011.

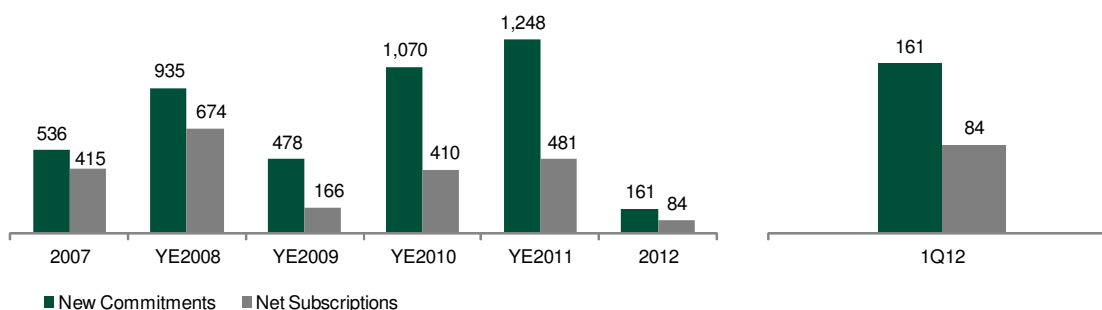


The AuM reflected net subscriptions of R\$ 84 million in the quarter as well as the impact of R\$ 581 million of change in market value of Portfolio Fund’s (including changes in asset prices and exchange rates).



New commitments: the Tarpon Funds received net commitments (new commitments net of redemptions paid in the quarter) in the amount of R\$84 million during the quarter.

Commitments - R\$ million



Investment Strategy

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

Portfolio Funds

(Public and private equity investments)

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

As of March 31st 2012, AuM allocated to the strategy amounted to R\$6.2 billion.

Co-Investment Strategy

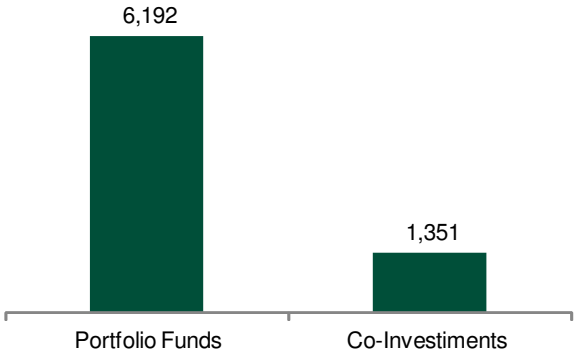
(Public and private equity investments)

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

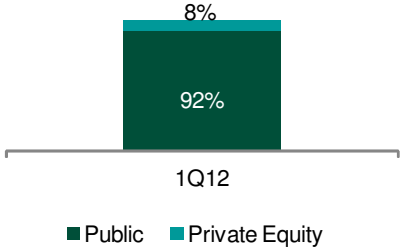
As of March 31st 2012, AuM allocated to the co-investment strategy amounted to R\$1.4 billion.

As indicated in the chart below, public-equity allocation accounted for 92% of our AUM in terms of invested capital. Private-equity investments, at fair value, accounted for the remaining 8%.

AuM by investment strategy – R\$ million



AuM by investment approach
(invested capital)

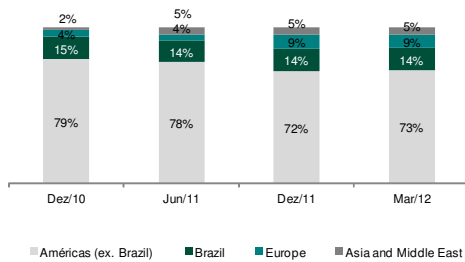


Investor base

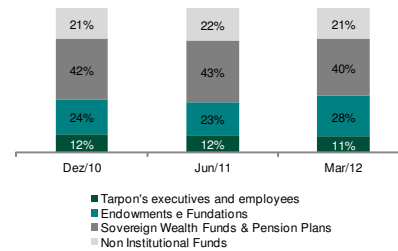
We aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with a long-term investment profile.

As of March 31st, 2012, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds accounted for 68% of total AuM. The capital invested by our executives and employees represented 11% of assets.

AuM by geographical region



AuM by investor type



Investment performance

During the quarter, the Portfolio Funds Long-Only Equity strategy posted positive net returns of 10.27% in R\$ and 13.19% in US\$. The accumulated annualized returns of this strategy is 32.86% in R\$ and 32.35% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of 8.49% (in US\$) in the quarter. Net annualized performance is 26.66% since launch.

We do not follow any stock market index as a performance benchmark. For illustrative purposes, during the quarter, Ibovespa and IBX Indexes posted returns of 13.67% and 11.82%, respectively (both in R\$).

Strategy	Inception	Performance ⁽¹⁾⁽²⁾					Since launch (annualized)
		1Q12	2012	LTM	2 years	5 years	
Portfolio Funds Long-Only Equity (R\$)	May 2002	10.27%	10.27%	10.48%	48.96%	133.84%	32.86%
Portfolio Funds Long-Only Equity (US\$)	May 2002	13.19%	13.19%	-3.50%	35.77%	140.98%	32.35%
Portfolio Funds Hybrid-Equity (US\$)	Oct 2006	8.49%	8.49%	-4.35%	45.81%	150.25%	26.66%
Stock market index		1Q12	2012	LTM	2 years	5 years	
Ibovespa (R\$)		13.67%	13.67%	-5.13%	-7.79%	40.84%	
IBX (R\$)		11.82%	11.82%	-0.48%	0.36%	47.67%	
Ibovespa (US\$)		17.02%	17.02%	-14.82%	-9.15%	58.49%	
IBX (US\$)		15.11%	15.11%	-10.65%	-1.12%	66.17%	

(1) Performance net of fees.

(2) Performance up to March 31st, 2012.

Financial highlights

Summary of results

<i>Financial highlights - R\$ million</i>		
	1Q12	1Q11
Gross revenues		
Management fees	19.1	15.1
Performance fees	8.5	77.3
Net revenues	26.3	87.3
Operating expenses	(9.1)	(6.6)
Recurring: general administration, payroll & others	(6.5)	(4.7)
Non recurring: stock option, variable comp., profit sharing	(2.6)	(1.9)
Results from operating activities	17.2	80.7
<i>Operating margin</i>	65%	92%
Results from financial activities	1.8	1.5
Finance Expense / Income	1.8	1.5
Income tax and social contribution	(7.0)	(28.6)
Net Income	12.0	53.6
<i>Net margin</i>	46%	61%
Earnings per share (R\$/share) *	0.25	1.18
O/S	48,193	45,760
AuM (end of period)	7,543	6,250

(*) – Earnings per share are calculated using the weighted average shares.

Note: the margins indicated are calculated over net operating revenues.

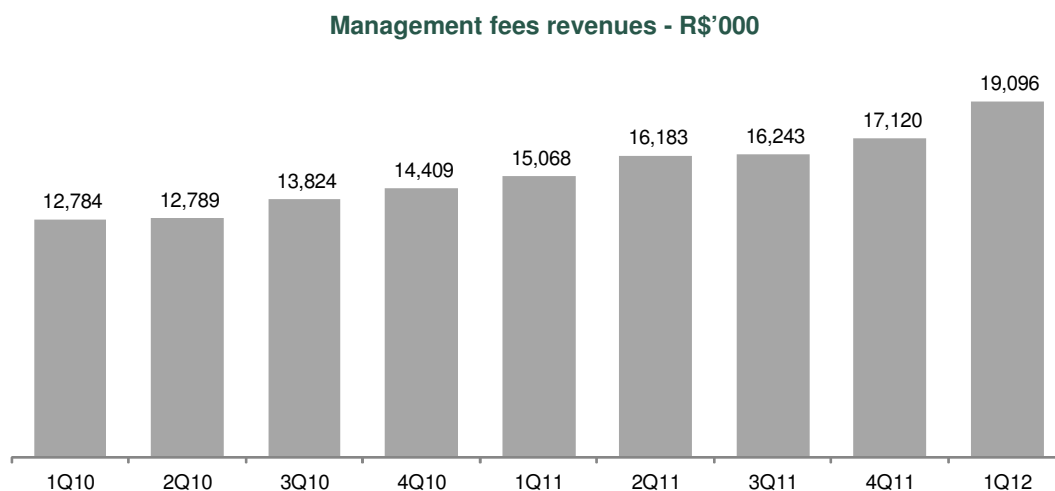
Operating revenues

Operating revenues are composed of revenues related to management fees – recurring and more predictable 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 rendered by the Tarpon Funds.

Revenues related to management fees

Management fees are charged on the Tarpon Funds on a monthly or quarterly basis, calculated over the amount of called capital.

During the quarter, gross revenues related to management fees amounted to R\$19.1 million, equivalent to 69% of the operating revenues on the quarter. These revenues increased 12% when comparing 1Q12 with 4Q11.



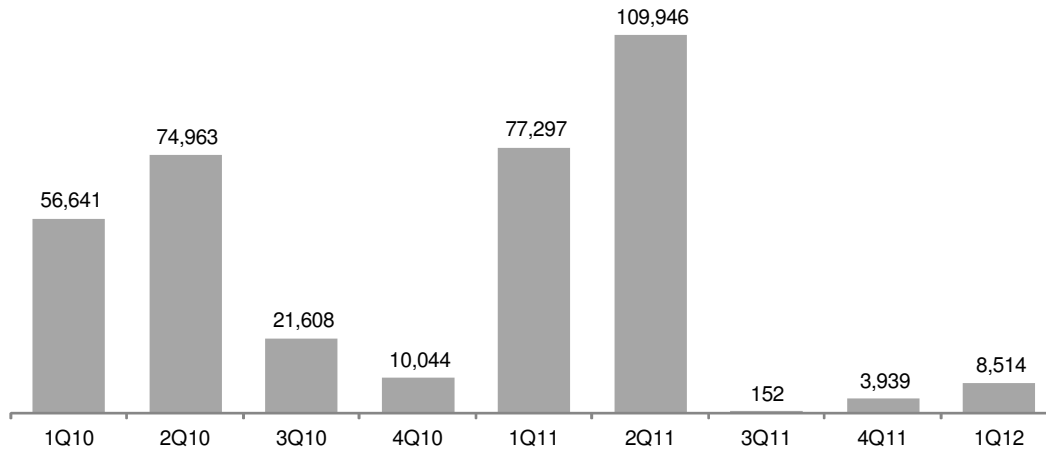
Revenues related to performance fees

The Tarpon Funds are entitled to collect performance fees when their performance exceeds certain hurdle rates. The majority of the Tarpon Funds' hurdles vary from 6% per year to an inflation index plus 6% per year.

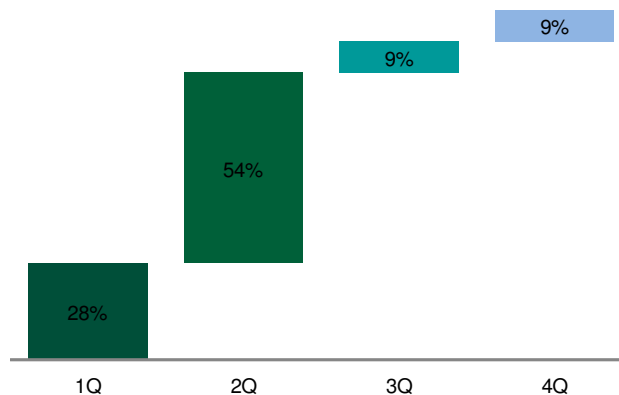
The Tarpon Funds include the concept of a high water mark. Performance fees are charged only if the net asset value (NAV) of the fund's shares exceeds the NAV of the previous date of performance fee collection, adjusted for the hurdle rate.

In the quarter, revenues related to performance fees amounted to R\$8.5 million, accounting for 31% of overall operating revenues. In the year, these revenues increased 116% when comparing with 4Q11 and decreased 89% when compared with 1Q11.

Performance fees revenues - R\$'000



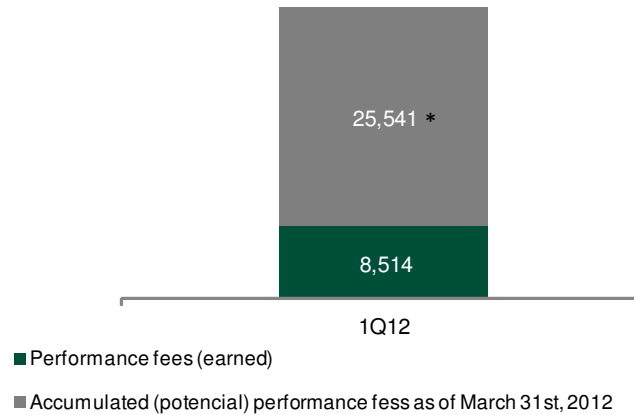
Below you will find our current performance collection schedule as a % of AuM, divided by quarter:



As of March 31st 2012, 24.39% of the Tarpon Funds' NAV was above their respective high water marks.

The Tarpon Funds are entitled to collect performance fees on distinct dates. As presented in the following chart, for illustrative purposes, if 100% of the Tarpon Fund's net asset value had been charged performance fees as of March 31st 2012, the additional amount in revenues related to performance fees would have been R\$25.5 million (potential revenues based on the net asset value of funds as of such date). As we cannot predict the Tarpon Funds' performance, we cannot guarantee that this potential amount will be owed to Tarpon at any future date. The amount shown below may differ substantially from the actual realized amount.

Performance fees revenues: earned and potential amount as of March 31th, 2012 – R\$'000

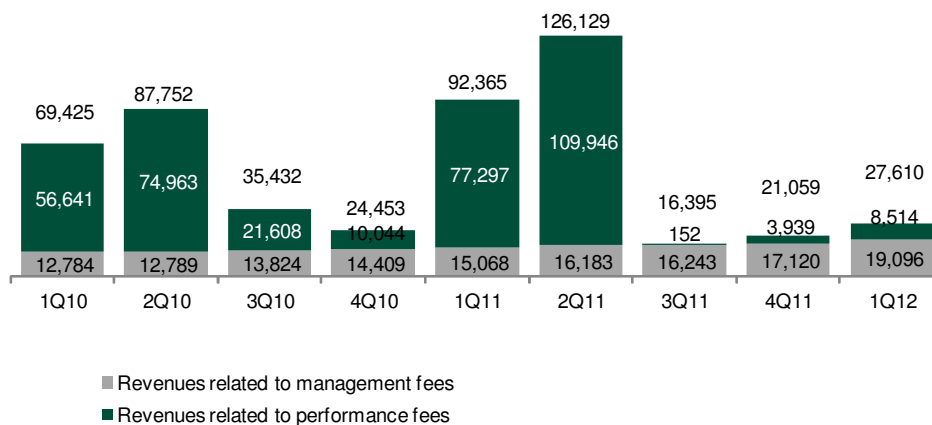


* As we cannot predict the Tarpon Funds' performance, we cannot guarantee that this potential amount will be owed to Tarpon at any future date. The amount shown below may differ substantially from the actual realized amount.

Total operating revenues

The amount of revenues related to management and performance fees totaled R\$27.6 million in the quarter a 31% increase over the amount recorded in the 4Q11. When compared to the same period of 2011 we identify a decrease of 70%.

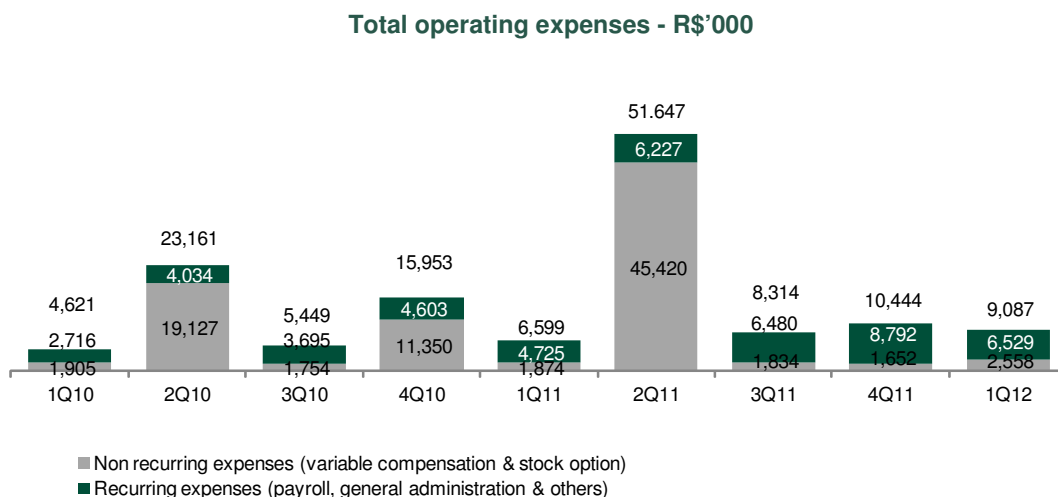
Total operating revenues - R\$'000



Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$9.1 million during 2012 (65% of operating margin).

The recurring portion of operating expenses is comprised of general and administrative expenses, payroll expenses, and other expenses related to depreciation and travel expenses. In the first quarter of 2012, recurring expenses totaled R\$6.5 million, equivalent to 72% of total operating expenses. When compared with 4Q11 we verify a decrease of 26% and an increase of 38% when compared with the same period of 2011.



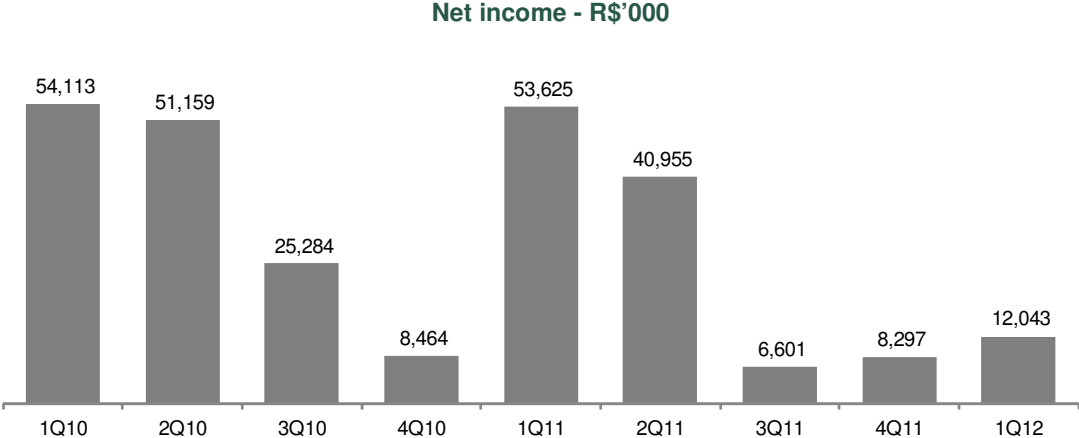
On the first quarter of 2012, non-recurring operating expenses amounted to R\$2.6 million, that amount includes variable compensation and provision of our stock option plan (with no cash impact).

Taxes

For 2012, income taxes and social contribution amounted to BRL 7.0 million.

Net Income

Net income in 2012 amounted to R\$12.0 million, representing a net margin of 46%.



Corporate Governance

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

LTM Performance

Tarpon Investimentos S.A.

O/S: 46,022,582

Stockmarket: BM&F Bovespa / Novo Mercado

Ticker: TRPN3

Listing: 05/26/2009

Share Price 05/07/2012: 14.06

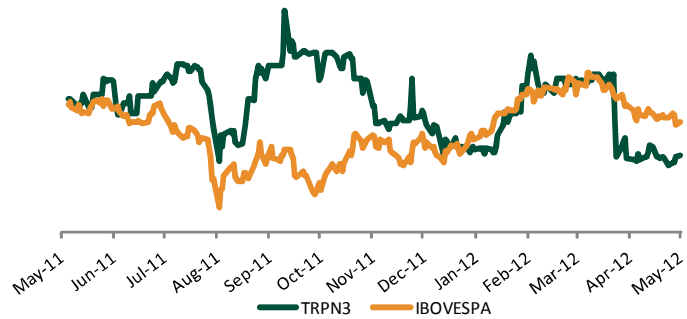
Market Cap: R\$647.1 million

Share Performance:

1Q12: -2.43%

YTD (May 7th): -2.01%

LTM: -12.54%



INCOME STATEMENT - CONSOLIDATED

<i>In R\$'000</i>	1Q12	1Q11
Net revenues	26,334	87,260
Personnel expenses	(3,934)	(2,693)
Stock option	(1,103)	(1,874)
Administrative expenses	(3,268)	(2,055)
Variable compensation	(728)	-
Other income/(expense)	(54)	23
Share of profit of equity accounted investees	-	-
Results from operating activities	17,247	80,661
Financial income / (expense)	1,808	1,525
Profit before income tax	19,055	82,186
Income tax and social contribution	(7,013)	(28,561)
Net income	12,043	53,625

BALANCE SHEET - CONSOLIDATED

<i>In R\$'000</i>	2012	2011
Assets		
Cash and cash equivalents	1,255	479
Financial assets measured at fair value through profit and loss	53,770	84,030
Trade receivables *	14,314	8,958
Other assets	4,088	30,955
Total current assets	73,427	124,422
Property, plants and equipments	2,294	2,253
Total non-current assets	2,294	2,253
Total assets	75,721	126,675
Current liabilities		
Accounts payable	681	592
Current tax liabilities	7,687	64,349
Payroll accruals	2,256	1,984
Dividends payable	-	8,451
Total current liabilities	10,624	75,376
Accounts payable	143	191
Total non-current liabilities	143	191
Equity		
Share capital	6,116	6,116
Capital reserve	26,507	26,507
Statutory reserve	6,116	6,116
Legal reserve	1,223	1,223
Adjustment of Conversion	104	133
Stock option	12,844	11,013
Retained earnings	12,043	-
Total equity	64,954	51,108
Total equity and liabilities	75,721	126,675

* Until 7th May, 2012, 100% of the trade receivables were received.

CASH FLOW - CONSOLIDATED

<i>In R\$'000</i>	1Q12	1Q11
Net income	12,043	53,625
Depreciation	122	67
Stock Option plan	1,831	1,874
Adjusted net income	13,996	55,566
Working capital	(29,481)	17,109
Trade receivables	(5,356)	(67,053)
Net cash provided by (used in) operating activities	(20,841)	5,622
Change in permanent assets	(192)	-
Change in financial assets	30,260	15,491
Dividends paid	(8,451)	(33,713)
Exercise of stock option plan	-	12,388
Net cash provided by (used in) financing activities	21,617	(5,834)
Net increase (decrease) in cash and cash equivalents	776	(212)
Cash and cash equivalents at the beginning of the quarter/year	479	294
Cash and cash equivalents at the end of Quarter	1,255	82

Contact

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Disclaimer

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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. The company does not commit to publish any revisions and does not commit to update the projections and estimates with regards to any future events or circumstances that may occur after the date of this document.

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