



Tarpon Investimentos S.A.

**Individual and consolidated interim
financial statements
Quarter ended September 30, 2011**

This document is a free translation from the official “Demonstrações Financeiras Intermediárias individuais e consolidadas - trimestre findo em 30 de setembro de 2011” of the Company submitted to CVM. It is for information purposes only. Any decision made should be based on the official document, available on the CVM website. In case of discrepancy, the Portuguese version should prevail.



Tarpon Investimentos S.A.

Individual and consolidated interim financial statements

Quarter ended September 30, 2011

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Management Report

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.

Third quarter 2011 - Highlights

3Q11 Conference Call

[Call in English](#)

Date: Friday, November 11th 2011

Time:
12:00 pm (Brasilia)
9:00 am (US East)

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Code: Tarpon

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Service gross revenues related to asset management business amounted to R\$ 16.4 million in the third quarter of 2011 and R\$ 234.9 million in the nine months of 2011.

✓ **Portfolio Funds performance:**

	<u>3Q11</u>	<u>Jan – Sep 2011</u>
Long-Only Equity in R\$	(0.8)%	(2.4)%
Long-Only Equity in US\$	(16.7)%	(15.0)%
Hybrid-Equity in US\$	(18.5)%	(9.6)%
Ibovespa index in R\$	(16.1)%	(24.5)%
IBX index in R\$	(13.1)%	(18.9)%

✓ **New commitments:** Tarpon Funds received net commitments in the amount of R\$ 222 million;

✓ **Assets under management:** R\$5.1 billion of Portfolio Funds strategies and R\$ 1.2 billion of Co-Investment strategy, amounting R\$ 6.2 billion of assets under management. 10% increase over September 30th 2010;

✓ **Operating revenues:**

Revenues related to management fees: R\$16.2 million in 3Q11, and R\$ 47.5 million in 2011.

Revenues related to performance fees: R\$0.2 million in 3Q11, and R\$ 187.4 million in 2011.

✓ **Net income:** R\$6.6 million during the third quarter of 2011.

STOCK MARKET

Information as of: 11/08/2011

Market cap:
R\$771.1 million
Stock quote TRPN3: R\$16.00
O/S: 48,193,455



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 time, 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.

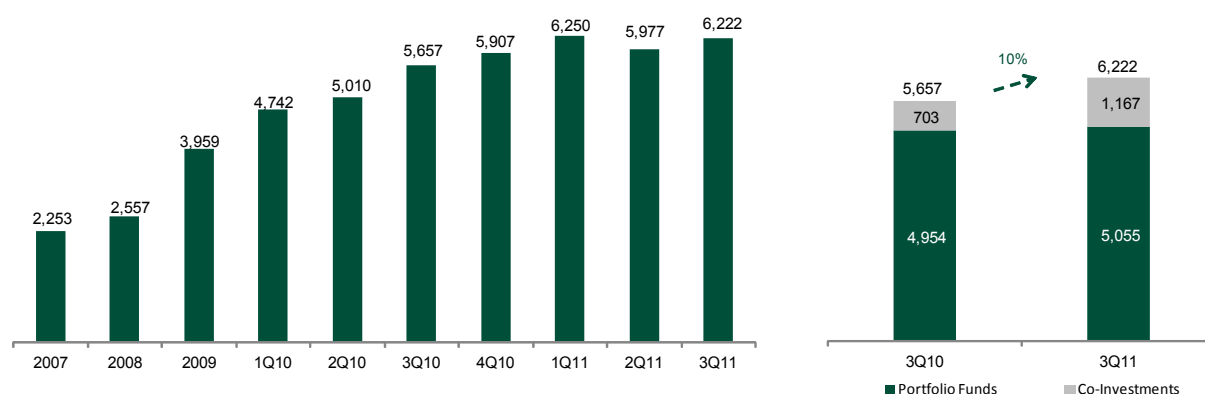
Value Creation

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

Assets under management

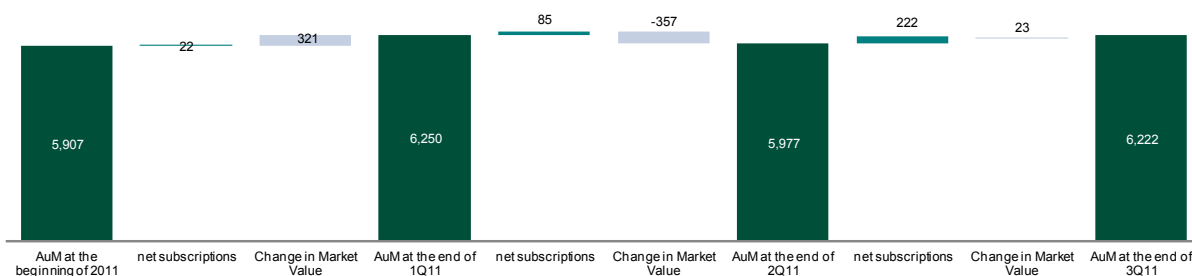
Our assets under management (“AuM”) amounted to R\$6.2 billion as of September 30th 2011, an increase of 10% when compared to R\$5.6 billion AuM as of September 30th 2010 and an increase of 4% when compared to the second quarter of 2011.

Total AuM historical growth - R\$ million



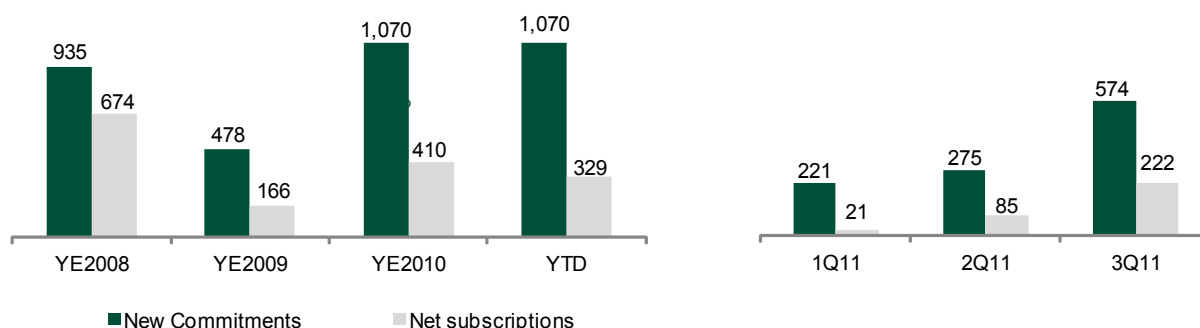
The AuM reflected net subscription of R\$ 222 million in the third quarter of 2011 as well as the impact of R\$ 23 million of change in market value of Portfolio Fund's (including changes in asset prices and exchange rates).

AuM growth - R\$ million



New commitments: the Tarpon Funds received net commitments (new commitments net of redemptions paid in the quarter) in the amount of R\$222 million during the third quarter. The strategy of Tarpon's Portfolio Fund's fundraising effort is based on the capital recycling; replacing potential redemptions with new subscriptions of similar sizes. For the Co-investment strategy, we continue to attract investors for specific Co-Investment opportunities in assets where the Portfolio Funds have already reached their optimal exposure.

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 September 30th 2011, AuM allocated to the strategy amounted to R\$5.1 billion.

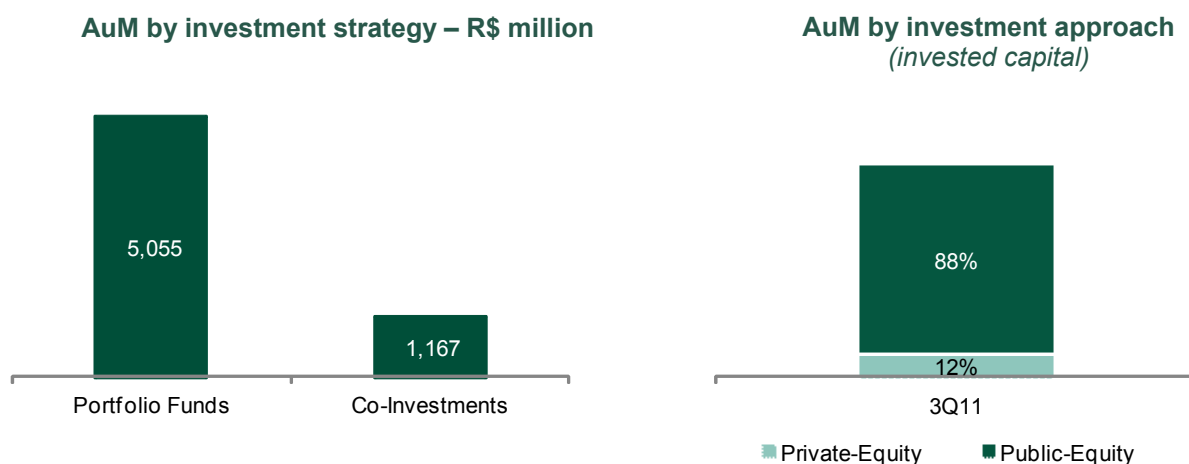
Co-Investment Strategy

(Public and private equity investments)

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

As of September 30th 2011, AuM allocated to the co-investment strategy amounted to R\$1.2 billion.

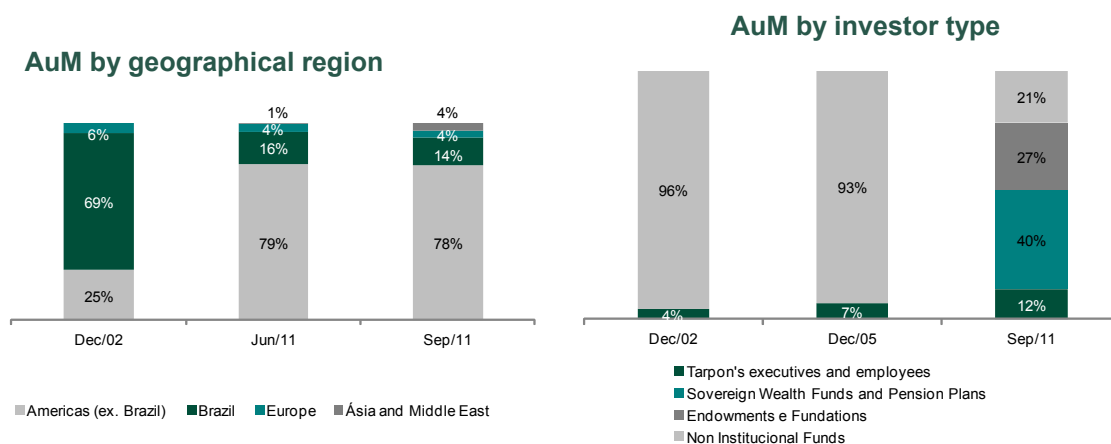
As indicated in the chart below, public-equity allocation accounted for 88% of our AUM in terms of invested capital. Private-equity investments, at fair value, accounted for the remaining 12%.



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 September 30th, 2011, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds accounted for 67% of total AuM. The capital invested by our executives and employees represented 12% of assets.



Investment performance

During the quarter, the Portfolio Funds Long-Only Equity strategy posted net returns of negative 0.8% in R\$ and negative 16.7% in US\$. The accumulated annualized returns of this strategy is 32.4% in R\$ and 31.7% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of negative 18.5% (in US\$) in the quarter. Net annualized performance is 25.8% 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 negative 16.1% and negative 13.1%, respectively (both in R\$).

Strategy	Inception	Performance ⁽¹⁾⁽²⁾					Since launch (annualized)
		3Q11	2011	LTM	2 years	5 years	
Portfolio Funds Long-Only Equity (R\$)	May 2002	-0.8%	-2.4%	5.1%	53.1%	170.9%	32.4%
Portfolio Funds Long-Only Equity (US\$)	May 2002	-16.7%	-15.0%	-8.3%	33.8%	182.0%	31.7%
Portfolio Funds Hybrid-Equity (US\$)	Oct 2006	-18.5%	-9.6%	-1.5%	48.9%	215.5%	25.8%
Stock market index		3Q11	2011	LTM	2 years	5 years	Since May 2002 (annualized)
Ibovespa (R\$)		-16.1%	-24.5%	-24.6%	-14.9%	43.5%	16.4%
IBX (R\$)		-13.1%	-18.9%	-17.5%	-7.9%	52.1%	19.6%
Ibovespa (US\$)		-29.4%	-32.1%	-31.1%	-18.4%	68.3%	19.5%
IBX (US\$)		-26.8%	-27.1%	-24.6%	-11.7%	78.4%	22.8%

(1) Performance net of fees.

(2) Performance up to September 30th, 2011.

Financial highlights

Summary of results

Financial highlights - R\$ million

	3Q 2011	9M 2011	3Q 2010	9M 2010
Gross revenues	16.4	234.9	35.4	192.6
Management fees	16.2	47.5	13.8	39.4
Performance fees	0.2	187.4	21.6	153.2
Net revenues	15.4	221.8	33.5	182.7
Operating expenses	(8.3)	(66.5)	(5.5)	(33.2)
Recurring: general administration, payroll & others	(6.5)	(17.4)	(3.7)	(10.4)
Non recurring: stock option, variable comp., profit sharing	(1.8)	(49.1)	(1.8)	(22.8)
Results from operating activities	7.1	155.3	28.0	149.5
<i>Operating margin</i>	57%	72%	84%	82%
Results from financial activities	3.9	7.9	1.6	3.5
Finance Expense / Income	3.9	7.9	1.6	3.5
Income tax and social contribution	(4.4)	(62.0)	(4.4)	(22.3)
Net Income	6.6	101.2	25.2	130.7
<i>Net margin</i>	34%	46%	75%	72%
Earnings per share (R\$/share) *	0,14	2,18	0,61	3,17
O/S	48,193	48,193	41,207	41,207
AuM (end of period)	6,222	6,222	5,657	5,657

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

Note: the margin indicated is calculated over net operating revenues.

Operating revenues

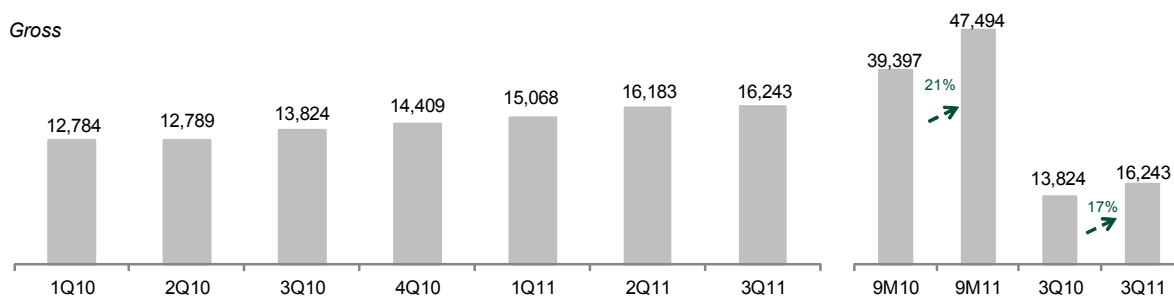
Operating revenues are composed of revenues related to management fees – recurring and more predictable income flow based on the Tarpon Funds’ net asset value – and revenues related to performance fees income flow with higher volatility based on the performance rendered by the Tarpon Funds.

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\$16.2 million, equivalent to 99% of the operating revenues on the quarter. In the year, revenues related to management fees were R\$47.5 million or 20% of operating revenues on the year. These revenues increased 17% when comparing 3Q11 with 3Q10 and 21% when comparing 9M11 with 9M10.

Management fees revenues - R\$'000



Revenues related to performance fees

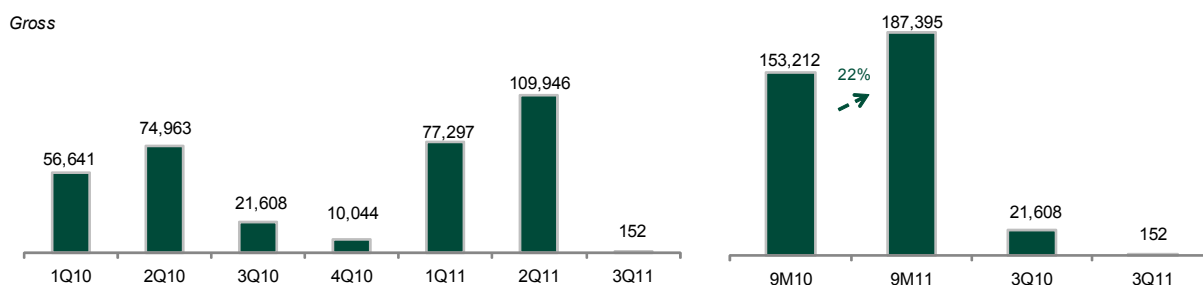
The Tarpon Funds are entitled to collect performance fees when their performance exceeds certain hurdle rates. The majority of the Tarpon Funds' hurdles vary from 6% per year to an inflation index plus 6% per year.

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.

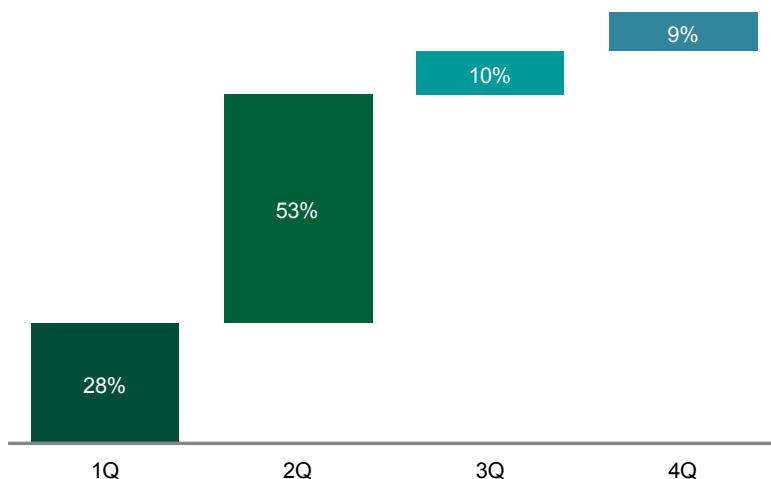
In the quarter, revenues related to performance fees amounted to R\$152 thousand, accounting for 1% of overall operating revenues in the quarter. In the year, revenues related to performance fees accounted for R\$ 187.4 million or 80% of Tarpon's total revenues.

Up to September 30th, 2011, performance fees revenues totaled R\$ 187.4 million as a result of superior performance delivered by the Tarpon Funds on the first half-year.

Performance fees revenues - R\$'000



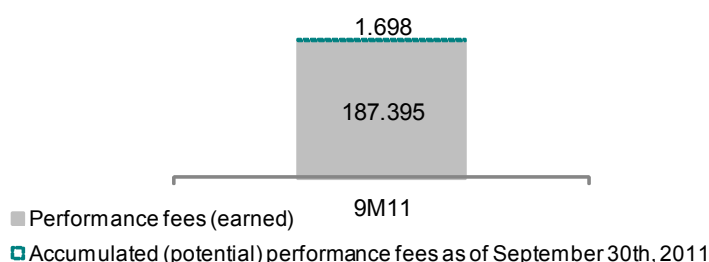
Below you will find our current performance collection schedule as a % of AuM, divided by quarter:



As of September 30th 2011, 3% 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 chart below, for illustrative purposes, if 100% of the Tarpon Fund's net asset value had been charged performance fees as of September 30th 2011, the additional amount in revenues related to performance fees would have been R\$1.7 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.

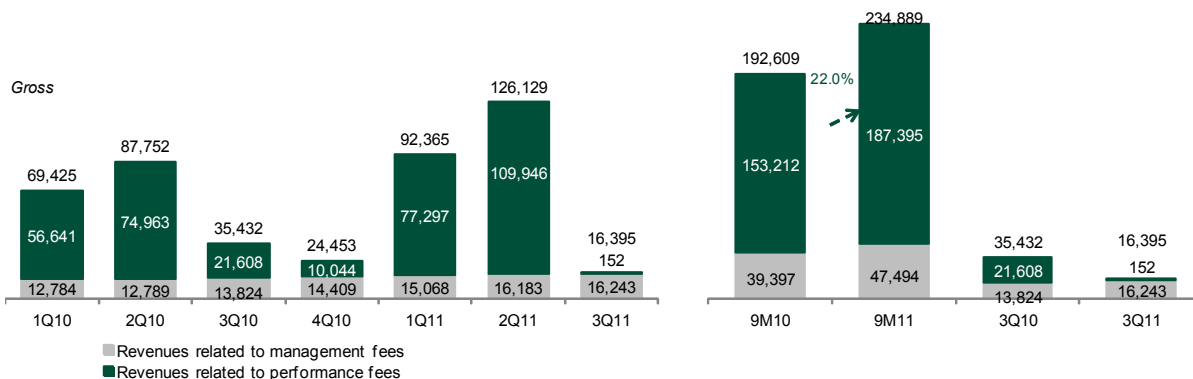
Performance fees revenues: earned and potential amount as of September 30th, 2011 – R\$'000



Total operating revenues

The amount of revenues related to management and performance fees totaled R\$16.4 million in the third quarter a 54% decrease over the amount recorded in the same period of 2010. In the nine months of 2011, the operating revenue amounted R\$ 234.9 representing an increase of 22% when compared to the same period of 2010.

Total operating revenues - R\$'000

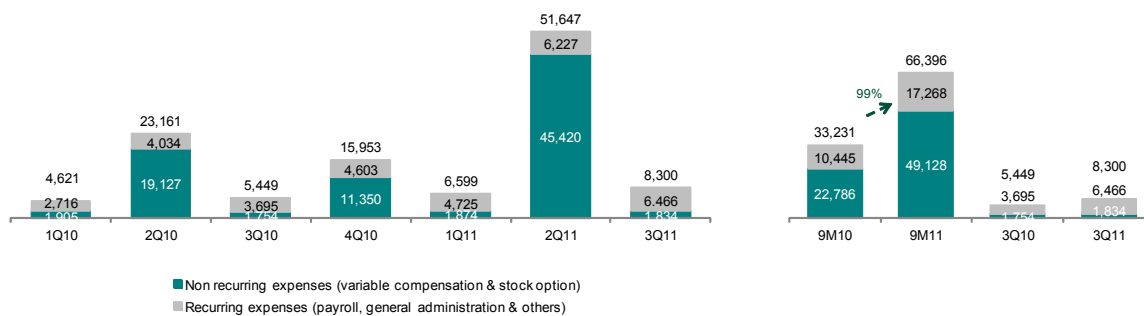


Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$8.3 million during the third quarter of 2011 (57% 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 3Q11, recurring expenses totaled R\$6.5 million, equivalent to 78% of total operating expenses. The difference between 3Q11 and 3Q10 is primarily due to an increase in headcount and overall office structure.

Total operating expenses - R\$'000



In 9M11, non-recurring operating expenses amounted to R\$49.1 million, that amount includes variable compensation, profit sharing program and provision of our stock option plan (with no cash impact).

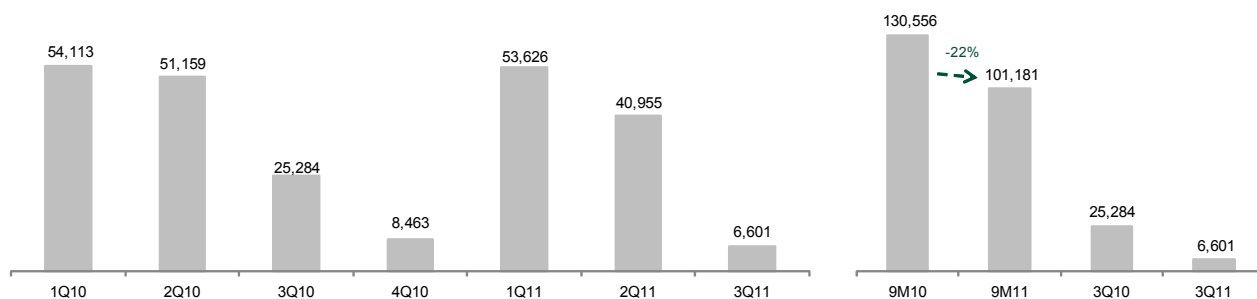
Taxes

For the 3Q 2011, income taxes and social contribution amounted to BRL 4.4 million. For the 9M ended September 30, 2011 income taxes were BRL 62.0. The increase in taxes, when compared to the same period of last year, is due to the increase in revenues.

Net Income

Net income in 3Q11 amounted to R\$6.6 million, representing a net margin of 34%.

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: 48,193,455

Stockmarket: BM&F Bovespa / Novo Mercado

Ticker: TRPN3

Listing: 05/26/2009

Share Price 11/08/2011: 16.00

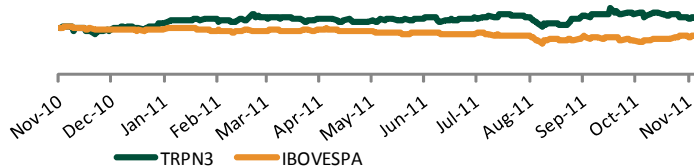
Market Cap: R\$771.1 million

Share Performance:

3Q11: 6.15%

YTD (November 8th): 7.4%

LTM: 14.80%



INCOME STATEMENT - CONSOLIDATED

<i>In R\$'000</i>	3Q11	9M11	3Q10	9M10
Net revenues	15,419	221,829	33,523	182,669
Personnel expenses	(3,581)	(8,691)	(1,762)	(5,369)
Stock option	(1,834)	(5,503)	(1,754)	(5,614)
Administrative expenses	(2,698)	(8,337)	(1,955)	(3,823)
Variable compensation	-	(43,625)	-	(17,172)
Other income/(expense)	(37)	(240)	22	(1,254)
Share of profit of equity accounted investees	(164)	(164)	-	(253)
Results from operating activities	7,105	155,269	28,074	149,184
Financial income / (expense)	3,935	7,890	1,596	3,512
Profit before income tax	11,040	163,159	29,670	152,696
Income tax and social contribution	(4,439)	(61,978)	(4,386)	(22,268)
Minorities	-	-	-	128
Net income	6,601	101,181	25,284	130,556

BALANCE SHEET - CONSOLIDATED

<i>In R\$'000</i>	3Q11	4Q10
Assets		
Cash and cash equivalents	168	294
Financial assets measured at fair value through profit and loss	78,651	45,217
Available for sale financial assets	-	-
Trade receivables *	5,689	21,282
Other assets	28,652	1,523
Total current assets	113,160	68,316
Investments in equity accounted investees	755	-
Property, plants and equipments	1,372	1,435
Total non-current assets	2,127	1,435
Total assets	115,287	69,751
Current liabilities		
Accounts payable	413	9,952
Current tax liabilities	62,561	6,396
Payroll accruals	2,502	1,319
Dividends payable	-	33,713
Total current liabilities	65,476	51,380
Accounts payable	228	381
Total non-current liabilities	228	381
Equity		
Share capital	6,116	4,180
Capital reserve	26,506	2,102
Statutory reserve	30	30
Legal reserve	836	836
Adjustment of Conversion	133	-
Stock option	9,361	10,842
Retained earnings	6,601	-
Total equity	49,583	17,990
Total equity and liabilities	115,287	69,751

* Until 8th November, 2011 approximately 100% of the trade receivables were received.

CASH FLOW - CONSOLIDATED

<i>In R\$'000</i>	3Q11	9M11	3Q10	9M10
Net income	6,601	101,181	25,284	130,556
Depreciation	61	195	31	58
Profit from equity accounted investees	164	164	-	125
Stock Option plan	1,834	5,503	1,754	5,614
Adjusted net income	8,660	107,043	27,069	136,353
Working capital	(59,541)	20,527	(25,307)	(1,691)
Trade receivables	109,755	15,593	50,111	(21,550)
Net cash provided by (used in) operating activities	58,874	143,163	51,873	113,112
Change in permanent assets	-	(132)	-	84
Change in financial assets	28,570	(33,434)	53,419	94
Dividends received	-	-	-	-
Change in investment in equity accounted investees	(786)	(786)	-	(1,349)
Dividends paid	(94,580)	(128,293)	(105,273)	(112,111)
Treasury shares	-	-	-	-
Exercise of stock option plan	6,968	19,356	-	176
Net cash provided by (used in) financing activities	(59,828)	(143,289)	(51,854)	(113,106)
Net increase (decrease) in cash and cash equivalents	(954)	(126)	19	6
Cash and cash equivalents at the beginning of the quarter/year	1,122	294	29	42
Cash and cash equivalents as of September 30th	168	168	48	48

Contact

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IR Officer



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Independent auditors' report on review of the individual and consolidated interim financial statements

The Board of Directors and Shareholders of
Tarpon Investimentos S.A.
São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim financial statements of Tarpon Investimentos S.A. for the quarter ended September 30, 2011, comprising the balance sheet as at September 30, 2011 and the related statements of income and comprehensive income for the three and nine-months periods then ended, and the changes in shareholders' equity and cash flows for the nine-months period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management is responsible for preparing the individual interim financial statements in accordance with CPC Technical Pronouncement 21 - *Demonstração Intermediária*, and the consolidated interim financial statements in accordance with CPC 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and for presenting this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM). Our responsibility is to express opinion conclusion on these interim financial statements based on our review.

Review scope

We conducted our review in accordance with Brazilian and International Standards on Review of interim information (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making enquiries, 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 International 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 individual interim financial statements

Based on our review, we are not aware of any fact that causes us to believe that the consolidated interim financial statements referred to above were not prepared, in all material respects, in accordance with CPC 21, applicable to the preparation of interim financial statements, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the consolidated interim financial statements

Based on our review, we are not aware of any fact that causes us to believe that the consolidated interim financial statements referred to above were not prepared, in all material respects, in accordance with CPC 21 and IAS 34, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Interim statement of added value

We have also reviewed the individual and consolidated interim statements of added value (DVA) for the nine-months period ended September 30, 2011, prepared under Management's responsibility, which presentation is required by the standards issued by the Brazilian Securities and Exchange Commission but is considered supplementary information under IFRS, which does not require the publication of the DVA. This statement was subject to the same review procedures described earlier and our review did not detect any facts that causes us to believe that the DVA was not prepared, in all material aspects, consistently with the individual and consolidated interim financial statements taken as a whole.

São Paulo, November 8, 2011

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original version in portuguese signed by
Jubran Pereira Pinto Coelho
Accountant CRC 1MG077045/O-0 T-SP

Tarpon Investimentos S.A.

Individual and consolidated balance sheets

September 30, 2011 and December 31, 2010

(In thousands of Reais)

Assets	Notes	Consolidated		Individual		Liabilities	Notes	Consolidated		Individual	
		9/30/11	12/31/11	9/30/11	12/31/10			09/30/11	12/31/11	9/30/11	12/31/10
Current						Current					
Cash and cash equivalents	4	416	294	168	294	Accounts payable	18c	466	9,952	413	9,952
Financial assets measured at fair value through profit or loss	5	78,651	45,217	78,651	45,217	Tax liabilities	18d	62,561	6,396	62,561	6,396
Receivables	7	5,689	21,282	5,689	21,282	Labor liabilities	18e	2,502	1,319	2,502	1,319
Other assets	18b	28,641	1,523	28,652	1,523	Statutory obligations	10c	-	33,713	-	33,713
		113,397	68,316	113,160	68,316			65,529	51,380	65,476	51,380
Non current						Non current					
Investments	8	-	-	755	-	Accounts payable		228	381	228	381
Property, plant and equipment	9	1,943	1,435	1,732	1,453			228	381	228	381
		1,943	1,435	2,127	1,435	Shareholders' equity					
						Capital	8a	6,116	4,180	6,116	4,180
						Capital reserves	8e	26,506	2,102	26,506	2,102
						Statutory reserve	8d	30	30	30	30
						Legal reserve	8b	836	836	836	836
						Stock option plan	12	9,361	10,842	9,361	10,842
						Translation reserve	8	133	-	133	-
						Retained earnings		6,601	-	6,601	-
						Equity attributable to controlling shareholders		49,583	17,990	49,583	17,990
						Total liabilities and shareholders 'equity		115,340	69,751	115,287	69,751
Total assets		115,340	69,751	115,287	69,751						

See the accompanying notes to the individual and consolidated interim financial statements.

Tarpon Investimentos S.A.

Individual and consolidated statements of income

Quarters and nine-month periods ended September 30, 2011 and 2010

(In thousands of Reais)

	Notes	Consolidated				Individual			
		Quarters ended September 30		Nine-month ended September 30		Quarters ended September 30		Nine-month ended September 30	
		2011	2010	2011	2010	2011	2010	2011	2010
Management fee		15,284	13,101	44,605	37,354	15,284	13,101	44,605	37,354
Performance fee		135	20,422	177,224	145,315	135	20,422	177,224	145,315
Net operating revenue	12	<u>15,419</u>	<u>33,523</u>	<u>221,829</u>	<u>182,669</u>	<u>15,419</u>	<u>33,523</u>	<u>221,829</u>	<u>182,669</u>
Operating revenue and expense									
Personnel expenses	18e	(3,581)	(1,762)	(52,316)	(22,541)	(3,581)	(1,762)	(52,316)	(22,541)
Stock option plan	14	(1,834)	(1,754)	(5,503)	(5,614)	(1,834)	(1,754)	(5,503)	(5,614)
Administrative expenses	13	(2,861)	(1,955)	(8,500)	(3,823)	(2,698)	(1,955)	(8,337)	(3,823)
Income(loss) with financial assets measured at fair value through profit or loss		3,935	1,596	7,890	3,512	3,935	1,596	7,890	3,512
Equity in net income of subsidiaries	8	-	-	-	(125)	(164)	-	(164)	(125)
Other operating revenue/(expenses)		(38)	22	(241)	(1,254)	(37)	22	(240)	(1,254)
		(4,379)	(3,853)	(58,670)	(29,845)	(4,379)	(3,853)	(58,670)	(29,845)
Operating income		<u>11,040</u>	<u>29,670</u>	<u>163,159</u>	<u>152,824</u>	<u>11,040</u>	<u>29,670</u>	<u>163,159</u>	<u>152,824</u>
Income tax and social contribution	15	<u>(4,439)</u>	<u>(4,386)</u>	<u>(61,978)</u>	<u>(22,268)</u>	<u>(4,439)</u>	<u>(4,386)</u>	<u>(61,978)</u>	<u>(22,268)</u>
Net income		<u>6,601</u>	<u>25,284</u>	<u>101,181</u>	<u>130,556</u>	<u>6,601</u>	<u>25,284</u>	<u>101,181</u>	<u>130,556</u>
Attributable to controlling shareholders		6,601	25,284	101,181	130,684	6,601	25,284	101,181	130,556
Attributable to non-controlling shareholders		-	-	-	(128)	-	-	-	-
Number of shares at period-end	11	<u>48,193</u>	<u>41,207</u>	<u>48,193</u>	<u>41,207</u>	<u>48,193</u>	<u>41,207</u>	<u>48,193</u>	<u>41,207</u>
Basic earnings per lot of one thousand shares, in R\$	11a	<u>0.14</u>	<u>0.61</u>	<u>2.18</u>	<u>3.17</u>	<u>0.14</u>	<u>0.61</u>	<u>2.18</u>	<u>3.17</u>
Diluted earnings per lot of one thousand shares, in R\$	11b	<u>0.12</u>	<u>0.46</u>	<u>1.96</u>	<u>2.49</u>	<u>0.12</u>	<u>0.46</u>	<u>1.96</u>	<u>2.49</u>

See the accompanying notes to the individual and consolidated interim financial statements.

Tarpon Investimentos S.A.

Statements of comprehensive income

Quarters and nine-month periods ended September 30, 2011 and 2010

(In thousands of Reais)

	Nine-months	Quarters
Cumulative translation adjustment	133	133
Net income	101,181	6,601
Balance in September 30, 2011	<u>101,314</u>	<u>6,734</u>
Comprehensive income attributable to controllers	101,314	6,734
Comprehensive income attributable to non-controlling interests	-	-
Fair value adjustment	4,625	11
Net income	130,556	25,284
Balance in September 30, 2010	<u>135,181</u>	<u>25,295</u>
Comprehensive income attributable to controllers	135,309	25,295
Comprehensive income attributable to non-controlling interests	(128)	-

See the accompanying notes to the individual and consolidated interim financial statements.

Tarpon Investimentos S.A.

Consolidated statements of changes in shareholders' equity

Quarters and nine-month periods ended September 30, 2011 and 2010

(In thousands of Reais)

	Capital	Capital reserves	Statutory reserves	Legal reserve	Stock option plan	Equity appraisal adjustments	Translation reserve	Retained earnings	Equity attributable to controlling shareholders	Non-controlling shareholders	Total shareholders' equity
Balances at December 31, 2010	4,180	2,102	30	836	10,842	-	-	-	17,990	-	17,990
Capital increase	1,936	17,420	-	-	-	-	-	-	19,356	-	19,356
Exercised options reversion	-	6,984	-	-	(6,984)	-	-	-	-	-	-
Stock option plan	-	-	-	-	5,503	-	-	-	5,503	-	5,503
Cumulative translation adjustment	-	-	-	-	-	-	-	-	133	-	133
Net income	-	-	-	-	-	-	133	101,181	101,181	-	101,181
Dividends	-	-	-	-	-	-	-	(94,580)	(94,580)	-	(94,580)
Balances at September 30, 2011	<u>6,116</u>	<u>26,506</u>	<u>30</u>	<u>836</u>	<u>9,361</u>	<u>-</u>	<u>133</u>	<u>6,601</u>	<u>49,583</u>	<u>-</u>	<u>49,583</u>
Balances at December 31, 2009	4,004	2,019	30	801	3,227	5	-	-	10,086	128	10,214
Capital increase	176	83	-	-	(83)	-	-	-	176	-	176
Fair value adjustment	-	-	-	-	-	4,625	-	-	4,625	-	4,625
Stock option plan	-	-	-	-	5,613	-	-	-	5,613	-	5,613
Net income	-	-	-	-	-	-	-	130,556	130,556	(128)	130,428
Dividends	-	-	-	-	-	-	-	(105,272)	(105,272)	-	(105,272)
Balances at September 30, 2010	<u>4,180</u>	<u>2,102</u>	<u>30</u>	<u>801</u>	<u>8,757</u>	<u>4,630</u>	<u>-</u>	<u>25,284</u>	<u>45,784</u>	<u>-</u>	<u>45,784</u>

See the accompanying notes to the individual and consolidated interim financial statements.

Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows

Nine-months periods ended September 30, 2011 and 2010

(In thousands of Reais)

	Consolidated		Individual	
	Nine-months periods ended June 30		Nine-months periods ended June 30	
	2011	2010	2011	2010
Operating activities				
Net income from recurrent operations	101,181	130,556	101,181	130,556
Adjustments:				
Depreciation	195	58	195	58
Equity in net income of subsidiaries and affiliates	-	125	164	125
Increase/(decrease) in stock option plan	5,503	5,614	5,503	5,614
	106,879	136,353	107,043	136,353
Adjusted income/(loss)				
Changes in assets and liabilities:				
(Increase)/decrease in receivables	15,593	(21,550)	15,593	(21,550)
(Increase)/decrease in other assets	(27,118)	(1,078)	(27,129)	(1,078)
Increase/(decrease) in accounts payable	(9,639)	127	(9,692)	127
Increase/(decrease) in tax liabilities	56,165	3,584	56,165	3,584
Increase/(decrease) in labor liabilities	1,183	(4,324)	1,183	(4,324)
	143,063	113,112	143,163	113,112
Cash flows from operating activities				
Investment activities				
Changes in financial assets measured at fair value through profit or loss	(33,434)	94	(33,434)	94
Cumulative translation adjustment	133	-	-	-
(Acquisitions)/write-offs of investments in affiliates and subsidiaries	-	(1,349)	-	(1,349)
(Acquisitions)/write-offs of property, plant and equipment	(703)	84	(132)	84
	(34,004)	(1,171)	(34,352)	(1,171)
Cash flows produced by investment activities				
Financing activities				
Payment of dividends	(128,293)	(112,111)	(128,293)	(112,111)
Exercised share options	19,356	176	19,356	176
	(108,937)	(111,935)	(108,937)	(111,935)
Cash flows from financing activities				
Total cash flow	122	6	(126)	6
Net increase/(decrease) in cash and cash equivalents	122	6	(126)	6
Cash and cash equivalents at beginning of the period	294	42	294	42
Cash and cash equivalents at end of the period	416	48	168	48

See the accompanying notes to the individual and consolidated interim financial statements.

Tarpon Investimentos S.A.

Individual and consolidated statements of added value

Nine-months periods ended September 30, 2011 and 2010

(In thousands of Reais)

	Consolidated		Individual	
	Nine-months periods ended June 30		Nine-months periods ended June 30	
	2011	2010	2011	2010
Revenue	234,889	192,609	234,889	192,609
Performance and management fees	234,889	192,609	234,889	192,609
Inputs acquired from third parties	(8,546)	(5,056)	(8,382)	(4,931)
Materials-Electricity-Outsourced Services-Other	(8,546)	(5,056)	(8,382)	(4,931)
Gross added value	226,343	187,553	226,507	187,678
Withholdings	(195)	(58)	(195)	(58)
Depreciation	(195)	(58)	(195)	(58)
Net added value produced	226,148	187,495	226,312	187,620
Transferred added value	7,890	3,512	7,726	3,387
Equity in net income of subsidiaries and affiliates	-	-	(164)	(125)
Financial revenue and expenses	7,890	3,512	7,890	3,512
Added value to be distributed	234,038	191,007	234,038	191,007
Distribution of added value	234,038	191,007	234,038	191,007
Personnel	56,069	27,174	56,069	27,174
Direct remuneration	56,069	27,174	56,069	27,174
Taxes and contributions	76,788	33,277	76,788	33,277
Federal	65,607	24,319	65,607	24,319
Municipal	11,181	8,958	11,181	8,958
Interest earnings	101,181	130,556	101,181	130,556
Retained earnings for the period	101,181	130,556	101,181	130,556

See the accompanying notes to the individual and consolidated interim financial statements.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

Quarters and nine-months periods ended September 30, 2011 and 2010

(In thousands of Reais)

1 Operations

Tarpon Investimentos S.A. (the “Company” or “Tarpon”) was incorporated in June 2002, initially as a limited liability company managing securities portfolios and third-party funds, through investment funds, managed portfolios and other investment vehicles. In December 2003, the Company was transformed into a joint-stock entity. On June 6, 2011 the subsidiary of the company in New York (TISA NY, Inc.) was created, with the purpose of providing financial advisory services.

2 Presentation of the financial statements

2.1 Presentation of the individual and consolidated interim financial statements

The individual financial statements of the parent company were prepared in accordance with the accounting practices adopted in Brazil, and the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as with the accounting practices adopted in Brazil.

There is no difference between the consolidated shareholders' equity and the consolidated and individual net income reported by the Group and the shareholders' equity and net income of the parent company in its individual financial statements. The Group's consolidated and individual financial statements and the parent company's individual financial statements are therefore being presented side-by-side in a single set of financial statements.

These financial statements and the independent auditors' special review report were approved by the Board of Directors on November 8, 2011.

2.2 Functional and reporting currency

These financial statements have been prepared in the Company's functional and reporting currency, Brazilian Reais (R\$).

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

2.3 Use of judgments and estimates

Preparing financial statements requires Management to make judgments and estimates that affect the application of accounting principles and the reported values of assets, liabilities, revenues and expenses, including the market value of securities and the stock option plan. Actual results may differ from these estimates. Estimates and assumptions are reviewed on a quarterly basis.

2.4 Basis of consolidation

Tarpon BR S.A. and Tarpon BR Participações Ltda.

The Company holds a direct voting stock interest of 32.5% and an indirect voting stock interest of 50% in Tarpon BR S.A., and for Tarpon BR Participações Ltda., the Company holds a direct interest of 50%. These interests are being disposed of, and will be excluded from the consolidation.

TISA NY, Inc.

TISA NY is a fully-owned subsidiary of Tarpon Investimentos S.A. The net income of TISA NY and its respective investments are measured by the equity method, (individual financial statements) and has its functional currency different from the presentation currency. Therefore, it is translated to the presentation currency as shown:

Assets and liabilities balances are converted to the current exchange rate based on the rate of the ending date of the consolidated financial statements;

Income statement amounts are translated to the current exchange rate based on the date of the transaction; and

All the resulting differences of the currency translation are presented within the shareholders' equity and in the statements of comprehensive income, as "Translation reserves" and "Cumulative translation adjustment", respectively.

Investments in subsidiaries and all balances between companies are eliminated when preparing the consolidated financial statements, and the minority interest in shareholders' equity and income is presented separately.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

3 Description of significant accounting policies

The significant accounting policies described below were applied consistently to Tarpon Investimentos S.A. and its foreign subsidiaries for the quarters and nine-months periods ended September 30, 2011.

a. Revenue

Revenue comprises management and performance fees payable by Tarpon Funds. Management fees are calculated as a fixed and/or variable percentage of the net asset value of the funds, and are recognized as and when the services are provided. Performance fees, earned when the funds achieve a certain level of performance, as stipulated in their regulations, are recognized only when there is certainty as to the amount to be received and that payment will be made. Revenues related to performance fees are received when the performance of the Tarpon Funds overcome a determined parameter or minimum fee of profitability (hurdle rate) and are recognized when there is certainty about its value and receipt. The performance fees are generated when the Funds reach a determined performance, as defined in each respective liabilities and partnership agreements, and are recognized when there is certainty about its value and receipt.

b. Non-derivative 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 are represented by the Company's investments in investment funds (held in 2010), bank deposit certificates and securities held under repurchase agreements, which are recognized at fair value. Interest and gains and losses arising from adjustment to fair value were recognized in the income statement as "Net income from financial assets at fair value through profit or loss". The fair value of these assets is determined based on, respectively, the quota value stated by the fund manager and the value (adjusted by the interbank deposit fee) stated by the issuer of the bank deposit certificates and repurchase agreements at the end of each month.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

Available-for-sale financial assets (in 2010)

Financial assets classified as available for sale, after their initial recognition, they are measured at fair value and changes, except impairment, are recognized directly in shareholders' equity. When an investment is redeemed or sold, the accumulated gain or loss in shareholders' equity is transferred to income.

Cash and cash equivalents

Cash and cash equivalents refer to cash balances used in the management of working capital.

c. *Decrease in recoverable value*

The book values of assets are reviewed at each reporting date to determine whether there are signs of impairment. If such signs are detected, the asset's recoverable value is estimated. Impairment is recognized if the asset's book value exceeds its recoverable value.

d. *Investments in associated and subsidiary companies*

Investments in associated and subsidiary companies are stated at their face value and adjusted using the equity method on the individual and consolidated interim financial statements.

The investments in associates and in the foreign subsidiary are accounted for its nominal amount and updated by the equity method in the individual financial statements.

e. *Property, plant and equipment*

Property, plant and equipment is recognized at acquisition cost, net of accumulated depreciation, calculated using the straight line method, which takes into consideration the estimated economic useful life of the relevant item and its residual value. Annual depreciation rates are 10% for furniture, fixtures, machinery and equipment, 10% for facilities, 20% for data processing systems, 20% for communication and security systems, and 25% for software licenses. Improvements on third-party property are depreciated over the term of the relevant rental agreement (five years), at the rate of 20% per year.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

f. Short-term employee benefits and profit sharing plan

Employees and management key-personnel are entitled to fixed compensation and eligible to participate in our biannual profit sharing plan. A provision is recognized for the estimated biannual amount payable in profit sharing earnings, in cash, when the Company has a legal or constructive obligation (under the plan) to pay this amount to employees and the amount can be reliably estimated.

Employees and management key-personnel are not entitled to any kind of “post-employment” benefits, other long-term benefits and termination of employment contract benefits. Employees and management key-personnel are entitled to the stock option plan (see Note 14).

g. Provisions

A provision is recognized if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market conditions and the risks specific to the liability.

h. Stock option plan

The effects of the stock option plan are calculated based on fair value at the options grant date and recognized in the balance sheet and statement of income on a *pro-rata* basis, over the vesting period of each grant.

i. Income tax, social contribution and other taxes

Up to December 31, 2010, the Company used the presumed income method of determining taxable income, which is based on total gross revenue for a given quarter. The calculation base for corporate income tax (IRPJ) and social contribution (CSLL) was calculated as 32% of gross revenue, plus financial revenues. These taxes were calculated as respectively 15% plus a surcharge of 10% and 9% of the calculation base determined as described above.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

The PIS and COFINS rates were respectively 0.65% and 3% on revenue from management and performance fees earned from Brazilian funds.

Due to the higher levels of revenue reported in 2010, the Company was required to use a new tax determination method (“Lucro Real”) as from January 1, 2011. A provision for income tax was established at the base rate of 15% of taxable income, plus a surcharge of 10% when certain limits are exceeded. The provision for social contribution on income before income tax is calculated at the rate of 9%. Income tax and social contribution paid in advance are registered in Assets as Tax recoverable (see Note 18 b).

The Company adopted the Transition Taxation System (*Regime Tributário de Transição - RTT*) for determining Income Tax and Social Contribution for the quarter/nine-month period ended September 30, 2011, as allowed under Act 11.941/09 to maintain the tax neutrality of the changes in Brazilian corporate legislation introduced by Act 11.638/09 and other changes in accounting practices arising from convergence with IFRS.

The PIS and COFINS rates were respectively 1.65% and 7.60% on revenues from management and performance fees earned from Brazilian funds less creditable expenses.

There was no change to the ISS rate of 2.5% on revenue from management of Brazilian funds and 5% on revenue from management of foreign funds.

PIS, COFINS and ISS are recognized as tax expense on revenue.

j. Other assets and liabilities

Other assets are stated at their realization value, including any yield and monetary restatement (on a daily “*pro-rata*” basis), and a provision for losses, when deemed necessary. Other liabilities include their known or determinable amounts, plus charges and/or monetary and exchange variations incurred on a daily “*pro-rata*” basis.

k. Receivables

Receivables are measured at their realization value, less any impairment.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

l. Financial disclosures per segment

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment) and is subject to risks and rewards that are different from those of other segments.

The Company engages in only one type of business (asset management services) and therefore no segment information by business type is presented.

m. Comprehensive income

The result of changes in the fair value of financial instruments classified as available for sale (in 2010), the net income for the quarter/nine-months period and for the translation changes from the consolidation of the foreign subsidiary.

n. Earnings per share

Basic earnings per share are calculated by dividing profit and loss attributable to controlling and noncontrolling shareholders of the company by the weighted average number of common and preferred shares outstanding in the respective period. Diluted earnings per share are calculated by adjusting the aforesaid average number of shares outstanding for the effects of the dilutive options granted under the stock option plan during the reporting periods, pursuant to CPC 41 and IAS 33.

4 Cash and cash equivalents

Individual and consolidated cash and cash equivalents stated for the quarters ended September 30, 2011 and December 31, 2010 are represented by cash and banks balances.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

5 Financial assets stated at fair value through profit or loss and financial assets available for sale

	Consolidated and Individual	
	September 2011	December 2010
Financial assets stated at fair value through profit or loss		
Securities held under repurchase agreements	107,220	16,370
Bank deposit certificate	-	28,847
	<u>107,220</u>	<u>45,217</u>

Operations indexed to the variation of the Brazilian Interbank Deposit Rate (DI), entered with first rate banks. Its fair value is classified as level 3 and is determined by discounting future cash flows to present value at market-observable rates and adjusting them for the credit risk of the counterparties as assessed by Management.

6 Financial instruments

a. Risk management

The Company is exposed to risks largely resulting from the use of financial instruments, including:

Credit risk

Credit risk arises from the possibility of the Company and its subsidiaries suffering losses due to the default of their counterparties or of financial institutions in which they have funds or financial investments. The Company's policy is to keep its exposure to credit risks to a minimum. Management revises and approves all investment decisions to ensure all investments are made in highly liquid assets issued by reputed institutions.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and stock prices, may affect revenue or the value of financial instruments. The Company's policy is to minimize exposure to market risk by diversifying its investment portfolio in terms of pre- or post-fixed rates and/or equity indices.

b. Financial assets measured at fair value through profit or loss

	2011	2010	Exposure to market value or interest rate risk?
	Valuation method	Valuation method	
Bank Deposit Certificates	Adjusted by the Interbank Deposit rate	Adjusted by the Interbank Deposit rate	Yes
Securities held under repurchase agreements	Adjusted by the Interbank Deposit rate	Adjusted by the Interbank Deposit rate	Yes

c. Derivative financial instruments

As of September 30, 2011 and December 31, 2010 and throughout the reporting periods, the Company had no balances of derivative financial instruments.

d. Sensitivity analysis - Effects of changes in fair value

Pursuant to CVM Instruction 475 of December 17, 2008, the Company confirms that it is not exposed to material market and/or interest rate risks.

Existing financial instruments are used only for temporary cash management and, as of September 30, 2011, consisted of securities held under repurchase agreements and bank deposit certificates (CDB). Although their risk is considered low, management continually monitors fluctuations in the stock and interest rate markets, which could have a direct or indirect impact on the fair value of these financial instruments.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

e. Cash and cash equivalents

Funds are not allocated to interest-earning deposits and therefore no specific interest rate is applicable.

f. Other financial assets and liabilities

The fair value of other financial assets and liabilities is substantially the same as the book value reported in the balance sheets, as measured at fair value or due to the short period to maturity.

7 Receivables

Management fees payable by funds are calculated monthly and paid at the beginning of the following month, or quarterly. Performance fees are calculated semi-annually and/or annually, as contractually stipulated, and paid on January 31, March 31, April 30, June 30, July 31, September 30, and December 31 each year.

	Consolidated and Individual	
	September 2011	December 2010
Management fee (*)	12.709	11,495
Performance fee (*)	<u>102.735</u>	<u>9,787</u>
	<u>115.444</u>	<u>21,282</u>

(*) At the time of approval of these financial statements, approximately 100% of these outstanding receivables had been settled.

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

8 Investments

On July 6, 2011, the subsidiary of the Company in New York (TISA NY, Inc.) was constituted. One thousand quotas were issued at US\$ 1.00 each and, on July 15, 2011, 50,000 quotas were issued at US\$ 1.00 each.

From October 2011, TISA NY started to accrue financial advisory income. In this month, this income was of USD 152.

Below is disclosed the balance changes:

TISA NY - in thousands R\$

Balance as of December 31, 2010	-
Issuance - July 6, 2011	1
Issuance - July 15, 2011	785
Equity method	(164)
Foreign currency translation	<u>133</u>
Balance as of September 31, 2011	<u><u>755</u></u>

<u>TISA NY - em USD</u>		<u>TISA NY - em R\$</u>					
Equity shareholders	Income 2011	Equity shareholders	Income 2011	Foreign exchange translation	Participation in capital in %	Equity method	Book value of the investment
501	(94)	786	(164)	133	100%	(164)	755

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

9 Property, plant and equipment

Property, plant and equipment of the Company is composed of:

Consolidated

	Facilities	Machinery and equipment	Computers	Software	Furniture and fixtures	Communication and security systems	Improvements on third-party property	Total
Balances at December 31, 2009	21	25	86	-	68	9	-	209
Acquisitions	12	17	56	28	-	-	558	671
Write-offs	(13)	-	-	-	-	-	(12)	(25)
Transfers	-	-	-	(13)	-	-	-	(13)
Depreciation	(2)	(3)	(25)	-	(8)	(2)	(9)	(49)
Balances at September 30, 2010	18	39	117	15	60	7	537	793
PPE acquired through finance leasing	-	-	-	-	540	166	-	706
Total balances at September 30, 2010	18	39	117	15	600	173	537	1,499
Balances at December 31, 2010	17	39	114	8	58	5	510	751
Acquisitions	-	-	-	172	167	-	407	746
Write-offs	-	-	-	-	-	-	-	-
Depreciation	(3)	(4)	(28)	(8)	(8)	(2)	(82)	(135)
Balances at September 30, 2011	14	35	86	172	217	3	835	1,362
PPE acquired through finance leasing	-	-	70	26	384	101	-	581
Total balances at September 30, 2011	14	35	156	198	601	104	835	1,943

Tarpon Investimentos S.A.

Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

Individual

	Facilities	Machinery and equipment	Computers	Software	Furniture and fixtures	Communication and security systems	Improvements on third-party property	Total
Balances at December 31, 2009	21	25	86	-	68	9	-	209
Acquisitions	12	17	56	28	-	-	558	671
Write-offs	(13)	-	-	-	-	-	(12)	(25)
Transfers	-	-	-	(13)	-	-	-	(13)
Depreciation	(2)	(3)	(25)	-	(8)	(2)	(9)	(49)
Balances at September 30, 2010	18	39	117	15	60	7	537	793
PPE acquired through finance leasing	-	-	-	-	540	166	-	706
Total balances at September 30, 2010	<u>18</u>	<u>39</u>	<u>117</u>	<u>15</u>	<u>600</u>	<u>173</u>	<u>537</u>	<u>1,499</u>
Balances at December 31, 2010	17	39	114	8	58	5	510	751
Acquisitions	-	-	-	173	-	-	2	175
Write-offs	-	-	-	-	-	-	-	-
Depreciation	(3)	(4)	(28)	(8)	(8)	(2)	(82)	(135)
Balances at September 30, 2011	14	35	86	173	50	3	430	791
PPE acquired through finance leasing	-	-	70	26	384	101	-	581
Total balances at September 30, 2011	<u>14</u>	<u>35</u>	<u>156</u>	<u>199</u>	<u>434</u>	<u>104</u>	<u>430</u>	<u>1,372</u>

See Note 18(a) for the payable amounts related to the finance leasing installments.

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Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

10 Shareholders' equity

a. Capital

Share capital at September 30, 2011 was R\$ 6,116 (R\$ 4,180 at December 31, 2010), represented by 48,193 thousand common shares (41,207 thousand at December 31, 2010).

b. Legal reserve

A reserve of 5% of the yearly net income is established in accordance with art. 193 of Act 6,404/76. This reserve, that will not exceed 20% of the capital, has the objective to assure the capital integrity and will only be used to compensate losses or to raise capital. Contributions to this reserve which may no longer be required when its balance, added to the capital reserves mentioned in art. 182, first paragraph, of Act 6,404/76, exceed 30% of the capital. As of September 30, 2011 and December 31, 2010, legal reserve was R\$ 836.

c. Dividends

Our by-laws require distribution of a minimum mandatory dividend of 25% of net income, adjusted in accordance with the by-laws.

The provision of R\$33,713 established at December 31, 2010 was paid in the first half of 2011. On July 28, 2011, was approved by the Board of Directors the proposed dividend payment for the net income of the first half of 2011, amounting to R \$ 94.580, that was paid during the month of August 2011.

d. Statutory reserve

Our by-laws establish that up to 10% of annual net income, adjusted as stipulated in the bylaws and after deducting the minimum mandatory dividend, can be allocated to a statutory reserve for the purpose of redemption, repurchase or acquisition of Company shares, or to develop business. On September 30, 2011 and December 31, 2010, the remaining balance was R\$ 30.

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Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

e. Capital reserve

The balance of the capital reserve results from the issuance of new shares and transfer of the exercised options from the stock option plan, as shown below:

Period	Nature	Allocation by the issuance price				Total capital reserve
		Issuance of new shares (quantity - thousand)	Capital	Capital reserve	Amounts transferred from the stock option plan to capital reserve	
Opening balances at December 31, 2009		41,174	4,004	2,019	-	2,019
March 10, 2010	Exercise of call options of the Company shares, as the stock option plan	33	176	-	83	83
Balances at September 30, 2010		41,207	4,180	2,019	83	2,102
Opening balances at December 31, 2010		41,207	4,180	2,102	-	2,102
January 7, 2011	Exercise of call options of the Company shares, as the stock option plan	4,553	1,239	11,149	3,326	14,475
July 4, 2011		1,941	566	5,096	3,108	8,204
August 15, 2011		493	131	1,175	550	1,725
Balances at September 30, 2011		<u>48,194</u>	<u>6,116</u>	<u>19,522</u>	<u>6,984</u>	<u>26,506</u>

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(In thousands of Reais)

11 Earnings per share

a. Basic earnings per share

Earnings per share were calculated based on profit attributed to shareholders and the weighted average number of common shares, as demonstrated below.

	Consolidated and Individual			
	Quarter ended September 30		Nine-months period ended September 30	
	2011	2010	2011	2010
Net income attributable to shareholders	<u>6,601</u>	<u>25,284</u>	<u>101,181</u>	<u>130,556</u>

Weighted average number of common shares (Consolidated and Individual)

	Quarter ended September 30		Nine-months period ended September 30	
	2011	2010	2011	2010
	Common shares as at January 1	45,760	41,207	41,207
Shares issued during the period	2,434	-	6,987	33
Shares cancelled during the period	-	-	-	-
Shares on September 30	<u>48,194</u>	<u>41,207</u>	<u>48,194</u>	<u>41,207</u>
Weighted average number of common shares in the Company	<u>47,890</u>	<u>41,207</u>	<u>46,378</u>	<u>41,199</u>
Basic earnings per share for the year	<u>0.14</u>	<u>0.61</u>	<u>2.18</u>	<u>3.17</u>

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(In thousands of Reais)

b. Diluted earnings per share

For the diluted earnings per share, the exercise of the call options of the Company's shares already granted were considered:

	<u>Quarter ended September 30</u>		<u>Nine-months period ended September 30</u>	
	2011	2010	2011	2010
Net income attributable to shareholders	6,601	25,284	101,181	130,556
Weighted average number of common shares	47,890	41,207	46,378	41,199
Adjustments for the call option	5,252	11,311	5,252	11,311
Weighted average number of common shares for diluted earnings per share	53,142	52,518	51,630	52,510
Diluted earnings per share - R\$	0.12	0.46	1.96	2.49

12 Net operating revenue

	<u>Consolidated and Individual</u>			
	<u>3rd Quarter 2011</u>	<u>3rd Quarter 2010</u>	<u>Nine-months period ended September 30, 2011</u>	<u>Nine-months period ended September 30, 2010</u>
Revenue from management fees	16,243	13,824	47,495	39,398
Revenue from performance fees	152	21,608	187,394	153,211
Tax on revenue (1)	(976)	(1,909)	(13,060)	(9,940)
	<u>15,419</u>	<u>33,523</u>	<u>221,829</u>	<u>182,669</u>

(1) Taxes on gross revenue (ISS, PIS and COFINS).

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Revenue from management fees is recognized as the relevant management services are provided and calculated as a fixed and/or variable percentage of the net asset value of the funds under management.

Performance fees are earned when the performance of Tarpon Funds exceeds a given hurdle rate. Most funds have hurdle rates ranging from 6%, to inflation plus 6% per year.

Tarpon Funds employ the high water mark concept, in which performance fees are only payable by Tarpon Funds if their quota value on the payment date exceeds the quota value on the previous payment date (i.e, the last water mark), adjusted for the hurdle rate.

At September 30, 2011, all assets under our management were above the relevant high-water mark.

Revenue from performance fees may vary significantly from year to year as a function of: fluctuations in the value of net assets, portfolio performance against the minimum acceptable rate of return (benchmark) for each fund and the realization of private equity investments (since performance fees related to these investments are charged only upon realization of the investment).

Presented below is a history of net returns, which reflects the monthly return to fund investors, net of (i) management fees; (ii) performance fees; and (iii) all other fees and expenses generated by the fund. Net return from strategies is based on gross return at the closing of the month and the aforementioned items may make actual returns for each investor different from those presented below.

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(In thousands of Reais)

Performance ^{(1) (2)}							
Strategy	Start	3Q11	2011	12 months	2 years	5 years	From beginning (annualized)
Long-Only Equity (R\$)	May 2002	(0.8%)	(2.4%)	5.1%	53.1%	170.9%	32.4%
Long-Only Equity (USD)	May 2002	(16.7%)	(15%)	(8.3%)	33.8%	182.0%	31.7%
Hybrid Equity (USD)	October 2006	(18.5%)	(9.6%)	(1.5%)	48.9%	215.5%	25.8%
Índices de mercado		3Q11	2011	12 months	2 years	5 years	Since May 2002 (annualized)
Ibovespa (R\$)		(16.1%)	(24.5%)	(24.6%)	(14.9%)	43.5%	16.4%
IBX (R\$)		(13.1%)	(18.9%)	(17.5%)	(7.9%)	52.1%	19.6%
Ibovespa (USD)		(29.4%)	(32.1%)	(31.1%)	(18.4%)	68.3%	19.5%
IBX (USD)		(26.8%)	(27.1%)	(24.6%)	(11.7%)	78.4%	22.8%

13 Administrative expenses

	Consolidated and Individual			
	2 nd Quarter 2011	2 nd Quarter 2010	1 st semester 2011	1 st semester 2010
Outsourced services	2.025	318	3.049	765
Travel expenses	645	113	914	260
IT expenses	74	212	147	283
Office maintenance	830	263	1.532	498
Other	10	31	(3)	62
Total	<u>3.584</u>	<u>937</u>	<u>5.639</u>	<u>1.868</u>

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(In thousands of Reais)

14 Stock option plan

The Company's shareholders approved a stock option plan under which options may be issued entitling their holders to purchase shares representing 25% of the shares in the Company (equivalent to 13,724 million common shares on the date the plan was approved), on a fully diluted basis.

The plan aims to enable the participants: administrators (members of the Board of Directors and management), executives (employees who are part of management and other employees, including those linked to Tarpon invested funds) and other participants (service providers individuals for Tarpon), by determination of the Board, to acquire common shares, representing up to 25% of the shares of the Company. Each option granted allows the participant the right to subscribe one share of the Company.

Out of the total options granted in the plan, (a) up to 70% could have been granted from the current date of delivery of the plan, (b) up to 7.5% could have been granted as of July 1, 2009 (c) up to 7.5% could have been granted as of July 1, 2010, (d) up to 7.5% could have been granted as of July 1, 2011, and (e) up to 7.5% may be granted from July 1, 2012. The options do not granted in any grant date set out above may be granted on the dates of subsequent grants.

Options granted are exercisable as follow:

The first portion of options granted on March 10, 2009 became exercisable in the proportion of 20% on March 10, 2009; 20% on July 1, 2009; and 20% on each of the 3 anniversaries subsequent to July 1, 2009;

The second portion of options granted March 10, 2009 became exercisable in the proportion of 20% on July 1, 2009 and 20% on each of the 4 anniversaries subsequent to July 1, 2009; and

The options granted as from July 1, 2009, 20% will become exercisable in the proportion of 20% on the 1st of July of each of the 5 years subsequent to the year in which these options were granted, with exception to the forfeited options. The same rule is valid for the options granted as from July 1, 2010, July 1, 2011 and July 1, 2012.

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(In thousands of Reais)

Any granted and unexercised options held by individuals leaving the Company will become available to be granted at any time up to July 1, 2017, and any options so granted will become exercisable in portions of 20% in each of the 5 years subsequent to the respective grant date.

If at any time the current controlling shareholders cease to jointly hold at least 30% of the Company's total shares, all of the options granted under the plan will vest immediately.

Each portion of the options granted under the plan will expire on the fifth anniversary of the relevant Vesting Date (including options vesting on the First Grant Date).

Options under the plan can only be exercised if certain requirements are met by the beneficiary, including the requirement that the beneficiary remain with the Company. In the event of voluntary termination or termination without cause, the exercisable portion of options held by the beneficiary may be exercised within 30 days of termination, and any unexercised or non-exercisable options will become available to be granted under the stock option plan. In the event of termination for cause, the beneficiary loses eligibility to exercise any of the options granted under the plan. In such event, any unexercised or non-exercisable options will become available to be granted under the stock option plan.

On March 22, 2010, it was decided on the Shareholders' Meeting, the amendment of the stock option plan to state that the exercise price of each option granted equals the greater of (i) R\$ 5.60 per share (adjusted for dividends distributed by the Company from the date of initial approval of the Plan until the date of grant of the related option) and (ii) 75% of the market price of shares on the date preceding the grant date. The exercise price of options will be reduced by dividends paid by the Company, up to the highest value of R \$ 2.53 per share or 45% of the price of shares on the date preceding the grant.

The option exercise price must be paid by the participants in cash. No participant may sell the shares acquired for a period of 12 months from the date of exercise of its option.

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(In thousands of Reais)

Below are the descriptions of each grant (consolidated and individual):

	Granted			Forfeited			Exercised			To be exercised				
	Quantity (thousand)	Fair value of the options on grant date – R\$ per share	Total in thousand R\$	Quantity (thousand)	Fair value of the options on grant date - R\$ per share	Total in thousand R\$	Quantity	Average exercise price	Total in thousand R\$	Exercise dates	Average market price at each exercise	Quantity (thousand)	Exercise price on September 30, 2011	Total in thousand R\$
1 st and 2 nd grant (March 10, 2009)	7.662	0,38	2.951	-198	0,38	-84	5.874	2,62	15.549	March 10, 2010, January 7, 2011, July 4, 2011 and August 15, 2011	15,94	1.59	2,53	4.024
3 rd grant (November 30, 2009)	2.493	4,08	10.181	-137	4,08	-561	955	3,06	2.92	January 7, 2011, July 4, 2011 and August 15, 2011	15,96	1.401	2,53	3.545
4 th grant (February 19, 2010)	530	4,67	2.477	-60	4,67	-280	94	3,38	318	July 4, 2011 and August 15, 2011	15,99	376	3,38	1.271
5 th grant (August 19, 2010)	1.115	6,72	7.488	-95	6,72	-638	96	6,86	746	July 4, 2011 and August 15, 2011	15,99	924	5,87	5.424
6 th grant (August 8, 2011)	960	8,07	7.745	-	-	-	-	-	-			960	11,40	10.944
Plan total	<u>12.76</u>		<u>30.844</u>	<u>-490</u>		<u>-1.564</u>	<u>7.019</u>		<u>19.532</u>			<u>5.252</u>		<u>25.208</u>

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(In thousands of Reais)

As for the balance in the stock option plan account, both in equity and in income (consolidated and individual), we have:

In thousand R\$	Nine-months period ended September 30, 2010	Nine-months period ended September 30, 2011	Quarter ended September 30, 2011	Quarter ended September 30, 2010
Stock option plan	5,614	5,503	1,834	1,754
Exercised (*)	(83)	(6,984)	(3,658)	-

(*) Amounts transferred from the stock option plan account to capital reserve account, due to the exercise of options.

The evaluation of the stock option plan is prepared using the binomial tree model, applied on the date of each grant considering the market parameters. The following assumptions were adopted on the date of each grant:

	March 10, 2009 (*)	November 30, 2009	February 19, 2010	August 19, 2010	August 8, 2011
Average annual volatility	70%	34%	28%	23%	20%
Current share price	1.29	6.87	7.84	11.45	15.20
Exercise price of options under the plan in accordance with the program	5,60	5,40	5,23	8,59	11,40
Free risk interest rate	13.00%	8.75%	8.63%	10.75%	11.90%
Expected dividends	6.2%	4.7%	4.5%	6.9%	6.0%

(*) On this date, Tarpon Investimentos SA's shares were not traded on the BM&FBovespa.

In determining the expected volatility, the Ibovespa and the trading price of Tarpon shares (TRPN3) were used as a parameter, during the periods which the options were granted.

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Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

15 Calculation of income tax and social contribution

Taxable income (quarter and nine-months period ended September 30, 2011)

Apuração da base de cálculo	Consolidated and Individual	
	Quarter	Nine-months
Income before income tax and social contributions	<u>11,040</u>	<u>163,159</u>
Income tax and social contribution at current rates (respectively 25% and 9%)	<u>(3,754)</u>	<u>(55,474)</u>
Effects of additions and (exclusions) on tax calculation		
RTT adjustment	(6)	32
Options plan	(623)	(1,872)
Equity method revenue	(56)	(56)
Management variable remuneration	<u>-</u>	<u>(4,608)</u>
Income tax and social contribution for the period	<u>(4,439)</u>	<u>(61,978)</u>

Presumed income (quarter and nine-months period ended September 30, 2010)

Determination of the calculation base	Quarter	Nine-months
Gross operating revenue	35,432	192,609
Presumed income (32%)	11,338	61,635
Financial revenue	1,580	3,913
Income tax (IR) and social contribution (CS) calculation base	12,918	65,548
IR (15%)	(1,938)	(9,832)
IR surcharge (10%)	(1,285)	(6,537)
CS (9%)	<u>(1,163)</u>	<u>(5,899)</u>
Total	<u>(4,386)</u>	<u>(22,268)</u>

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Notes to the individual and consolidated interim financial statements

(In thousands of Reais)

16 Contingencies

There are no contingent liabilities or legal obligations - taxes and social security - that have not been recorded and no legal proceedings that could represent possible or probable losses.

17 Related-party transactions

The main balances of related party assets and liabilities as of June 30, 2011 and December 31, 2010, as well as the related-party transactions that affected income for the quarters then ended, are the result of transactions between the Company and its subsidiaries, affiliates and key Management personnel.

The Company engages in transactions with related parties that are inherent to fund management (See Notes 7 and 12), statutory obligations and remuneration of Management.

These transactions were conducted on an arm's length basis and are listed below:

	Consolidated and individual					
	Assets/(liabilities)		Revenue/(expense)			
	2011	2010	Quarter September 30, 2011	Quarter September 30, 2010	Nine-months period September 30, 2011	Nine-months period September 30, 2010
Receivables	5,689	21,282	16,395	35,432	234,889	192,609
Accounts payable	-	(305)	-	-	-	(17,191)
Dividends	-	(33,713)	-	-	(94,580)	(105,273)
Short term benefits to D&O (*)	-	(1,811)	(471)	(180)	(14,971)	(1,237)
Share-based payment to D&O	-	-	(197)	(142)	(416)	(553)
Total	<u>5,689</u>	<u>(14,547)</u>	<u>112,322</u>	<u>35,110</u>	<u>124,922</u>	<u>68,355</u>

(*) For 2011, the maximum total amount of D&O compensation is R\$ 18,650.

Key management personnel is not entitled to any post-employment benefits, other long-term benefits and benefits on termination of employment contract.

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(In thousands of Reais)

18 Further information

a. Finance leasing

Property, plant and equipment acquired through finance leases (see Note 9), have the following liability:

	Minimum future lease payments	Interest	Present value of minimum lease payments
Less than 1 year	306	62	245
Between 1 and 5 years	253	25	228
More than 5 years	-	-	-
Balance at September 30, 2011	559	87	473
Less than 1 year	257	76	182
Between 1 and 5 years	422	62	359
More than 5 years	-	-	-
Balance at September 30, 2010	679	138	541

b. Other assets

Other assets at September 30, 2011 in the consolidated and individual interim financial statements substantially consist of IRRF and CSLL paid in advance of R\$ 26,030 and other recoverable taxes of R\$ 2,283 (R\$ 1,411 at December 31, 2010) and prepaid expenses of R\$ 57 (R\$ 69 at December 31, 2010).

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(In thousands of Reais)

c. Accounts payable

Comprised, essentially, by provider payables of R\$ 166 (individual) and R\$ 217 (consolidated) and R\$ 180 at December 31, 2010 (individual and consolidated), as well as financial liability related to finance leasing of R\$ 473 (individual and consolidated) and R\$ 618 at December 31, 2010 (individual and consolidated). As at December 31, 2010, the profit sharing program of R\$ R\$ 9,535.

d. Tax obligations

Comprised of R\$ 22 in third-party taxes (R\$ 6 as of December 31, 2010), R\$ 418 in PIS and Cofins (R\$ 188 as of December 31, 2010), R\$ 143 in ISS (R\$ 864 as of December 31, 2010) and R\$ 61,978 in IRPJ and CSLL (R\$ 5,338 as of December 31, 2010).

e. Labor obligations and personnel expenses

This balance comprises social security charges, provision for vacation and Christmas bonus, amounting to a total of R\$ 2,502 (R\$ 1,319 at December 31, 2010). Personnel expenses consist of expenses on salaries and related charges and profit sharing program of R\$ 3,581 for the quarter and R\$ 52,316 for the nine-months period ended September 30, 2011 (R\$ 1,762 for the quarter and R\$ 22,541 for the nine-months period ended September 30, 2010).

f. Investments in associated and subsidiary companies

Up until May 6, 2010, the Company, through its interests in Tarpon BR S,A, and Tarpon BR Participações Ltda., held a 25% interest in Paraná Consultoria de Investimentos S,A, (“Paraná”), a consulting company, Since the Company had no significant control over operating and financial decisions in Parana, this venture was treated as an investment and recorded using the equity method of accounting, This indirect interest was disposed of at a loss of R\$ 100.

Tarpon Investimentos S.A.

Senior Management

Chief Executive Officer
José Carlos Reis de Magalhães Neto

Investor Relations Officer
Rafael Sonder

Accountant
Caroline Miranda
CRC 1SSP-255926/O-6