

2Q12 - 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 managed 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.

2Q12 Conference Call

[Call in English](#)

Date: Wednesday, August 8th 2012

Time:

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

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STOCK MARKET

Information as of: 08/06/2012

Market cap:

R\$605.7 million

Stock quote TRPN3: R\$12.40

O/S: 47,849,129

2Q12 - Highlights

Service gross revenues related to asset management business amounted to R\$ 32.2 million in the second quarter of 2012.

✓ **Portfolio Funds performance:**

	<u>2Q12</u>	<u>2Q11</u>
Long-Only Equity in R\$	-7.5%	-6.2%
Long-Only Equity in US\$	-16.4%	-3.5%
Hybrid-Equity in US\$	-14.5%	1.0%
Ibovespa index in R\$	-15.7%	-9.0%
IBX index in R\$	-10.1%	-7.3%

✓ **New commitments:** On the quarter Tarpon Funds received net redemptions in the amount of R\$ 32 million;

✓ **Assets under management:** R\$5.8 billion of Portfolio Funds strategies and R\$ 1.3 billion of Co-Investment strategy, amounting R\$ 7.0 billion of assets under management 18% increase over June 30, 2011 and a decrease of 7% when compared to March 31, 2012;

✓ **Operating revenues:**

Revenues related to management fees: R\$21.3 million in 2Q12 and R\$40.4 million in 2012.

Revenues related to performance fees: R\$10.9 million in 2Q12 and R\$19.4 million in 2012.

✓ **Net income:** R\$12.1 million in 2Q12 and R\$24.1 million in the half year of 2012.



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.

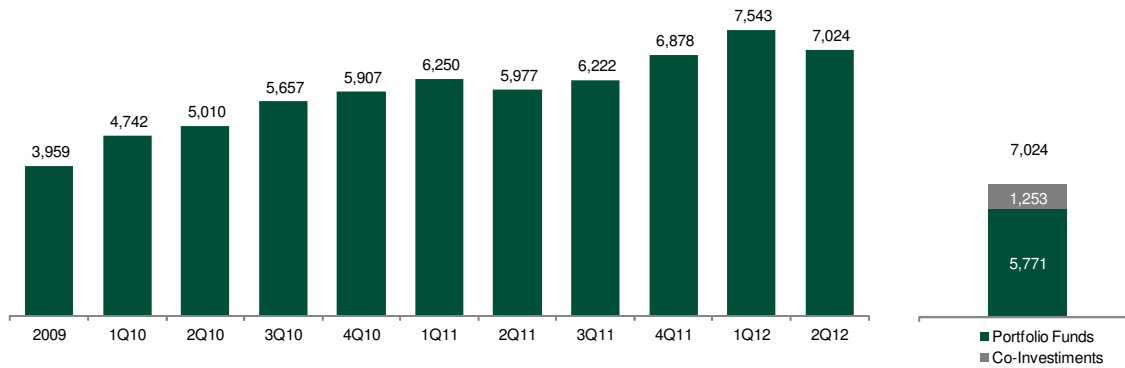
Value Creation

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

Assets under management

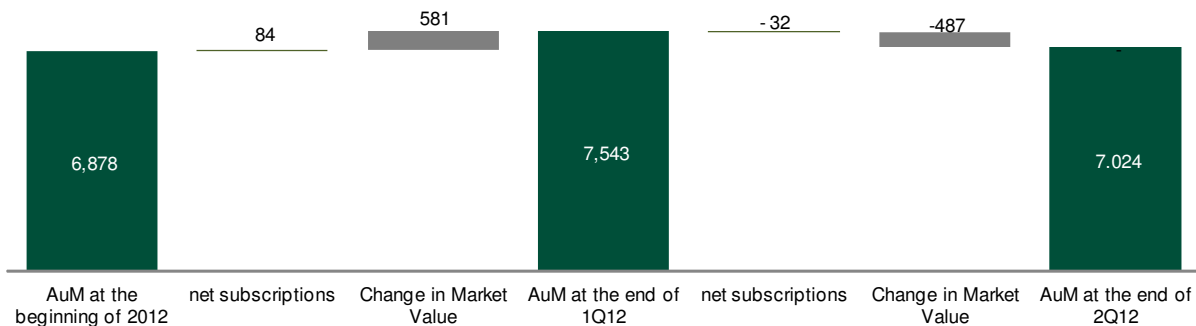
Our assets under management (“AuM”) amounted to R\$7.0 billion as of June 30th 2012, a decrease of 7% when compared to R\$7.5 billion AuM as of March 31st 2012 and an increase of 18% when compared to the second quarter of 2011.

Total AuM historical growth - R\$ million



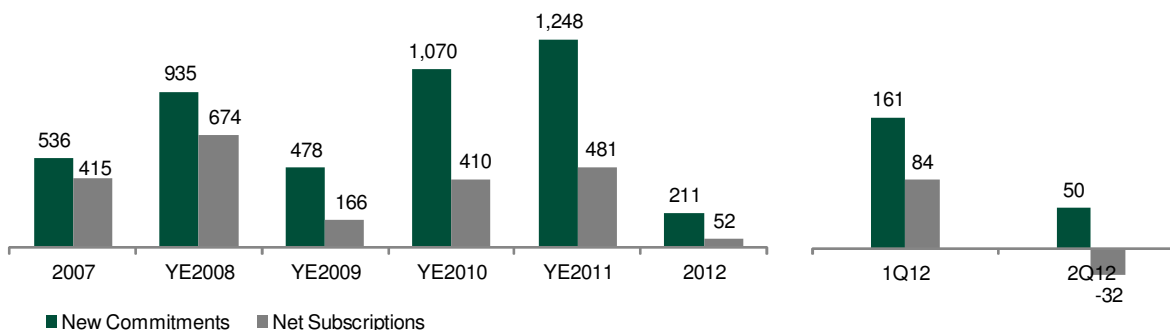
The AuM reflected the impact of R\$ 487 million of change in market value of Portfolio Fund’s (including changes in asset prices and exchange rates) and net redemptions of R\$ 32 million in the quarter.

AuM growth - R\$ million



New commitments: the Tarpon Funds received net redemptions (new commitments net of redemptions paid in the quarter) in the amount of R\$32 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 June 30th 2012, AuM allocated to the strategy amounted to R\$5.8 billion.

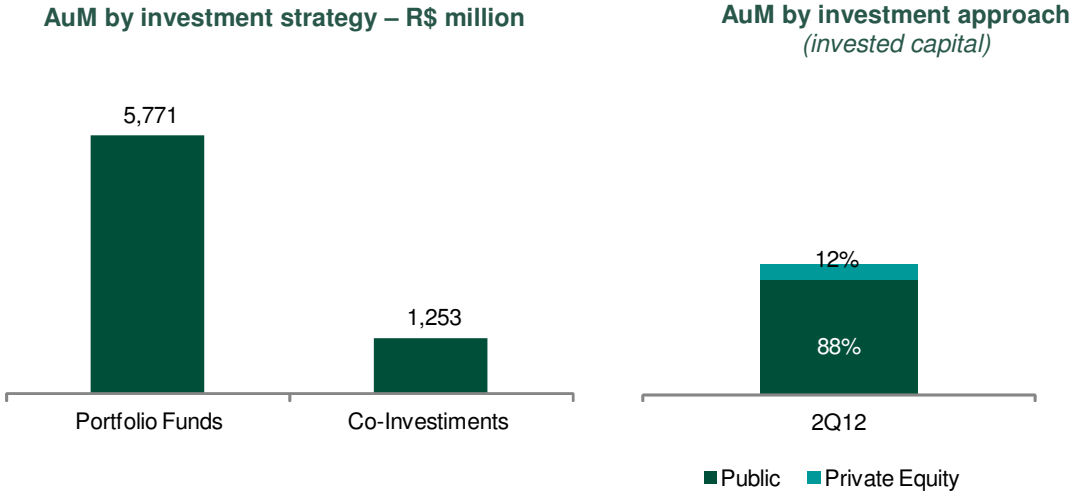
Co-Investment Strategy

(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 June 30th 2012, AuM allocated to the co-investment strategy amounted to R\$1.3 billion.

As indicated in the chart below, public-equity allocation accounted for 88% of our AUM in terms of invested capital. Private-equity investments, at fair value, accounted for the remaining 12%.

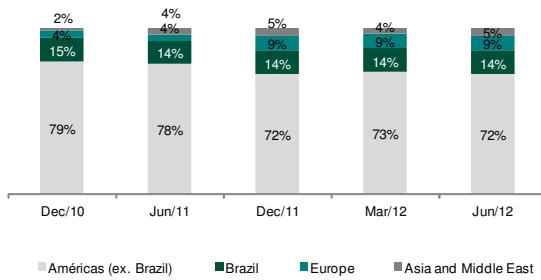


Investor base

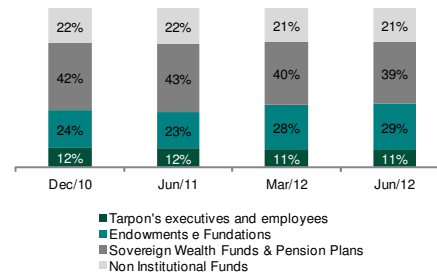
We aim to attract and retain a sophisticated investor base that is aligned with our investment philosophy and with a long-term investment profile.

As of June 30th, 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 net returns of -7.51% in R\$ and -16.43% in US\$. The accumulated annualized returns of this strategy is 30.89% in R\$ and 29.11% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of -14.47% (in US\$) in the quarter. Net annualized performance is 22.00% 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 -15.74% and -10.08%, respectively (both in R\$), returns in US\$ were -24.05% and -18.95% for Ibovespa and IBX, respectively.

Strategy	Inception	Performance ⁽¹⁾⁽²⁾					Since launch (annualized)
		2Q12	2012	LTM	2 years	5 years	
Portfolio Funds Long-Only Equity (R\$)	May 2002	-7.51%	1.98%	9.02%	28.88%	101.94%	30.89%
Portfolio Funds Long-Only Equity (US\$)	May 2002	-16.43%	-5.41%	-16.41%	7.21%	80.24%	29.11%
Portfolio Funds Hybrid-Equity (US\$)	Oct 2006	-14.47%	-7.21%	-19.02%	16.46%	92.06%	22.00%
Stock market index		2Q12	2012	LTM	2 years	5 years	
Ibovespa (R\$)		-15.74%	-4.23%	-12.9%	-10.80%	-0.07%	
IBX (R\$)		-10.08%	0.54%	-4.49%	3.98%	13.27%	
Ibovespa (US\$)		-24.05%	-11.12%	-32.73%	-20.50%	-4.77%	
IBX (US\$)		-18.95%	-6.69%	-26.24%	-7.33%	7.94%	

(1) Performance net of fees.

(2) Performance up to June 30th, 2012.

Financial highlights

Summary of results

<i>Financial highlights - R\$ million</i>				
	2Q12	2Q11	1H12	1H11
Gross revenues				
Management fees	21.3	16.2	40.4	31.3
Performance fees	10.9	109.9	19.4	187.2
Net revenues	31.2	119.2	57.5	206.4
Operating expenses	(12.6)	(51.6)	(21.7)	(58.2)
Recurring: general administration, payroll & others	(7.3)	(6.2)	(13.9)	(11.0)
Non recurring: stock option, variable comp., profit sharing	(5.2)	(45.4)	(7.8)	(47.3)
Results from operating activities	18.6	67.5	35.9	148.2
<i>Operating margin</i>	60%	57%	62%	72%
Results from financial activities	0.8	2.4	2.6	4.0
Finance Expense / Income	0.8	2.4	2.6	4.0
Income tax and social contribution	(7.3)	(29.0)	(14.3)	(57.5)
Net Income	12.1	41.0	24.1	94.6
<i>Net margin</i>	39%	34%	42%	46%
Earnings per share (R\$/share) *	0.26	0.89	0,51	2.07
O/S	46,023	45,760	46,023	45,760
AuM (end of period)	7,024	5,977	7,024	5,977

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

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

Operating revenues

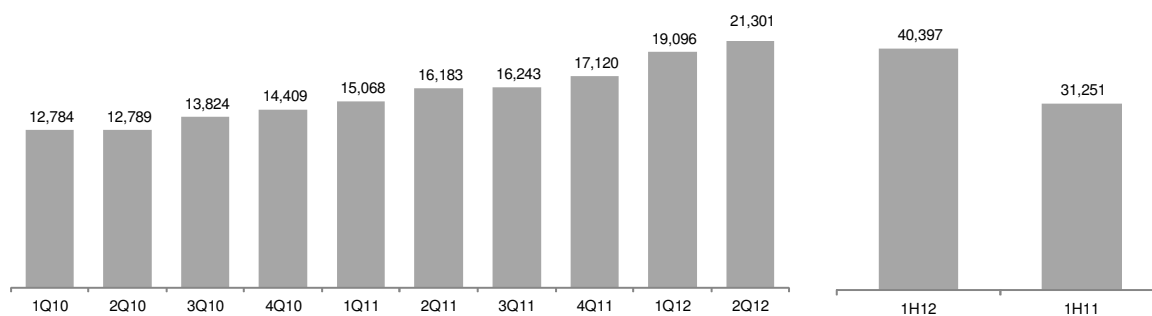
Operating revenues are composed of revenues related to management fees – recurring income flow based on the Tarpon Funds' net asset value – and revenues related to performance fees income flow with higher volatility based on the performance rendered by the Tarpon Funds.

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\$21.3 million, equivalent to 66% of the operating revenues on the quarter. These revenues increased 12% when comparing 2Q12 with 1Q12 and a 32% increase when compared to 2Q11.

Management fees revenues - R\$'000



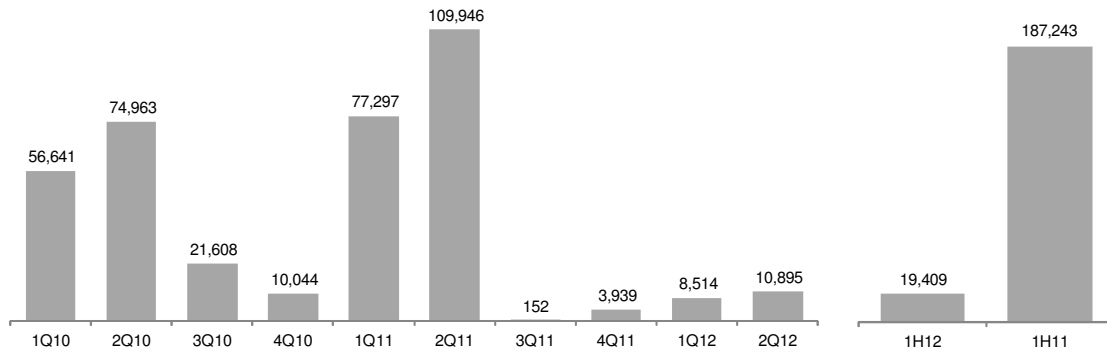
Revenues related to performance fees

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.

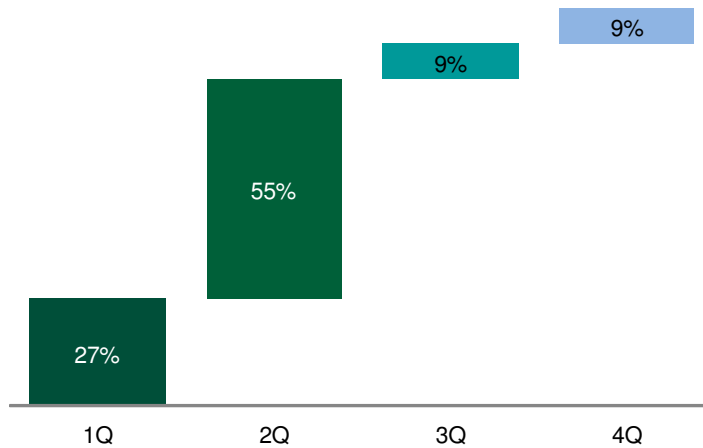
The Tarpon Funds include the concept of a high water mark. Performance fees are charged only if the net asset value (NAV) of the fund's shares exceeds the NAV of the previous date of performance fee collection, adjusted for the hurdle rate.

In the quarter, revenues related to performance fees amounted to R\$10.9 million, accounting for 34% of overall operating revenues. In the year, these revenues increased 28% when comparing with 1Q12 and decreased 90% when compared with 2Q11.

Performance fees revenues - R\$'000



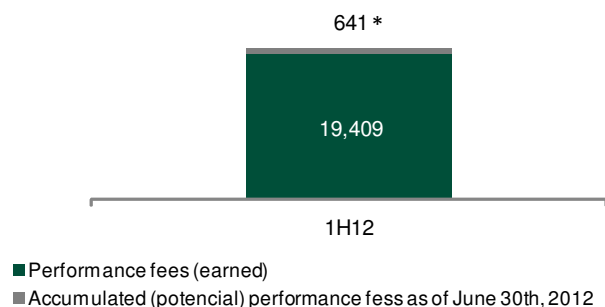
Below you will find our current performance collection schedule as a % of AuM, divided by quarter:



As of June 30th, 2012, 2.56% 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 June 30th 2012, the additional amount in revenues related to performance fees would have been R\$641 thousand (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 June 30th, 2012 – R\$'000

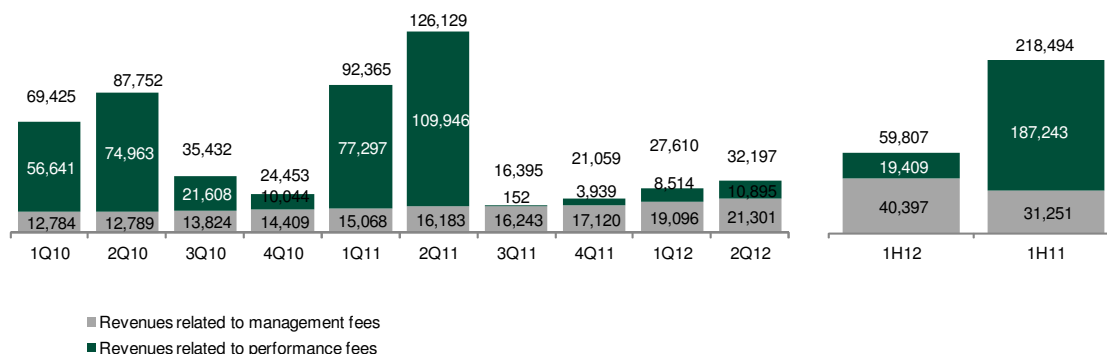


* As we cannot predict the Tarpon Funds' performance, we cannot guarantee that this potential amount will be owed to Tarpon at any future date. The amount shown below may differ substantially from the actual realized amount.

Total operating revenues

The amount of revenues related to management and performance fees totaled R\$32.2 million in the quarter a 17% increase over the amount recorded in the 1Q12. When compared to the same period of 2011 we identify a decrease of 74%.

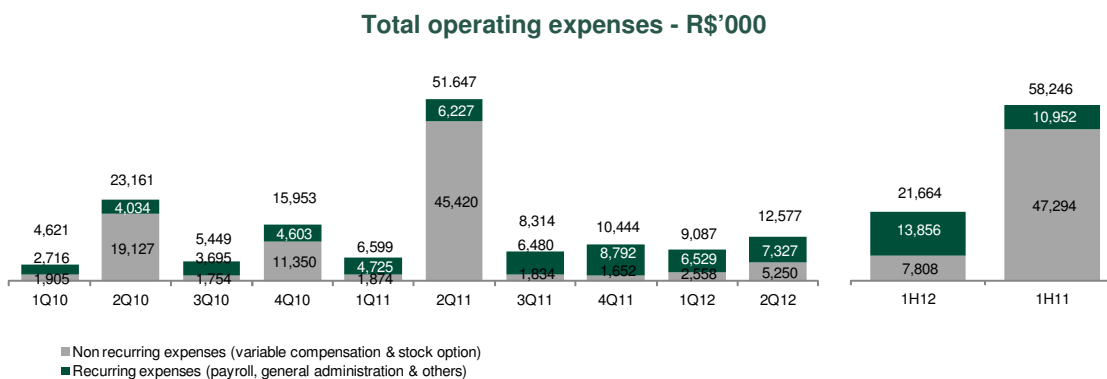
Total operating revenues - R\$'000



Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$12.6 million during the quarter (60% 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 second quarter of 2012, recurring expenses totaled R\$7.3 million, equivalent to 58% of total operating expenses. When compared with 1Q12 we verify an increase of 13% and an increase of 18% when compared with the same period of 2011.



On the second quarter of 2012, non-recurring operating expenses amounted to R\$5.3 million, that amount includes variable compensation and provision of our stock option plan (with no cash impact).

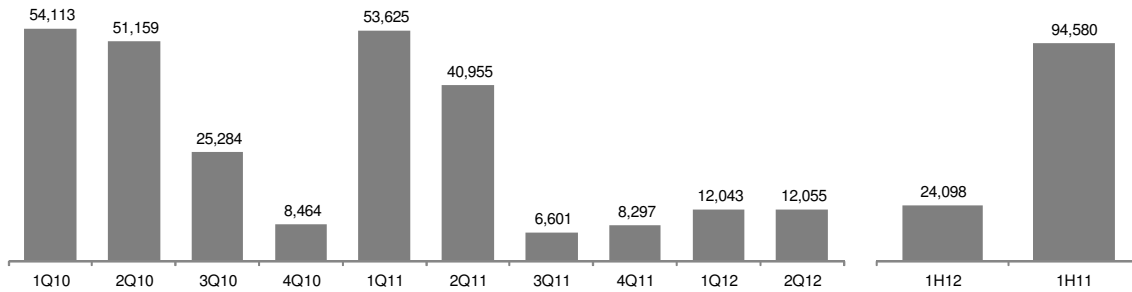
Taxes

For 2012, income taxes and social contribution amounted to BRL 14.3 million.

Net Income

Net income in 2012 amounted to R\$12.1 million in the 2Q12 and R\$24.1 in 2012, representing a net margin of 42%.

Net income - R\$'000

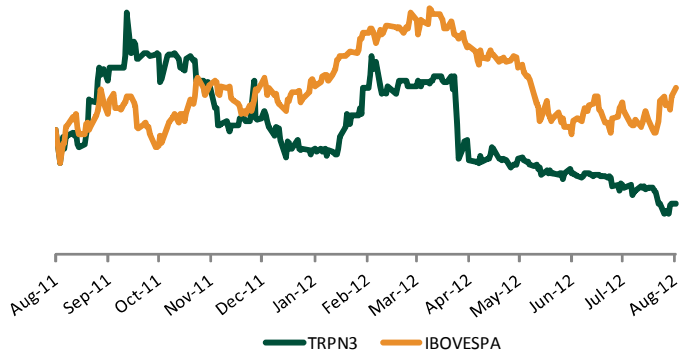


Corporate Governance

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

LTM Performance

Tarpon Investimentos S.A.
O/S: 47,849,129
Stockmarket: BM&F Bovespa / Novo Mercado
Ticker: TRPN3
Listing: 05/26/2009
Share Price 08/06/2012: 12.40
Market Cap: R\$605.7 million
Share Performance:
2Q12: -7.14%
YTD (August 6th): -13.58%
LTM: -17.56%



INCOME STATEMENT - CONSOLIDATED

<i>In R\$'000</i>	1Q12	1Q11	1H12	1H11
Net revenues	31,204	119,150	57,539	206,410
Personnel expenses	(3,299)	(2,417)	(6,692)	(5,110)
Stock option	(1,814)	(1,795)	(3,645)	(3,669)
Administrative expenses	(3,178)	(3,584)	(6,446)	(5,639)
Variable compensation	(3,435)	(43,625)	(3,975)	(43,625)
Other income/(expense)	(852)	(226)	(906)	(203)
Share of profit of equity accounted investees	-			
Results from operating activities	18,627	67,503	35,875	148,164
Financial income / (expense)	750	2,430	2,558	3,955
Profit before income tax	19,377	69,933	38,433	152,119
Income tax and social contribution	(7,322)	(28,978)	(14,335)	(57,539)
Net income	12,055	40,955	24,098	94,580

BALANCE SHEET - CONSOLIDATED

<i>In R\$'000</i>	2012	2011
Assets		
Cash and cash equivalents	3,306	479
Financial assets measured at fair value through profit and loss	39,172	84,030
Trade receivables *	13,832	8,958
Deffered taxes	1,862	-
Other assets	10,775	30,955
Total current assets	68,947	124,422
Property, plants and equipments	2,188	2,253
Total non-current assets	2,188	2,253
Total assets	71,135	126,675
Current liabilities		
Accounts payable	571	592
Current tax liabilities	18,002	64,349
Payroll accruals	5,760	1,984
Dividends payable	7,957	8,451
Total current liabilities	32,290	75,376
Accounts payable	37	191
Total non-current liabilities	37	191
Equity		
Share capital	6,116	6,116
Capital reserve	-	26,507
Statutory reserve	3,317	6,116
Legal reserve	1,223	1,223
Treasury shares	(3,188)	-
Equity adjustments	58	-
Adjustment of Conversion	483	133
Stock option	14,658	11,013
Retained earnings	16,141	-
Total equity	38,808	51,108
Total equity and liabilities	71,135	126,675

* Until 6th August, 2012, 100% of the trade receivables were received.

CASH FLOW - CONSOLIDATED

<i>In R\$'000</i>	1H12	1H11
Net income	24,098	94,580
Depreciation	248	134
Stock Option plan	3,645	3,669
Adjusted net income	27,991	98,383
Working capital	(24,428)	80,068
Trade receivables	(4,874)	(94,162)
Net cash provided by (used in) operating activities	(1,369)	84,289
Change in permanent assets	(199)	(133)
Change in financial assets	44,858	(62,003)
Adjustment of Conversion	483	-
Dividends paid	(8,451)	(33,713)
Exercise of stock option plan	-	12,388
Treasury shares	(32,495)	-
Net cash provided by (used in) financing activities	4,196	(83,461)
Net increase (decrease) in cash and cash equivalents	2,827	828
Cash and cash equivalents at the beginning of the quarter/year	479	294
Cash and cash equivalents at the end of Quarter	3,306	1,122

Contact

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Disclaimer

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

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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