



Tarpon Investimentos S.A.

Individual and consolidated financial statements ended December 31, 2010

This document is a free translation from the official "Demonstrações financeiras individual e consolidada em 31 de dezembro de 2010" of the Company submitted to CVM. It is for informational purposes only. Any decision made should be based on the official document, available on the CVM website. In case of discrepancy, the Portuguese version shall prevail.



Tarpon Inestimentos S.A.

Individual and consolidated financial statements

December 31, 2010

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Management report

Market context

The trajectory of Real appreciation upon American dollar was one of the highlights of the year, with its exchange rates breaking down R\$1.70. In a large way, this movement reflects the international economic context, where the differences between developed and emerging countries affect the currency market. The effect is a large amount of foreign resources willing for profitability in the emerging markets, being Brazil one of the most benefited by this investment flow.

Asset management activity

Tarpon Investimentos S.A. (“Tarpon” or “the Company”) is an independent asset management company dedicated to investments in public and private equity. Tarpon’s goal is to provide, in the long run, above-market returns.

Tarpon’ strategy is to search for non-obvious investment opportunities, usually overlooked by the market, with prices significantly below its assessment of fair market value and with significant potential of long-term appreciation.

For the services rendered in connection to the asset management activity of the funds and management accounts (“Tarpon Funds”), the Company is remunerated by management and performance fees charged from the Tarpon Funds LPs.

Revenues related to management fees: remuneration calculated based on Tarpon Funds’ net asset value. Management fees are charged on a monthly or quarterly basis.

Revenues related to performance fees: remuneration related to the performance of the fund when a hurdle rate is exceeded. Performance fees are collected only when this rate is exceeded. It is payable on different dates for each of the funds or managed accounts.

Investment strategy

The Company conducts its investments based on three main strategies:

Long Only Equity:

The Long Only Equity strategy comprises the Tarpon Funds that invest exclusively in Brazilian publicly traded companies listed at BM&FBOVESPA.

Hybrid Equity:

The Hybrid Equity strategy comprises the Tarpon Funds that invest in both public and private equities.

Co-Investment Strategy:

The co-investment strategy serves as a sidecar/co-investment structure whose primary objective is to co-invest with the other Tarpon Funds in specific public and private equities.

Investor base

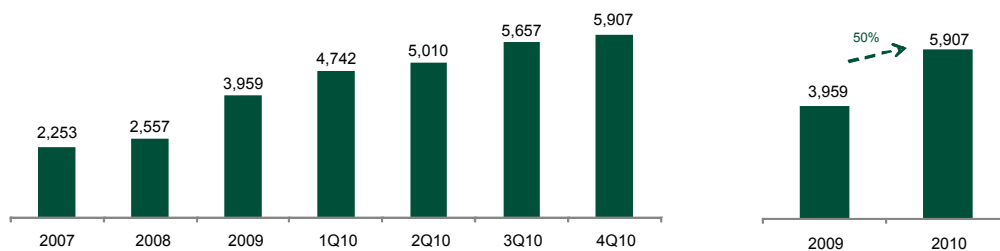
Tarpon Funds’ investor base is mostly comprised of foreign institutional investors with long-term investment approaches. This characteristic not only brings more stability to Tarpon’s AuM, but also enables a strong alignment between the Company’s philosophy and its investors.

Comments on operating performance

Assets under management

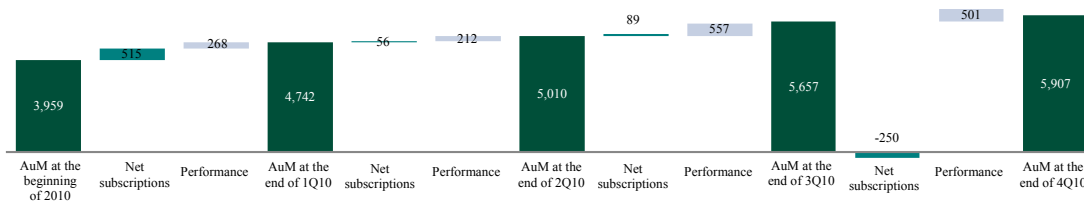
Assets under management (“AuM”) amounted to R\$5.9 billion as of December 31 2010, an increase of approximately 50% when compared to R\$3.9 billion as of December 31 2009.

AuM Growth - R\$ million



The AuM growth was mainly driven by the strong performance of the Tarpon Funds. The following graphic shows the quarterly AuM growth in 2010, increased by the performance of Tarpon Funds and net subscriptions.

AuM Growth during 2010 - R\$ million



Performance: the net positive performance of the Tarpon Funds in 2010 contributed to a R\$1.5 billion AuM increase.

Net subscriptions: the Tarpon Funds received net subscriptions (new commitments net of redemptions) in the amount of R\$410 million during 2010.

Performance of the Tarpon Funds

During the year, the Long-Only Equity strategy posted net returns of 38.8% in Reais and 40.3% in dollars. In the year, the accumulated returns were 36.1% in Reais and 37.5% in dollars.

The Hybrid-Equity strategy posted net returns of 47.1% (in dollars). From the beginning, the accumulated return is of 34.0%.

Tarpon Funds do not follow any stock market index as a performance benchmark. However, for illustrative purposes, during 2010, the Ibovespa and IBX Indexes posted returns in Reais of 1.04% and 2.62%, respectively.

Strategy	Launch	Performance ⁽¹⁾⁽²⁾					
		4Q10	2010	12 months	2 years	5 years	Since Launch (annualized)
Long Only Equity (R\$)	May 2002	7.8%	38.8%	38.8%	144.3%	263.9%	36.1%
Long Only Equity (US\$)	May 2002	7.9%	40.3%	40.3%	217.0%	352.3%	37.5%
Hybrid Equity (US\$)	Oct 2006	9.3%	48.7%	48.7%	171.3%	-	30.1%
Market Indexes		4Q10	2010	12 months	2 years	5 years	Since May 2002 (annualized)
Ibovespa (R\$)		-0.18%	1.04%	1.04%	84.56%	107.16%	21.86%
IBX (R\$)		1.77%	2.62%	2.62%	77.36%	107.72%	24.51%
Ibovespa (US\$)		1.50%	5.59%	5.59%	158.87%	191.02%	26.97%
IBX (US\$)		3.48%	7.24%	7.24%	148.76%	191.81%	29.73%

(1) Performance net of taxes.

(2) Performance posted up to December 31, 2010.

Comments on financial performance

Summary

<i>Financial highlights - R\$ million</i>		
	2010	2009
Gross revenues	217.1	42.8
Management fees	53.8	29.6
Performance fees	163.3	13.2
Net revenues	205.8	40.55
Operating expenses	(49.2)	(24.6)
Recurring: general administration, payroll & others	(15.0)	(9.8)
Non recurring: variable compensation & stock option	(34.1)	(14.8)
Results from operating activities	156.6	15.9
<i>Operating margin</i>	76%	39%
Net income	139.0	16.0
<i>Net margin</i>	68%	39%
Dividends	105.3	0.0
<hr/>		
Earnings per share (R\$/share)	3.37	0.39
Dividends per share (R\$/share)	2.55	0.37
Shares issued (thousands)	41,207	41,174
<hr/>		
AuM (end of the year)	5,907	3,959
<u>Average AuM over which one incurs administration fees ⁽¹⁾</u>	<u>5,237</u>	<u>3,574</u>

- (1) Assets under management over which has incurrence of administration fees. It does not consider the uncalled committed capital nor other co-investment structures.

Note: Margins presented are calculated based on the net operating revenues. The operating expenses amount does not include equity and financial results.

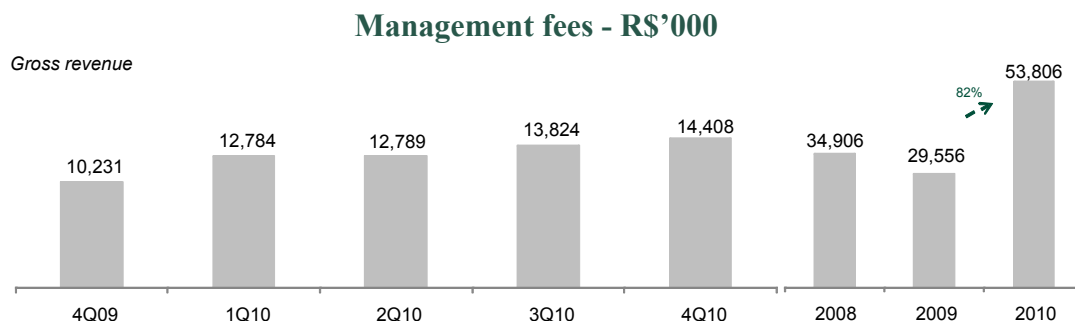
Operating income

Operating income is composed of (a) management fees associated with recurring and more predictable inflows, which are calculated based on total Net Asset Value of the Tarpon Funds, and (b) performance fees associated with more volatile inflows, which are calculated based on the performance recognized by the Tarpon Funds.

Revenues related to management fees

Revenues related to management fees are charged on a monthly or quarterly basis, calculated over the called capital volume (invested capital).

In 2010, the income from gross revenue related to management fees amounted R\$ 53.8 million, corresponding to 25% of the total operating income. In relation to 2009, the revenues increased 82%.

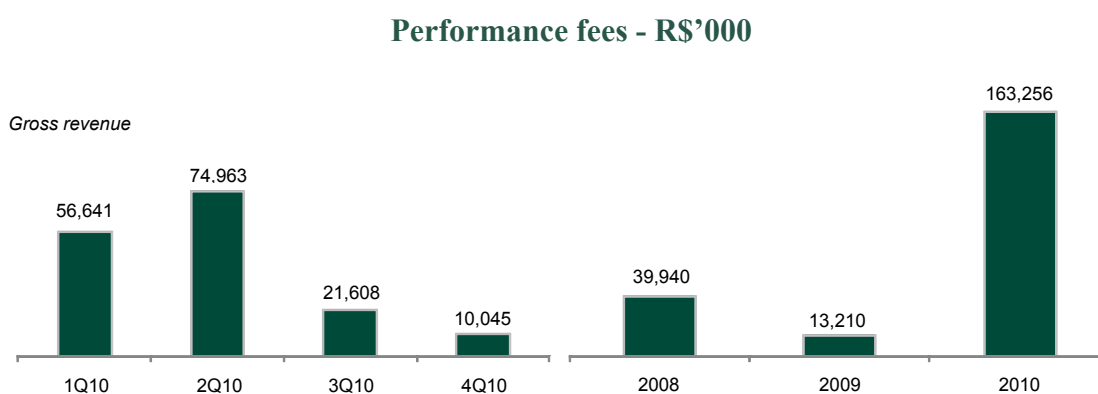


Revenues related to performance fees

Revenues related to performance fees are charged when the performance of the Tarpon Funds exceed a hurdle rate. The majority of the Tarpon Funds have absolute parameters, between 6% and inflation indexes plus 6% a year.

Tarpon Funds follow the concept of high water mark. In this way, performance fees are only charged if the price of the quota at the moment of the charge exceeds the price of the quota at the last charge of performance fees, in other words, the last water mark, adjust by the its benchmark parameter.

In 2010, the income from gross revenue related to performance fees amounted R\$ 163.3 million, corresponding to 75% of the total operating income. This amount is higher than the performance fees charged in 2009, where the majority of the net assets value of the Tarpon Funds were below the water marks.



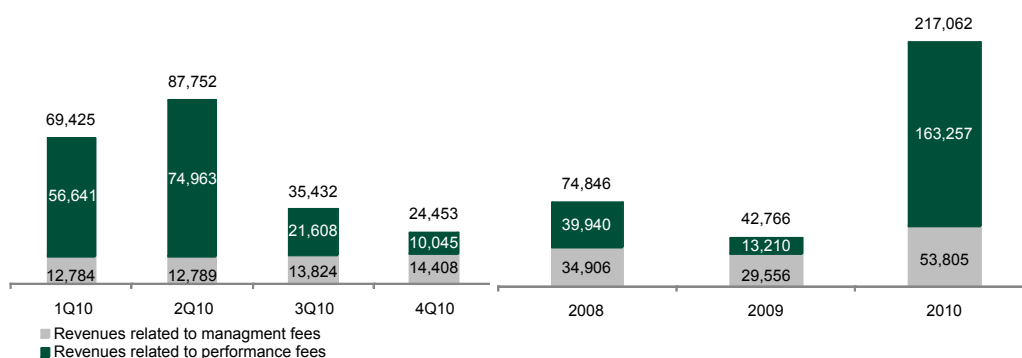
In the year ended December 31, 2010, the performance fees reached R\$ 163.3 million, reflecting the high performance of the Tarpon Funds. In the previous year, the performance fees amounted R\$ 13.2 million.

On December 31, 2010, 100% of the net assets value of the Tarpon Funds were above their corresponding water marks.

Total operating revenues

The amount of revenues related to management and performance fees totaled R\$217 million, an increase of 408% over the amount recorded in 2009.

Total operating revenues - R\$'000

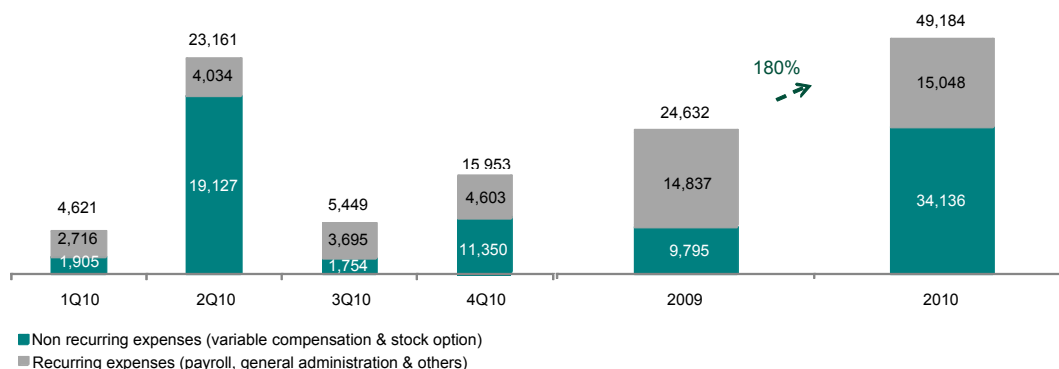


Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$49.1 million in 2010 (76% of operating margin), compared to R\$24.6 million in 2009 (39% of operating margin).

The recurring portion of operating expenses is comprised of general and administrative expenses, payroll expenses, and other income/expenses related to depreciation and business trip reimbursement. During 2010, recurring expenses totaled R\$15 million, equivalent to 38% of total operating expenses. In the previous year, recurring expenses amounted to R\$10.7 million, primarily due to year-over-year increase in headcount and lower infrastructure.

Operating expenses - R\$'000

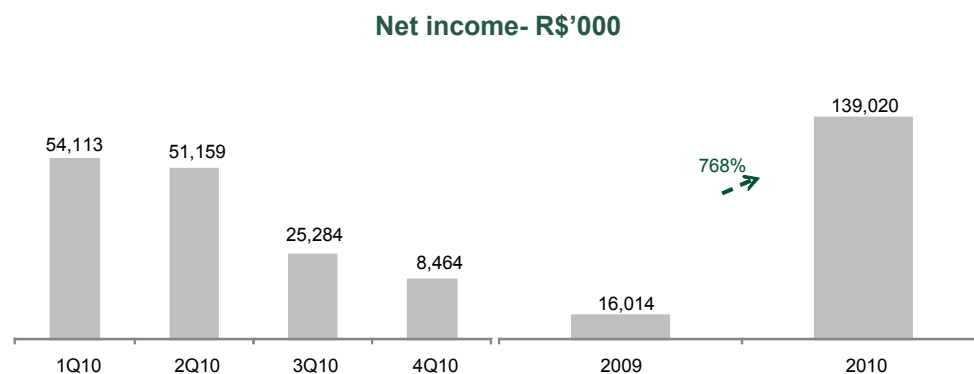


The non-recurring portion of operating expenses includes variable compensation, distributed on a semi-annual basis, and the provision of Tarpon's stock option plan.

In 2010, non-recurring operating expenses amounted to R\$34.1 million, with variable compensation expenses accounting for R\$26.5 million and stock option expenses (with no cash impact) accounting for R\$7.6 million.

Net income

Net income in 2010 amounted to R\$139.0 million (R\$ 3.37 per share), an increase of 768% when compared to 2009, representing a net margin of 68%.



Corporate Governance

Tarpon shares are traded in the New Market segment of the BM&FBOVESPA, under the ticker TRPN3.

Investor Relations - IR

Shareholders, investors and market analysts have at their disposal information available on the Company's IR website (www.tarponinvest.com.br). For further information, direct contact can be made with the IR department by e-mail (ri@tarponinvest.com.br) or by telephone: (11) 3074 5800.

Tarpon believes that transparent communication of its results is fundamental for the financial community to be able to correctly analyze its business.

Independent Auditors

Tarpon's financial statements related to the year ended December 31, 2010 were audited by KPMG Auditores Independentes. Tarpon's policy adopted for hiring audit non-related services from its independent auditors aims to assure that there are no conflicts of interest, loss of independence nor objectivity.

During 2010, no other service but financial auditing related to the financial statements was provided by the independent auditors.



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Independent auditors' report on the financial statements

To Management and Shareholders
Tarpon Investimentos S.A.
São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of Tarpon Investimentos S.A. ("Companhia"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2010, and the statement of income, statements of changes in shareholders' equity and comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and in accordance with the accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with the Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual financial statements

In our opinion, the individual financial statements aforementioned present fairly, in all material respects, the financial position of Tarpon Investimentos S.A. as at December 31, 2010, and its financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements aforementioned present fairly, in all material respects, the financial position of Tarpon Investimentos S.A. as at December 31, 2010, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Other matter

Statement of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2010, which presentation is required by the Brazilian Corporate laws applicable to public companies, and as supplementary information in accordance with IFRS, that do not require the presentation of the statement of value added. These statements were subject of the same audit procedures described previously and, in our opinion, they are fairly presented, in all material respects, in relation to the presentation of the financial statements taken as a whole.

São Paulo, February 4, 2011

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Cláudio Rogélio Sertório
Accountant CRC 1SP212059/O-0

Tarpon Investimentos S.A.

Individual and consolidated balance sheets

December 31, 2010 and 2009

(In thousands of Reais)

Assets	Notes	Consolidated		Individual		Liabilities	Notes	Consolidated		Individual	
		12/31/2010	12/31/2009	12/31/2010	12/31/2009			12/31/2010	12/31/2009		
Current assets						Current liabilities					
Cash and cash equivalents	4	294	42	294	40	Accounts payable	16c	798	5,806	798	5,805
Financial assets measured at fair value through profit or loss	5	45,217	14,958	45,217	14,958	Tax liabilities	16d	6,396	2,469	6,396	2,469
Financial assets available for sale	5	-	106	-	106	Labor liabilities	16e	1,589	814	1,589	814
Receivables	7	21,282	9,984	21,282	9,984	Statutory liabilities	8c	-	6,838	-	6,838
Other assets	16b	1,523	539	1,523	541			8,783	15,927	8,783	15,926
		68,316	25,629	68,316	25,629	Shareholders' equity					
Non-current assets						Share capital	8a	4,180	4,004	4,180	4,004
Investments in subsidiaries and associated companies		-	255	-	127	Capital reserves	8e	2,102	2,019	2,102	2,019
Property, plant and equipment	16a	1,435	256	1,435	256	Statutory reserve	8d	30	30	30	30
		1,435	511	1,435	383	Legal reserve	8b	801	801	801	801
						Other comprehensive income		-	5	-	5
						Stock option plan	12	10,842	3,227	10,842	3,227
						Retained earnings		43,013	-	43,013	-
						Shareholders' equity attributable to the holders of the Company		60,968	10,086	60,968	10,086
						Non-controlling interests		-	127	-	-
						Total shareholders' equity		60,968	10,213	60,968	10,086
Total assets		69,751	26,140	69,751	26,012	Total liabilities and shareholders' equity		69,751	26,140	69,751	26,012

The explanatory notes are an integral part of the individual and consolidated financial statements.

Tarpon Investimentos S.A.

Individual and consolidated statements of income

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Notes	Consolidated		Individual	
		2010	2009	2010	2009
Revenues					
Management fees		51,010	28,025	51,010	28,025
Performance fees		<u>154,810</u>	<u>12,526</u>	<u>154,810</u>	<u>12,526</u>
Net operating revenue	10	<u>205,820</u>	<u>40,551</u>	<u>205,820</u>	<u>40,551</u>
Operating income/(expenses)					
Personnel expenses	16e	(34,074)	(17,807)	(34,074)	(17,807)
Stock option plan	12	(7,699)	(3,227)	(7,699)	(3,227)
Administrative expenses	11	(6,104)	(3,895)	(6,104)	(3,895)
Income from financial assets measured at fair value through profit or loss		9,451	2,762	9,451	2,762
Equity in income of subsidiaries and associated companies		(125)	4,215	(125)	2,107
Other operational income /(expenses)	16f	<u>(1,308)</u>	<u>297</u>	<u>(1,308)</u>	<u>297</u>
		(39,859)	(17,655)	(39,859)	(19,763)
Net operating income		165,961	22,896	165,961	20,788
Income tax and social contribution	13	<u>(26,941)</u>	<u>(4,774)</u>	<u>(26,941)</u>	<u>(4,774)</u>
Net income for the year		<u>139,020</u>	<u>18,122</u>	<u>139,020</u>	<u>16,014</u>
Attributable to the holders of the Company		139,020	16,014	139,020	16,014
Attributable to non-controlling interests		-	2,108	-	-
Number of shares at the end of the period	8	<u>41,207</u>	<u>41,174</u>	<u>41,207</u>	<u>41,174</u>
Basic earnings per thousand shares in RS	9	<u>3.37</u>	<u>0.47</u>	<u>3.37</u>	<u>0.47</u>
Diluted earnings per thousand shares in RS	9	<u>2.53</u>	<u>0.39</u>	<u>2.53</u>	<u>0.39</u>

The explanatory notes are an integral part of the individual and consolidated financial statements.

Tarpon Investimentos S.A.

Consolidated statements of changes in shareholders' equity and comprehensive income

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Share capital	Treasury shares	Capital reserves	Statutory reserves	Legal reserve	Stock option plan	Other comprehensive income	Retained earnings	Shareholders' equity attributable to the holders of the Company	Non-controlling interests	Total shareholders' equity	Statement of comprehensive income
Balances at January 1, 2009	116	-	2,543	3,918	-	-	(31)	-	6,546	182	6,728	-
Capital increase	3,888	-	-	(3,888)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	801	-	-	(801)	-	-	-	-
Treasury shares	-	(524)	-	-	-	-	-	-	(524)	-	(524)	-
Cancellation of shares	-	524	(524)	-	-	-	-	-	-	-	-	-
Adjustment of assets to market value	-	-	-	-	-	-	36	-	36	-	36	36
Stock option plan	-	-	-	-	-	3,227	-	-	3,227	-	3,227	-
Net income	-	-	-	-	-	-	-	16,014	16,014	2,108	18,122	18,122
Dividends distribution	-	-	-	-	-	-	-	(15,213)	(15,213)	(2,163)	(17,376)	-
Balances at December 31, 2009	<u>4,004</u>	<u>-</u>	<u>2,019</u>	<u>30</u>	<u>801</u>	<u>3,227</u>	<u>5</u>	<u>-</u>	<u>10,086</u>	<u>127</u>	<u>10,213</u>	<u>18,158</u>
Comprehensive income attributable to the holders of the Company												<u>16,050</u>
Comprehensive income attributable to non-controlling interests												<u>2,108</u>
Balances at January 1, 2010	4,004	-	2,019	30	801	3,227	5	-	10,086	127	10,213	-
Capital increase	176	-	83	-	-	(83)	-	-	176	-	176	-
Legal reserve	-	-	-	-	35	-	-	(35)	-	-	-	-
Adjustment of assets to market value	-	-	-	-	-	-	4,625	-	4,625	-	4,625	4,625
Reclassification into income - Adjustments to market value	-	-	-	-	-	-	(4,630)	-	(4,630)	-	(4,630)	(4,630)
Stock option plan	-	-	-	-	-	7,698	-	-	7,698	-	7,698	-
Net income	-	-	-	-	-	-	-	139,020	139,020	(127)	138,893	138,893
Dividends distribution	-	-	-	-	-	-	-	(138,985)	(138,985)	-	(138,985)	-
Balances at December 31, 2010	<u>4,180</u>	<u>-</u>	<u>2,102</u>	<u>30</u>	<u>836</u>	<u>10,842</u>	<u>-</u>	<u>-</u>	<u>17,990</u>	<u>-</u>	<u>17,990</u>	<u>138,888</u>
Comprehensive income attributable to the holders of the Company												<u>139,015</u>
Comprehensive income attributable to non-controlling interests												<u>(127)</u>

The explanatory notes are an integral part of the individual and consolidated financial statements.

Tarpon Investimentos S.A.

Individual and consolidated cash flows statements

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Consolidated		Individual	
	2010	2009	2010	2009
Operational activities				
Net income/(loss) for the period	139,020	18,122	139,020	16,014
Adjustments:				
Depreciation	122	110	122	110
Equity in income of subsidiaries and associated companies	125	(4,215)	125	(2,107)
Increase/(decrease) in stock option plan	7,699	3,227	7,699	3,227
Variation of financial assets available for sale	(4,630)	-	(4,630)	(35)
Adjusted net income/(loss)	142,336	17,244	142,336	17,209
Changes in assets and liabilities:				
(Increase)/decrease in receivables	(11,298)	(9,356)	(11,298)	(9,356)
(Increase)/decrease in other assets	(984)	596	(984)	(134)
Increase/(decrease) in accounts payable	4,257	5,164	4,257	5,755
Increase/(decrease) in tax liabilities	3,927	2,259	3,927	2,259
Increase/(decrease) in labor liabilities	775	276	775	276
Cash flows from operational activities	139,013	16,183	139,013	16,009
Investment activities				
Sale of financial assets available for sale	4,762	-	4,762	-
Variation of financial assets measured at fair value through profit or loss	(30,259)	(8,286)	(30,259)	(8,286)
Acquisition/(disposal) of investments in subsidiaries and associated companies	-	(177)	-	92
Acquisition/(disposal) of fixed assets	(1,330)	(24)	(1,328)	(24)
Cash flows from investment activities	(26,827)	(8,487)	(26,825)	(8,218)
Financial activities				
Dividends payments	(112,110)	(10,538)	(112,110)	(8,375)
Exercise of stock options	176	-	176	-
Dividends received and appropriated	-	2,851	-	562
Cash flows from financing activities	(111,934)	(7,687)	(111,934)	(7,813)
Total cash flows	252	9	254	(22)
Net increase/(decrease) of cash and cash equivalents	252	9	254	(22)
Cash and cash equivalents at the beginning of the year	42	33	40	62
Cash and cash equivalents at the end of the year	294	42	294	40

The explanatory notes are an integral part of the individual and consolidated financial statements.

Tarpon Investimentos S.A.

Individual and consolidated statements of added value

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Consolidated		Individual	
	2010	2009	2010	2009
Income	<u>217,062</u>	<u>42,766</u>	<u>217,062</u>	<u>42,766</u>
Performance and management fees	217,062	42,766	217,062	42,766
Supplies acquired from third parties	<u>(7,110)</u>	<u>(3,488)</u>	<u>(7,110)</u>	<u>(3,488)</u>
Materials-Energy-Third Party Services-Others	(7,110)	(3,488)	(7,110)	(3,488)
Gross added value	<u>209,952</u>	<u>39,278</u>	<u>209,952</u>	<u>39,278</u>
Retentions	<u>(122)</u>	<u>(110)</u>	<u>(122)</u>	<u>(110)</u>
Depreciation	(122)	(110)	(122)	(110)
Net added value produced	<u>209,830</u>	<u>39,168</u>	<u>209,830</u>	<u>39,168</u>
Added value received in transfer	<u>9,326</u>	<u>6,992</u>	<u>9,326</u>	<u>4,884</u>
Equity in income of subsidiaries and associated companies	(125)	4,215	(125)	2,107
Financial income and expenses	9,451	2,777	9,451	2,777
Total added value to distribute	<u>219,156</u>	<u>46,160</u>	<u>219,156</u>	<u>44,052</u>
Distribution of added value	<u>219,156</u>	<u>46,160</u>	<u>219,156</u>	<u>44,052</u>
Personnel	<u>40,483</u>	<u>19,960</u>	<u>40,483</u>	<u>19,960</u>
Direct remuneration	40,483	19,960	40,483	19,960
Taxes and contributions	<u>39,653</u>	<u>8,078</u>	<u>39,653</u>	<u>8,078</u>
Federal	29,646	6,106	29,646	6,106
Local	10,007	1,972	10,007	1,972
Remuneration of own capital	<u>139,020</u>	<u>18,122</u>	<u>139,020</u>	<u>16,014</u>
Dividends	138,985	17,321	138,985	15,213
Retained earnings for the year	35	801	35	801

The explanatory notes are an integral part of the individual and consolidated financial statements.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

Year ended December 31, 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. The Company’s corporate activities consisted of administering securities portfolios and managing third party funds, through investment funds, managed portfolios and other investment vehicles. In December 2003, the Company was transformed into a corporate stock entity.

In March 2007, the corporate structure of the Company was reorganized and it became a subsidiary of TIG Holding Ltd, (“TIG”) through the contribution of ordinary shares from its shareholders to TIG’s capital.

On March 10, 2009, all of the shareholders present at the TIG General Meeting approved the corporate restructuring, aimed at segregating the fund management activities on one hand from its proprietary investment activities on the other. The corporate restructuring consisted, amongst other acts, in the capital reduction of TIG through the proportional transfer by TIG to its shareholders of all of the ordinary shares issued by the Company that belonged to TIG. The shareholders of TIG continued to hold the same investment interest in TIG as they had held before the restructuring and in addition, received an equivalent investment interest in the Company. As a result of the restructuring: (i) TIG activities consisted exclusively of proprietary investment activities; and (ii) the Company started to provide management services for all of the funds and portfolios previously managed by TIG and the Company (“Tarpon Funds”).

Within the context of the corporate restructuring, on February 16, 2009, TIG, as the predominate shareholder of the Company, approved amongst others: (i) a capital increase in the Company through the capitalization of the reserve; (ii) the division of shares; (iii) the purchase of treasury shares; (iv) the registration of the Company as a public stock corporation with the CVM and listing of the Company’s ordinary shares on the New Market segment of the BM&F BOVESPA; (v) alteration to the Company’s statutes to adapt them to the New Market Listing Regulation; and (vi) adoption of the Company stock option plan.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

2 Presentation of the financial statements

2.1 Presentation of the individual and consolidated 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), and in accordance with the accounting practices adopted in Brazil.

There is no difference between the shareholders' equity and the consolidated income presented by the Company and the shareholders' equity and the income of the parent company in its individual financial statements. Sendo assim, the consolidated financial statements and the individual financial statements are being presented side-by-side as a sole financial statements package.

The transition of the Brazilian accounting practices into the international accounting practices has not significantly effected the disclosures and/or presentations of the Company's financial statements and accounting information, nor the shareholders' equity and the net income of the years within these financials, including the first year of adoption of XXXXXXXXXXXX and subsequent quarterly periods and years, including the years ended December 2009 and 2010.

These financial statements and the respective audit reports on the financial statements were approved by the Board of Directors on February 2, 2011.

2.2 Functional and presentation currency

The financial statements were prepared in Reais (R\$), which is the Company's functional and presentation currency.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

2.3 Accounting estimates and judgments

The preparation of the financial statements requires Management to make judgments and estimates that affect the application of accounting principles, as well as the amounts presented for assets, liabilities, income and expenses, including determination of market values of the securities and stock option plan. The actual results may differ from the estimates. The assumptions and estimates are revised quarterly.

2.4 Consolidation basis

The consolidated financial statements include Tarpon BR S.A., in which the Company holds a direct interest of 32.5% and an indirect interest of 50% in the voting capital and Tarpon BR Participações Ltda., in which the Company holds a direct interest of 50% in the capital. These interests are in the process of being finalized when they will be excluded from consolidation, as discussed in Note 16, Section g.

The investments in these subsidiaries and all of the balances between the companies were eliminated for purposes of preparing the consolidated financial statements, and the minority interest in the shareholders' equity and in the results is presented separately.

3 Significant accounting practices

The accounting practices described below were applied consistently for Tarpon Investimentos S.A. and its subsidiaries for the quarters presented in the financial statements.

a. Revenue

Revenue comprises management and performance fees payable by Tarpon Funds. The management fees are calculated based on a fixed and/or variable percentage of the Funds' net asset value, and recognized as the respective services are provided. The performance fees are earned when the funds reach a certain performance level, as defined in the funds regulations, and are recognized only when there is certainty as to the amount to be received and its recovery.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

b. Non-derivative financial instruments

Financial assets measured at fair value through profit or loss

The 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 (2009), certificates of deposit and repurchase commitments, which are recognized at fair value. The interest, gains and losses arising from adjustment to fair value were recognized in the income statement as "Income from financial assets at fair value through profit or loss". The fair value of these assets is determined based on the quota value established by the fund's administrator, and the value (adjusted by the interbank deposit fee) established by the CDB's and repurchase commitments' issuing Banks, respectively, at the end of each month.

Financial assets available for sale

The Company's investments in equity securities are classified as available for sale. Subsequent to the initial recognition, they are carried at fair value and any fluctuations, except reductions to recoverable values, are recognized directly in shareholders' equity. When an investment is no longer recognized, the accumulated gain or loss recorded in shareholders' equity is transferred to profit or loss.

Cash and cash equivalents

Cash and cash equivalents refer to cash balances used in the normal administration of the Company's working capital.

c. Impairment

The book values of the Company's assets are revised at each balance sheet date, to determine whether there is any evidence of loss of recoverable values (impairment). If such evidence exists, the asset's recoverable value is estimated. Impairment of the asset is recognized when the book value of the asset is greater than its recoverable value.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

d. Investments in subsidiary and associated companies

Investments in associated and subsidiary companies are stated at their nominal values and adjusted using the equity method.

e. Fixed assets

Property, plant and equipment are measured at acquisition cost, net of accumulated depreciation, calculated using the straight line method, which takes into consideration the estimated economic useful life of the property and its residual value. The annual depreciation charges are: furniture, fixtures, machines and equipment (10%), facilities (10%), data processing systems (20%), communication and security systems (20%), and software licenses (25%). Third-party lease holdings are depreciated by the rental contract terms in force (five years), which is an annual charge of 20%.

f. Short-term benefits for employees and profit sharing plan

Employees are entitled to fixed remuneration and to participate in the company's biannual profit sharing plan. A provision is recognized for the estimated amount payable for the biannual profit share, in cash, when the Company meets the legal (conditions established in the plan) or constituted obligation to pay this amount to its employees and when it is possible to make a reliable estimate of the liability.

g. Provisions

A provision is recognized if, as the result of a past event, the Company has a legal or constituted obligation that enables a reliable estimate to be made and provided any loss is evaluated as being probable. Provisions are determined by discounting future estimated cash flows at a rate that reflects the market conditions in force and the risks characteristic of the liability.

h. Share-based option plan

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

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

i. Income tax, social contribution and other taxes

The Company adopted the presumed income regime, which is subordinated to the total revenue in a quarter. The rate of 32% of revenue, plus financial revenues is used for purposes of determining the calculation basis of corporate income tax (IRPJ) and Social contribution (CSLL). The aforementioned taxes are calculated at the rate of 15%, plus a surcharge of 10% for IRPJ and the rate of 9% for CSLL, respectively, on this determined basis.

Contribution for Social Integration Program (PIS) and Tax for Social Security Financing (COFINS) rates are 0.65% and 3%, respectively, and are due on management and performance fees, earned from the Brazilian funds. Service Tax (ISS) is charged at the rate of 2.5% due on revenues from management of the Brazilian funds and 5% on revenues related to non-Brazilian funds management. PIS, COFINS and ISS are registered as tax expenses on revenue.

Considering the level of revenues registered in 2010, starting in January 1, 2011, the Company will be included in a new tax program ("Lucro Real"). As a consequence, the calculation basis of the corporate income tax (IRPJ) and social contribution (CSLL), and the rates of PIS and COFINS will be changed in accordance with the current legislation.

j. Other assets and liabilities

Other assets are stated at realization values, including, when applicable, yields and monetary variations earned (on a daily "*pro-rata*" basis), and a provision for losses, when considered necessary. Other liabilities stated include known and determinable amounts, plus charges and monetary adjustments (on a base daily "*pro-rata*" basis) incurred.

k. Receivables

Receivables are measured at amortized cost based on the effective interest rate method, less any reductions to their recoverable values.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

l. Financial disclosures per segment

A segment is a component of a company that is dedicated either in providing goods or rendering services (business segment), or providing goods or services in a particular economic environment (geographic segment), which is subject to risks and rewards that differ from the other segments.

The Company only undertakes one type of activity (rendering services related to portfolio management) and therefore, no segment information by business type is presented.

m. Comprehensive income

Results of the changes in the fair value of financial instruments classified as available for sale and the net income of the year.

n. Earnings per share

The basic earnings per share is calculated considering the net income of the year attributable to the owners of the parent company and the non-controlling interests of the Company and the weighted average number of the ordinary and preferred shares in circulation in the respective year. The diluted earnings per share is calculated considering the average number of shares in circulation aforementioned, adjusted for the potential shares with a dilutive effect, in the presented years, accordingly to the Brazilian accounting standard CPC 41 and the international financial reporting standard IAS 33.

4 Cash and cash equivalents

Cash and cash equivalents are represented in consolidated and individual form in December 31, 2010 and 2009 by balances in cash and banks.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

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

	<u>Consolidated and individual</u>	
	December 2010	December 2009
Financial assets measured at fair values through profit or loss		
Investment funds (a)	-	2,609
Repurchase commitments (b)	16,370	-
Certificates of deposit (c)	<u>28,847</u>	<u>12,349</u>
	<u>45,217</u>	<u>14,958</u>
Financial assets available for sale		
Investments in shares - BrasilAgro (d)	-	106

- (a) Investment fund with a portfolio comprised of shares of public-traded Brazilian corporations.
- (b) Repurchase commitments with debentures, indexed to the changes of 100% of the Brazilian Interbank Deposit rate, with maturity in April 7, 2011, issued by top line Brazilian bank, and its fair value is classified as level 3, considering its determination based on the discounted present value of its expected cash flows by market observable rates, adjusted for the credit risk of the counterparties as assessed by the Management.
- (c) Certificates indexed to the Brazilian Interbank Deposit rate with maturity in January and February 2011 and issued by top line Brazilian bank, and its fair value is classified as level 3, considering its determination based on the discounted present value of its expected cash flows by market observable rates, adjusted for the credit risk of the counterparties as assessed by the Management.
- (d) Its fair value is classified as level 1, considering its determination based on the quoted market prices directly observable (market quotations disclosed by BM&FBOVESPA).

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

6 Financial instruments

a. Risk management

The Company is exposed to risks from the use of financial instruments, which include:

Credit risk

Refers to the possibility of the company and its subsidiaries incurring losses from defaults by their counterparties or the financial institutions holding their funds or financial investments. The Company's policy is to minimize its exposure to credit risk. Management revises and approves all investment decisions in order to ensure that they are made only in highly liquid assets, issued by reputable institutions.

Market risk

Risk that changes in market prices, such as interest rates and equity prices, may affect the Company's income or the value of its financial instruments. The Company's policy is to minimize exposure to market risk, seeking to diversify its investments portfolio in terms of pre or post-fixed rates and/or equity indices.

b. Financial assets available for sale

	2010	2009	
	Valuation method	Valuation method	Exposure to market value or interest rate risk?
Investments in BrasilAgro shares	Market value	Market value	Yes

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

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

	2010	2009	
	Valuation method	Valuation method	Exposure to market value or interest rate risk?
Investment funds	Quote value established by the Fund's manager	Quote value established by the Fund's manager	Yes
Certificates of deposit	Valued by index rate - DI	Valued by index rate - DI	Yes
Repurchase commitments	Valued by index rate - DI	-	Yes

d. Derivative financial instruments

As of December 31, 2010 and 2009, and during these years, the Company did not have any balances recorded as derivative financial instruments.

e. Sensitivity analysis - Effect on variation of fair value

In compliance with the ruling in CVM Instruction 475 of December 17, 2008 the Company confirms that it is not exposed to relevant market and/or interest rate risks.

The existing financial instruments are used only for temporary cash management, and are comprised of a repurchase commitment (36%) and certificates of deposit indexed to the Brazilian Interbank Deposit Rate (64%). Although the risk is considered low, management continually monitors the fluctuations in the stock and interest rate markets, which could have a direct or indirect impact on the fair value of these financial instruments.

f. Cash and cash equivalents

The funds are not allocated to any type of financial investment, and therefore no interest rate is applicable.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

g. Other financial assets and liabilities

The fair value of other financial assets and liabilities are practically the same as the book values reported in the balance sheets, and measured at fair value or short term maturity.

7 Receivables

The management fees due from the funds are calculated monthly and paid at the beginning of the following month, or quarterly. The performance fees are calculated every six months period and/or annually, depending on each fund's terms, and paid on January 31, March 31, April 30, June 30, July 31, September 30, and December 31 of each year.

	Consolidated and Individual	
	December 2010	December 2009
Management fee (*)	11,495	9,032
Performance fee (*)	<u>9,787</u>	<u>952</u>
	<u>21,282</u>	<u>9,984</u>

(*) At the time of approval of these financial statements, 89% of the receivables had been settled.

8 Shareholders' equity

a. Share capital

Share capital at December 31, 2010, was divided into 41,207 thousand ordinary nominative shares, amounting to R\$ 4,180.

On March 10, 2010, a total of 33 thousand shares were issued, for the amount of R\$ 176, as a result of the stock option conversion process related to options granted under the share-based option plan (see note n° 12).

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

Share capital at December 31, 2009 was divided into 41,174 thousand ordinary nominative shares, amounting to R\$ 4,004. On May 25, 2009, a total of 3,580 thousand shares were cancelled which had been held in Treasury, for the amount of R\$ 524.

b. Legal reserve

This is calculated at the rate of 5% of yearly net income, in accordance with the terms of article 193 of law 6,404/76.

c. Dividends

The Company's by-laws set forth the distribution of a minimum mandatory dividend of 25% of yearly net income, adjusted in accordance with the by-laws. According to statutory empowerment, the Board of Directors has deliberated the approval of the proposal for payment of dividends in the amount of R\$ 33,713, *ad referendum* the General Shareholders Meeting, based on the holders' favorable expression. Before the recognition of the dividends liability, the shareholders' equity was R\$ 51,073.

	Individual	
	Percentage of distribution in the year	
	2010	2009
Net income of the year	139,020	16,014
Legal reserve (1)	0.02% (2010) / 5% (2009) (35)	(801)
Dividends payable	24.25% (2010) / 42.70% (2009) (33,713)	(6,838)
(-) Dividends paid	75.72% (2010) / 52.29% (2009) (105,272)	(8,375)
Accumulated net income	-	-
Dividends per share	3.37	0.37

(1) In 2010, the amount refers to the complement of the reserve to accomplish the limit of 20% of the capital as permitted by law.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

d. Statutory reserve

On March 10, 2009, the Company capitalized its profit reserves in the amount of R\$ 3,888 with the issuance of new shares, and at December 31, 2010, the remaining balance was R\$ 30.

The by-laws establish that up to 10% of the adjusted yearly net income (after deducting the minimum mandatory dividend) can be allocated to the investment reserve, for the purpose of redemption, repurchase or acquisition of the Company's shares, or to develop the Company's activities.

e. Capital reserve

On March 10, 2010, the Company recorded the amount of R\$ 83 as a capital reserve (see item a. and Note 12).

On May 25, 2009, the Company partially used this capital reserve to cancel 3,580 thousands ordinary shares at a cost of R\$ 524. On December 31, 2009, the remaining balance was R\$ 2,019.

9 Earnings per share

a. Basic earnings per share

The basic earnings per share calculation was made using the Company's net income attributed to shareholders and the weighted average number of common shares, as shown below.

	<u>Consolidated and Individual</u>	
	2010	2009
Net income of the year attributable to shareholders	<u>139,020</u>	<u>16,014</u>

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

Weighted average number of ordinary shares

	<u>Consolidated and Individual</u>	
Ordinary shares at January 1	41,174	115
Shares issued during the year	33	44,639
Shares cancelled during the year	<u>-</u>	<u>(3,580)</u>
Total shares at December 31, 2010	41,207	41,174
Weighted average number of ordinary shares	<u>41,201</u>	34,261
Basic earnings per share for the year	<u>3,37</u>	<u>0,47</u>

b. Diluted earnings per share

When the dilutive effect of the Company's stock option plan which includes 13,724 thousands authorized options and 11,800 thousands granted options (10,045 thousands in 2009) is considered, the net income attributed to the shareholders for the year would be R\$ 2.53 (R\$ 0.35 in 2009) and R\$ 2.63 (R\$ 0.39 in 2009) per share, respectively.

10 Revenue from services

	<u>Consolidated and Individual</u>	
	2010	2009
Management fee revenue	53,806	29,556
Performance fee revenue	163,256	13,210
Taxes on revenue (1)	<u>(11,242)</u>	<u>(2,215)</u>
	<u>205,820</u>	<u>40,551</u>

(1) Amount composed of taxes on gross revenue (ISS, PIS e COFINS).

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

Management fees are recognized as the services are rendered and are calculated monthly based on a fixed and/or variable percentage applied to the funds' net asset value/administered portfolios.

Performance fees are calculated every six months and/or annually and paid on January 31, March 31, April 30, June 30, July 31, September 30, and December 31 of each year. Consequently, if the fair market value of the investments in the Tarpon Funds is reduced on these dates, even if only temporarily, the performance fee income will also decrease.

In addition, all of the funds have "high water marks" for which performance fees are not due for a specified period (even if the fund reported a positive return during this period) if the fund had reported higher losses in previous periods. Thus, if a fund reports losses in one period, it is not required to make the performance fee payment until it exceeds the previous "high water mark. At September 30, 2010, the majority of the assets under management (99%) were above the respective "high water mark".

Consequently, the income from performance fees may be subject to significant variations from year to year, depending on: fluctuations in the fund's portfolio net assets values, the performance of the portfolios compared to the hurdle rates (benchmark) for each fund and the realization of private equity investments (since the performance fees related to these investments are charged only upon the realization of the investment).

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

History of net return				
Strategy	Vehicle	2010	2009	Minimum attractive rate
Long-Only Equity	Tarpon FIA (Brazilian vehicle)	38.81%	76.03%	IGPM + 6%
	TF Fund (Non-Brazilian vehicle)	40.28%	125.96%	Libor

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

History of net return				
Strategy	Vehicle	2010	2009	Minimum attractive rate
	Management portfólio (Non-Brazilian Vehicle)	52.21%	85.43%	IPCA + 6%
Hybrid Strategy	TAEF Fund	47.03%	127.77%	6%

11 Administrative expenses

	Consolidated and Individual	
	2010	2009
Third party services	2,211	1,367
Tax expenses	-	694
Travel expenses	1,023	568
Computer system	456	494
Office maintenance	2,314	466
Other expenses	<u>100</u>	<u>306</u>
	<u>6,104</u>	<u>3,895</u>

12 Share based option plan

The Company's shareholders approved a share based option plan as the basis for issuing options that will grant the titleholders the right to purchase shares representing up to 25% of the shares issued by the Company (equivalent to 13,724 thousand common shares at the granting date), on a fully diluted basis.

On March 10, 2009 ("First Grant Date"), the Company's Board of Directors granted 7,662 thousand options representing 55.8% of the total options under the plan, of which 151 thousand were returned as a result of the titleholders leaving the Company.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

On November 30, 2009, the Company's Board of Directors granted a further 2,493 thousand options, and on February 19, 2010, it granted 530 thousand options, and on August 19, 2010, it granted 1,115 thousand options, which, together with the first options grant (including returned options), amounted to 11,649 thousand options, which represent 84.90% of total options under the plan.

On March 10, 2010, the Company's Board of Directors approved the issuance of 33 thousand shares, in accordance with the partial exercise of the options granted to an employee on March 31, 2009.

At any date until July 1, 2017, the Company may grant an additional 16 thousand options. Further, from July 1 of 2011 and 2012, the Company may grant additional amounts, equivalent to 7.5% of the total options under the plan.

The beneficiaries of the options are the Company's Directors (except for the independent members), vice-presidents and employees (including those related to the Tarpon Funds' investment entities), in accordance with the allocation that is determined by the Company's Board of Directors.

The options under the plan were (will be) vested in the proportions and on each of the dates listed below ("Vesting Dates"):

- a. The first part of the options granted on March 10, 2009, equivalent to 50.2% of the total options of the plan, may be exercised at the rate of 20% on March 10, 2009, 20% on July 1, 2009 and 20% on each of the three anniversaries subsequent to July 01, 2009;
- b. The second part of the options granted on March 10, 2009, equivalent to 6.0% of the total options of the plan, may be exercised at the rate of 20% on July 1, 2009 and 20% on each of the four anniversaries subsequent to July 01, 2009; and
- c. The options granted after July 1, 2009 can be exercised in the proportion of 20% on July 1 of each of the five financial years subsequent to the year such options were granted.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

The options granted and not exercised that become available for granting in case of titleholders leaving the Company, will be able to be granted again at anytime up to July 1, 2017, considering that these options will be exercisable at the proportion of 20% in each 5 years subsequently to the respective grant date.

Notwithstanding the foregoing, in certain events, including if the controlling shareholders cease to jointly hold at least 30% of the total shares at any moment, 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 from the respective Vesting Date (including options vested on the First Grant Date).

The options from the plan can only be exercised after certain requirements have been fulfilled by the beneficiary on the respective date of exercising the option, which includes the requirement that the relationship between the beneficiary and the Company be maintained. In the event the relationship between the beneficiary and the Company ended voluntarily, or ends with no just cause by the Company, the beneficiary can only exercise that part of the options which is vested at such time, within a period of 30 days from ending the relationship. The options that are not exercised or that cannot be exercised will again be available to be granted under the share based option plan.

On August 18, 2010 were approved on the Extraordinary Shareholders Meeting, among others, the following changes in the general rules of the Stock Option Plan: (a) the strike price starts to be reduce by the dividends amounts, interest over own capital and other distributions that may be made by the Company, up to the higher value between R\$2.53 and 45% of the quoted market price of the shares (considering the previous bid before the grant date of the respective stock option), and (b) the strike price starts to be the higher value between R\$ 5.60 per share (properly adjusted as described in the item (a), from the initial approval date of the Plan up to the grant date of the respective stock option) and 75% of the quoted market price of the share (considering the previous bid before the grant date of the respective option).

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

The evaluation of the share based option plan was prepared using the binominal model, which was applied at the time of each option being granted, considering market parameters. The following assumptions were adopted for the most recent options granted: (a) average of annual volatility rate; (b) current share price; (c) exercise price of options from the plan in its terms; and (d) the risk free interest rate. At the last grant occurred on August 19, 2010, the premises are the following: average annual volatility of 22.60%, spot value of R\$11.45, strike of R\$8.59 and interest rate of 10.75% a.a.

During the year ended December 31, 2010, the amount recorded in the income statement for the adjustment to fair value of the share based option plan was R\$ 7,699 (R\$ 3,227 in 2009).

13 Demonstration of the calculation of income tax and social contribution

	<u>Consolidated and Individual</u>	
	2010	2009
Revenue	217,062	42,766
Presumed income (32%)	69,460	13,685
Financial revenues	9,858	424
Calculation basis of corporate income tax (IR) and social contribution (CS)	79,318	14,109
IR (15%)	(11,897)	(2,117)
IR surcharge (10%)	(7,906)	(1,387)
CS (9%)	(7,138)	(1,270)
Total	<u>(26,941)</u>	<u>(4,774)</u>

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

14 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.

15 Related parties

The main asset and liability balances at December 31, 2010 and 2009, and the transactions with related parties that affected the results for the years then ended refer to transactions between the Company and its subsidiaries, associated companies, joint ventures and key management staff.

The Company reported transactions with related parties that are inherent to fund management (See Notes 7 and 10), transactions with its shareholders and the respective payments of dividends, bonus from the Company's profit, and remuneration of key management. In addition, the Company has accounts payable to its previous owner (See Note 16.c).

These transactions were performed under market conditions compatible with those realized with third parties, in force on the dates of the operations, and are presented below:

	Consolidated and individual			
	Asset/(liability)		Income/(expense)	
	2010	2009	2010	2009
Receivables	21,282	9,984	217,062	42,766
Accounts payable	(305)	(549)	(25,654)	(11,045)
Dividends	(33,713)	(6,838)	(138,985)	(15,213)
Management's remuneration (*)	(1,811)	(697)	(3,228)	(1,152)
Total	<u>(21,966)</u>	<u>1,900</u>	<u>38,692</u>	<u>13,141</u>

(*) Annually, in the General Meeting the global maximum amount of the remuneration to the Company's Management is fixed. For 2010, this amount is R\$ 12,000.

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

16 Other information

a. Fixed assets

The depreciation expenses of property, plant and equipment totaled R\$ 122 in 2010 (R\$ 110 in December 31, 2009).

b. Other assets

Other assets in December 31, 2010 in the consolidated and individual financial statements are composed substantially of recoverable taxes in the amount of R\$ 1,411 (R\$ 342 in 2009) and prepaid expenses in the amount of R\$ 69 (R\$ 191 in 2009).

c. Accounts payable

This refers to amounts due to suppliers in the amount of R\$ 798 (R\$ 259 in December 2009) and the net income sharing program in the amount of R\$ 9,535 (R\$ 4,998 in 2009).

d. Tax liabilities

The amounts due at December 31, 2010 refer to R\$ 6 for third party taxes (R\$ 18 in 2009), R\$ 188 for PIS and COFINS (R\$ 56 in 2009), R\$ 864 for ISS (R\$ 362 in 2009), R\$ 5,336 for IRPJ and CSLL (R\$ 1,428 in 2009) and R\$ 605 in 2009, due to the Tax Government Program related to services tax - ISS (year base: 2004).

e. Personnel and labor liabilities and expenses

This balance comprises social security charges, the provision for vacation, and "thirteenth-month" salaries, amounting to a total of R\$ 1,589 (R\$ 5,812 in December 2009). The personnel expenses are represented by salaries in the amount of R\$7,594 (R\$6.811 in 2009) and expenses with the profit share program in the amount of R\$25,654 (R\$ 10.996 in 2009).

Tarpon Investimentos S.A.

Notes to the individual and consolidated financial statements

(In thousands of Reais)

f. Other operational income and expenses

The amount of R\$ 1,308 refers mainly to a Tax Government Program related to services tax - ISS (base year: 2005), in the amount of R\$ 1,091.

g. Investments in subsidiaries and associated companies

The company indirectly held until May 6, 2010, through its interest in the subsidiaries Tarpon BR S.A. and Tarpon BR Participações Ltda., 25% of interest in the investments in a joint venture, Paraná Consultoria de Investimentos S.A. (“Paraná”), an advisory consulting company. Since the Company does not have any voting power over the operational and financial decisions of Paraná, it is treated as an investment and recorded using the equity method. This interest was sold, resulting in a loss of R\$ 100.

17 Subsequent events

On January 7, 2011, the Board of Directors approved the issuance of 4,553 thousand shares, considering the partial exercise of options granted to employees and directors of the Company.

* * *

Management Representatives

Chief Executive Officer

José Carlos Reis de Magalhães Neto

Chief of Investors Relationship

Eduardo Silveira Mufarej

Accountant

Bruno Vergasta de Oliveira
CRC 1RJ-093416/O-0 T-SP