

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

# ***Tarpon Investimentos S.A.***

*Individual and Consolidated Financial  
Statements for the Period Ended December  
31, 2014 and Independent Auditor's Report*

Deloitte Touche Tohmatsu Auditores Independentes

## **Contents**

Management report	2
Independent auditor's report	15
Individual and consolidated balance sheets	17
Individual and consolidated statements of operations	18
Individual and consolidated statements of comprehensive income	19
Consolidated statements of changes in equity	20
Individual and consolidated statement of cash flows	21
Individual and consolidated statements of value added	22
Notes to the individual and consolidated financial statements	23

## **MANAGEMENT REPORT**

### **Context of Market**

Investment funds under our management invest in companies listed in stock exchange and also in privateequity funds.

Witnessed in 2014, a severe increase in economic slowdown, which we are experiencing since the beginning of the year and the expectation on presidential elections, which ended with the re-election of President.

In 2014, the government stepped intentionally government spending, resulting in a change in the primary surplus of 1.9% of GDP in 2013 to a deficit of 0.63% in 2014. In addition, the government has been using the rate of exchange as to combat inflation tool. Thus, the maintained throughout the year.

This uncertainty led to a further decrease in consumer confidence levels and industry. During the year, the Ibovespa, BM&F Bovespa's main stock performance indicator, fell by 2.91%. In the same period, U.S. indexes S&P 500 and Dow Jones grew by +11.39% and 7.52%, respectively, and Europe's Stoxx 600 was up by 4.35%

In the companies listed at BM&F Bovespa, which account for most of the portfolio of funds managed byTarpon, we noted a positive performance at BRF (+30.9%) and Tempo (+63.02%), while the negative side stood Metalúrgica Gerdau (-50.8%) and Marisa (-21.45%).

### **Highlights in 4Q14 and 2014**

Gross revenues related to asset management services amounted to R\$ 19.8 million in 4Q14 and R\$75.4 milion in the year.

**Subscriptions:** Tarpon Funds received net subscription of R\$ 1,263 million in 2014;

**Assets under management:** R\$ 8.6 billion in the Portfolio Funds strategies and R\$ 1.9 billion in the Co-Investment strategy, amounting R\$ 10.6 billion of assets under management in December 2014.

**Portfolio Funds performance:**

Portfolio Funds	2014	4Q14
Long Only Equity in R\$	-1.46%	0.44%
Long Only Equity in US\$	-13.39%	-7.50%
Hybrid Equity in R\$	0.43%	0.50%
Hybrid Equity in US\$	-10.80%	-8.2%
Ibovespa in R\$	-2.91%	-7.59%
IBrX in R\$	-2.78%	-7.11%

**Operating revenues:**

Revenues: R\$ 19.8 million in 4Q14 and R\$ 75.4 million in 2014

**Net Income/(Loss):** R\$6.3 million in 4Q14 and R\$ 13.8 million in 2014. Net Margin of 18.9%.

**About Tarpon Investimentos**

We are dedicated to value-oriented investments in public and private equities. Our goal is to provide, in the long-run, above-average absolute returns.

Our investment philosophy is supported by six tenets:

**Focus on intrinsic value**

We look for investment opportunities that may provide significant value in the long term, with market prices reflecting a substantial discount to our perceived intrinsic value.

**Portfolio concentration**

We believe in portfolio concentration, which allows each invested company to have a meaningful impact on the overall performance and allows us to obtain a deeper understanding of each company.

**Contrarian approach**

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

**High Conviction**

We seek to implement a disciplined investment process that allows us to have a high degree of conviction related to our investment decisions.

### Long-term perspective

We believe that a long-term owner perspective is essential to maximize potential returns of each investment opportunity.

### Value Creation

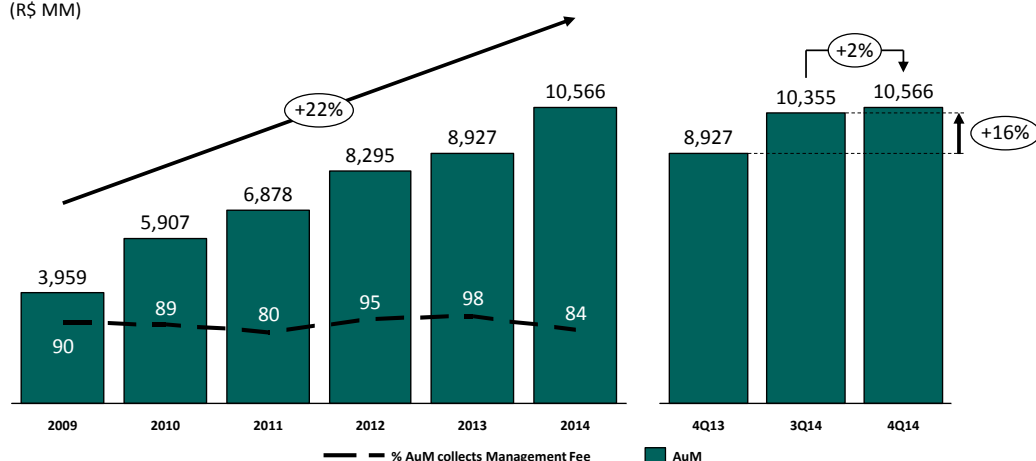
We often seek to develop a positive value creation agenda together with our invested companies.

### Asset under management

Our assets under management (“AuM”) amounted to R\$10.57 billion as of December 31<sup>st</sup> 2014, an increase of 18.36% when compared to R\$8.92 billion AuM as of December 31<sup>st</sup> 2013 and an increase of 2.04% when compared to the fourth quarter of 2014. 90% of the AuM is denominated in Brazilian Reais and 10% in USD.

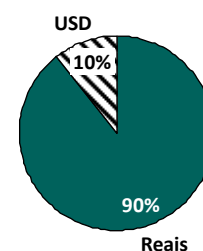
**Tarpon’s AuM Growth**

(R\$ MM)



**AuM – R\$ X USD**

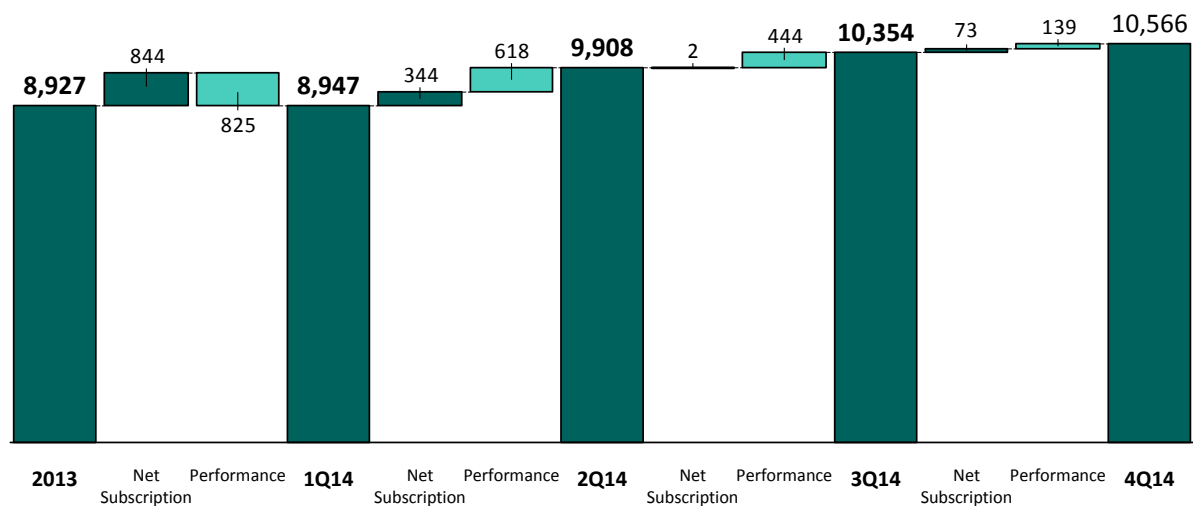
(%)



The growth of the AUM during the year was mainly due to subscriptions on co-investments vehicles as exhibited below.

**AuM quarterly growth breakdown**

(R\$ MM)



## **Investments Strategy**

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

### **Portfolio Funds**

*(Public and private equity investments)*

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

As of December 31st 2014, the AuM allocated to this strategy amounted to R\$ 8.6 billion.

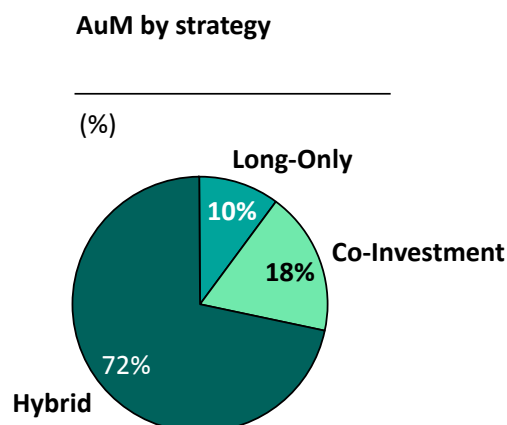
### **Co-Investment Strategy**

*(Public and private equity investments)*

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

As of December 31st 2014, the AuM allocated to the co-investment strategy amounted to R\$ 1.9 billion. 68.7% of this amount are not subject to management fees and performance fees are payable only on divestment.

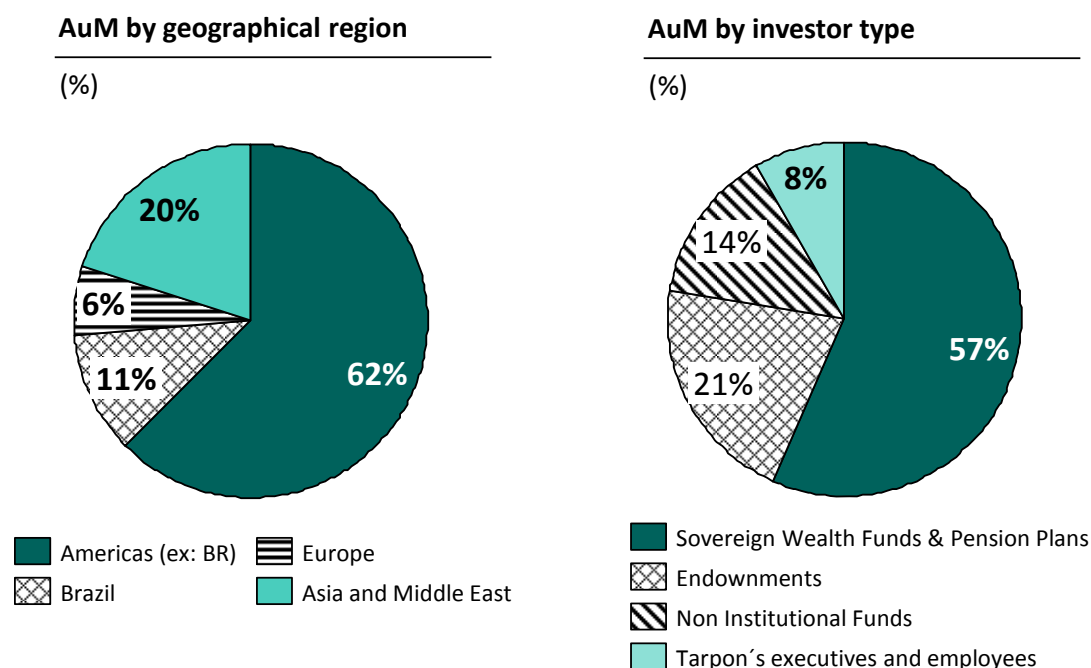
As of December 31st 2014, the AuM allocated for investment in the stock exchange comprised 86% of the total capital invested. Private equity investments, measured at fair value (1), correspond to 14% of AuM. We present below the breakdown of AuM by their hybrid, long-only and co-investment strategies.



(1) The market value of certain investments in private equity is measured based on assessments made by management, since there is no available market price.

## Investor Base

As of December 31st, 2014, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds, accounted for 78% of total AuM. The capital invested by our executives and employees represented 8% of total assets.



## Investment Performance

During the year of 2014, the Portfolio Funds Long-Only Equity strategy posted net returns of -1.46% in R\$ and -13.39% in US\$. The accumulated annualized returns of this strategy, net of taxes and expenses, is 25.93% in R\$ and 21.83% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of 0.43% in US\$ and -10.80% in R\$ during 2014. Net annualized performance is 5.44% in R\$ and 13.27% in US\$ since launch.

We do not follow any stock market index as a performance benchmark. For illustrative purposes, during the quarter, Ibovespa and IBrX Indexes posted returns of -2.91% and -2.78%, respectively (both in R\$), returns in US\$ were -14.37% and -14.26% for Ibovespa and IBrX, respectively.



Strategy	Performance <sup>1</sup>						
	Inception	4Q14	2014	LTM	2 years	5 years	Since Launch (annualized)
Long Only Equity (R\$)	maio 2002	0.44%	-1.46%	-1.46%	2.84%	80.06%	25,93%
Long Only Equity (US\$)	maio 2002	-7.50%	-13.39%	-13.39%	-21.17%	9.15%	21,83%
Hybrid Equity (R\$)	set 2011	0.50%	0.43%	0.43%	6.17%	19.30%	5,44%
Hybrid Equity (US\$)	out. 2006	-8.20%	-10.80%	-10.80%	-22.11%	15.42%	13,27%

Stock Market Index	4Q14	2014	LTM	2 years	5 years	Since Launch (annualized)
Ibovespa (R\$)	-7.59%	-2.91%	-2.91%	-17.96%	-27.09%	11,41%
IBrX (R\$)	-7.11%	-2.78%	-2.78%	-5.82%	-4.48%	15,44%
Ibovespa (US\$)	-14.73%	-14.37%	-14.37%	-36.88%	-52.21%	10,95%
IBrX (US\$)	-14.28%	-14.26%	-14.26%	-27.55%	-37.38%	14,97%

(1) Performance net of fees.

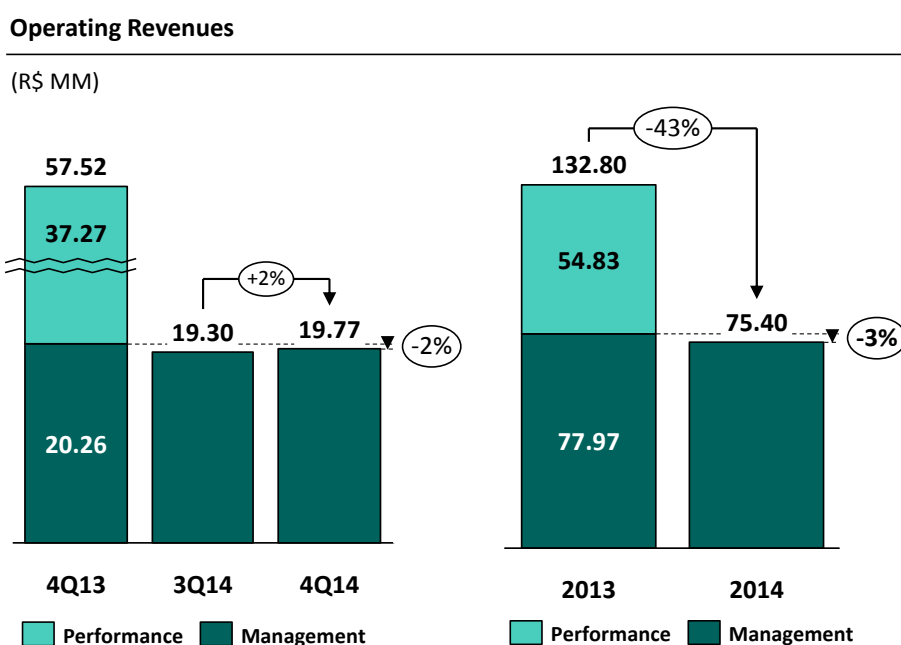
(2) Performance up to September 30<sup>th</sup>, 2014.

## Financial Highlights

### Operating revenues

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

During the quarter, total operating revenues amounted to R\$19.8 million, equivalent to approximately 100% of the operating revenues on the quarter. These revenues increased 2.42% when comparing with 3Q14. In 2014 operating revenues totaled R\$75.4 million, a decrease of 43.20% when compared to 2013. The lower revenue is mainly explained because a large percentage of our fund collects performance every two years. Management performances remained stable.



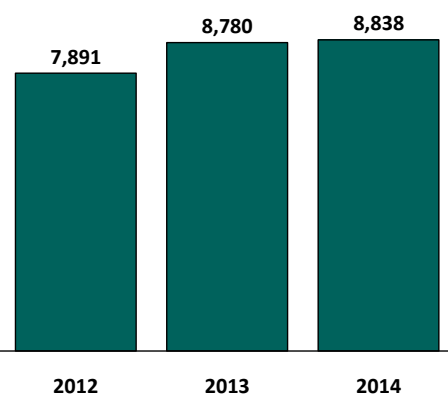
### Revenues related to management fees

Management fees are charged on the Tarpon Funds based on the amount of invested capital.

During the quarter, gross revenues related to management fees amounted to R\$19.8 million. These revenues increased 2.42% when compared to 3Q14. Management fee revenues decreased -3.29% in 2014 when compared to 2013.

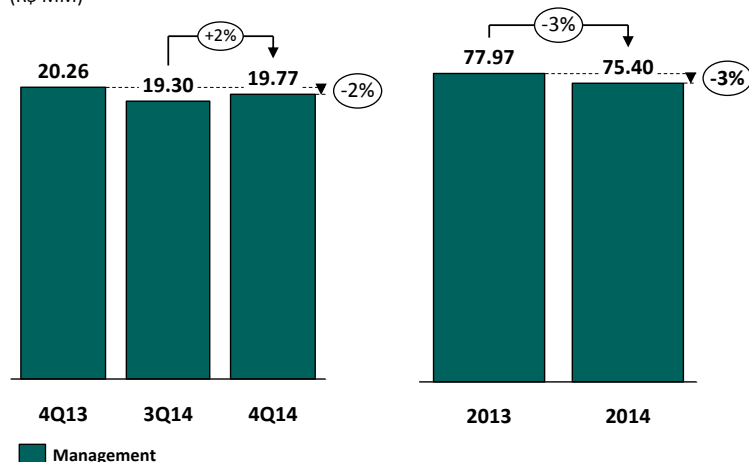
**Growth of the AuM that collects management fee**

(R\$ MM)



**Management Fee revenue**

(R\$ MM)



**Revenues related to performance fees**

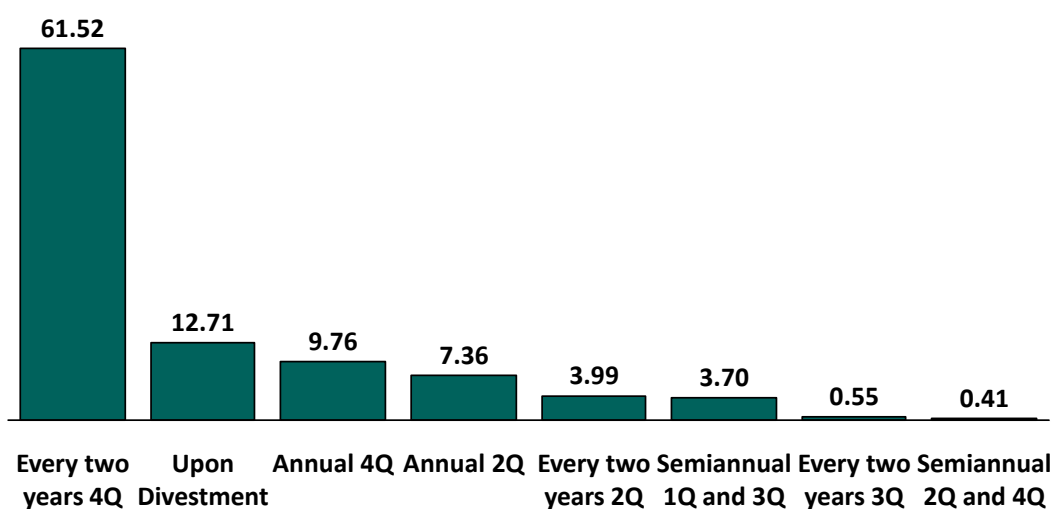
Performance fees are payable when the Tarpon Funds' performance exceeds certain hurdle rates. The hurdles primarily are inflation index plus 6% per year.

The performance fees are subject to a high water mark, which means that such fees are charged only if the net asset value (NAV) of the relevant fund exceeds the NAV of the previous performance fee collection date, adjusted by the hurdle rate.

The Tarpon funds are entitled to collect performance fees on distinct dates. Below is the current distribution of our AuM by performance collection period:

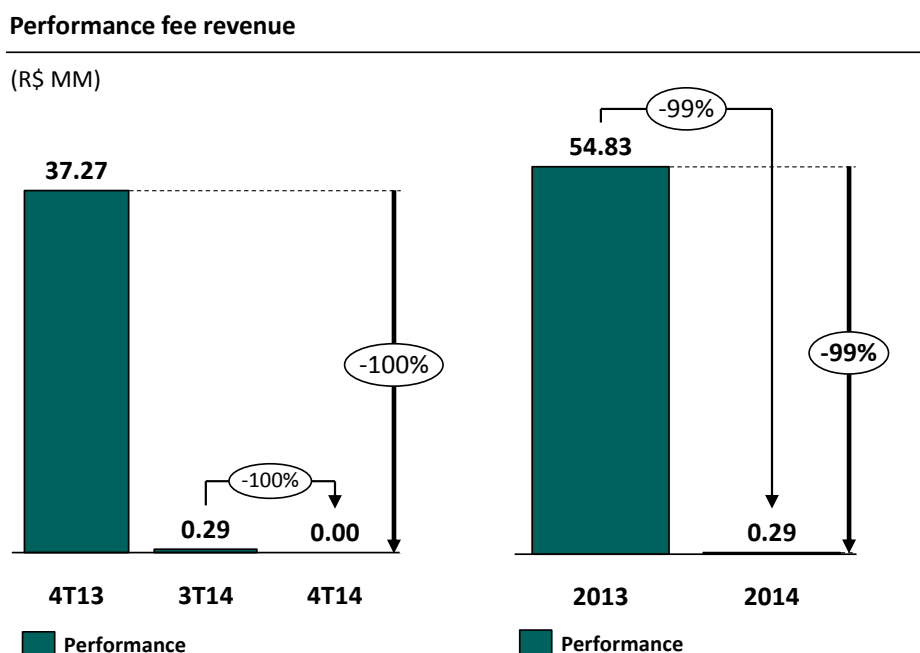
**Distribution of the performance fee collection**

(% AuM)

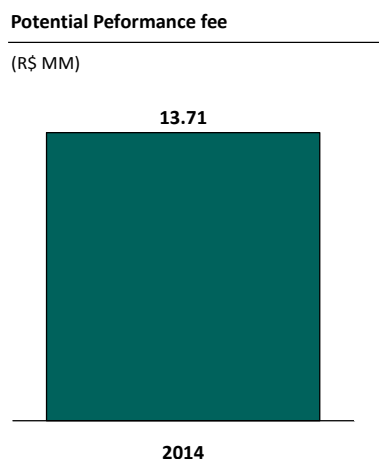


As of December 31st, 2014, 14.40% of the Tarpon Funds' NAV was above their respective high water marks.

There were no revenues related to performance fee in 4Q14. Performance fee in 2014 totals R\$0.29 million.



For illustrative purposes only, assuming that performance fees were charged as of December 31st, 2014, the additional revenues related to performance fees would amount to R\$13.71 million (based on the net asset value of the funds as of such date), R\$11.88 million of which corresponding to performance fees which are charged only upon divestment. As we cannot predict the Tarpon Funds' performance, there is no assurance that such potential additional amounts will be due and payable to Tarpon on the relevant dates and the prospective amounts may differ substantially from the actual amounts.



\* Estimate amounts. There is no assurance that potential amounts will be due and payable to Tarpon on the relevant dates. Accumulated potential performance fees as of December 31st, 2014

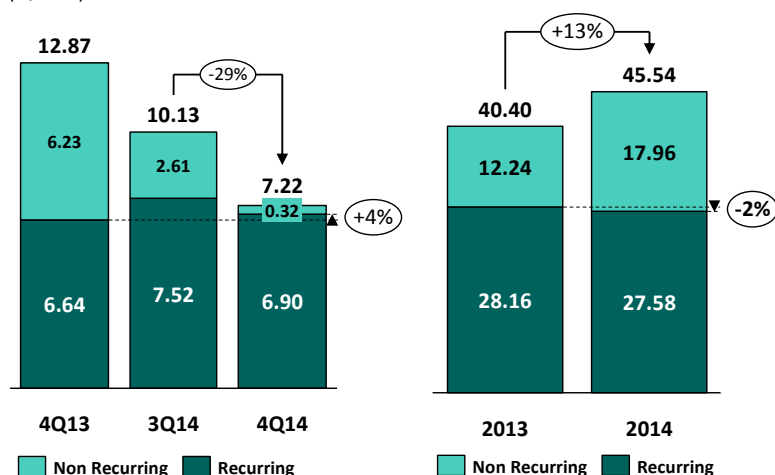
## Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$7.2 million during 4Q14 and R\$ 45.5 million in 2014.

The recurring operating expense is comprised of general and administrative expenses, payroll expenses, and other expenses related to depreciation and travel expenses. In 4Q14, recurring expenses totaled R\$6.9 million and R\$ 27.6 million in 2014. When compared 4Q14 with 3Q14 we verify a decrease of 8.3%. Comparing 2014 to 2013 recurring expenses decreased by 2.0%.

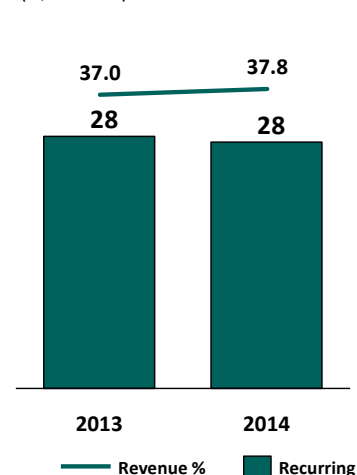
**Operating Expenses**

(R\$ MM)



**Recurring Exp. and Revenue %.**

(R\$ MM - %)



Non-recurring expenses totaled R\$ 0.3 million in 4Q14 and R\$17.9 million in 2014. Non recurring expenses consist of provisions for profit sharing program, variable remuneration and stock option plans (with no cash effect). In comparison to 3Q14, non-recurring expenses decreased 87.67%. When we compare 2014 to 2013 we verify an increase of 46.71%.

## Taxes

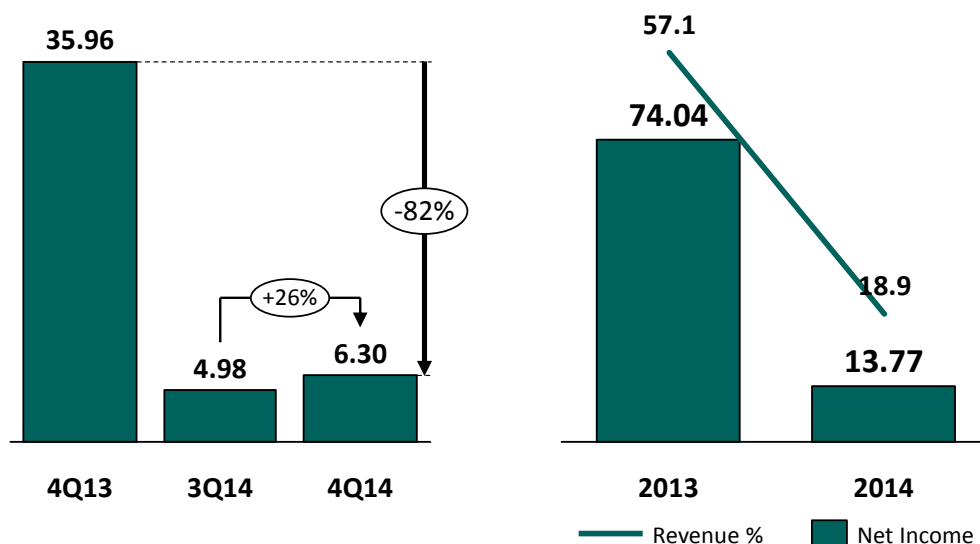
Income taxes and social contribution amounted to R\$4.5 million in 4Q14 and R\$ 12.7 million in 2014.

## Net Income

Net income for the fourth quarter of 2014 was R\$6.3 million. In 2014 we verified R\$13.8 million of net income.

### Net Income and Net Income Margin

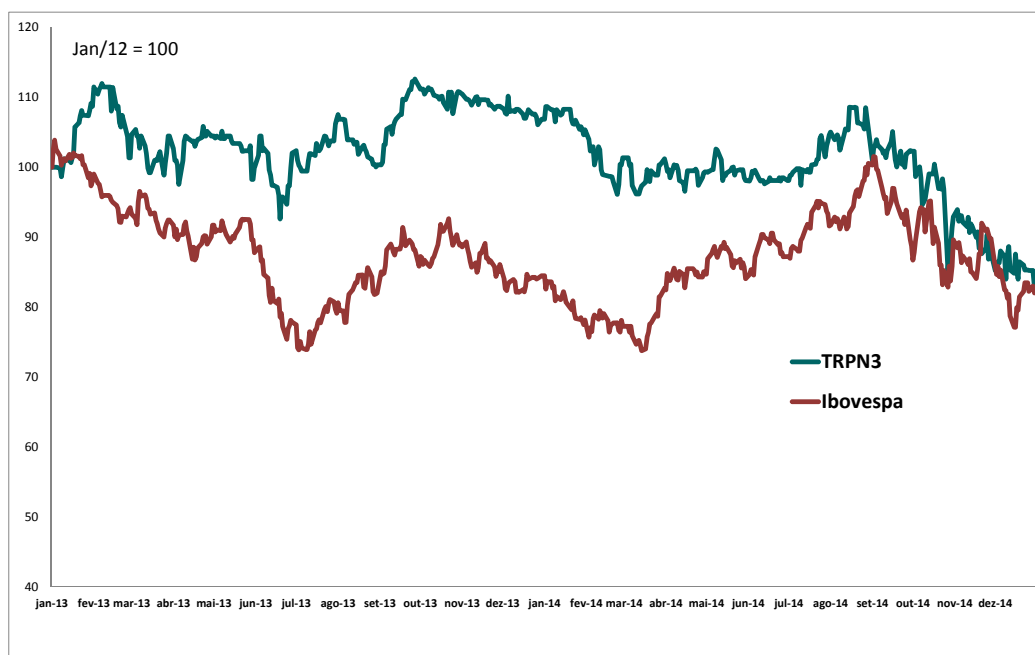
(R\$ MM)



### Corporate Governance

Our shares are traded on the Novo Mercado segment of BM&FBOVESPA under the ticker TRPN3. Since its IPO tarpon has had performance superior than Ibovespa. Considering the valor as of the publishing date of R\$ 10.89, the company's market value is R\$507 million.

Performance – TRPN3 X IBOV – Last 24 Months



**Investor Relations - IR**

Shareholders, investors and market analysts have at their disposal information available in RI Company website ([www.tarpon.com.br](http://www.tarpon.com.br)). For further information, contact directly thr RI Department through email ([RI@tarpon.com.br](mailto:RI@tarpon.com.br)) or through a telephone call: +55 (11) 3074-5800.

**Independent audit**

The audit work involved in the examination of the financial ſtatements for the year ended December 31, 2014 was carried by Deloitte Touche Tohmatsu Auditores Independentes. Up to December 31, 2013, the audit work was performed by KPMG Auditores Independentes, which was replaced due to the mandatory rotation determined by CVM. Company's policies in the engagement of

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

## REPORT OF INDIVIDUAL AND CONSOLIDATED FINANCIAL INFORMATION

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

We have audited the individual and consolidated balance sheet of Tarpon Investimentos S.A. (“Company”) as at December 31, 2014, and the related statement of operations, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with the accounting practices adopted in Brazil, the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and for such internal control as Management determines is necessary to enable the preparation of 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. We conducted our audit in accordance with 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 financial statements are free of 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 financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Bank'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 Bank'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.



### **Conclusion on the individual financial statements**

In our opinion, the individual financial statements present fairly, in all material respects, the financial position of Tarpon Investimentos S.A., as at December 31, 2014 and the results of its operations and cash flows for the period ended, in conformity with accounting practices adopted in Brazil.

### **Conclusion on the consolidated financial statements**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tarpon Investimentos S.A., as at December 31, 2014 and the results of its operations and cash flows for the period ended, in conformity with accounting practices adopted in Brazil and the International Financial Reporting Standards issued by the International Accounting Standards Board.

### **Other matters**

#### *Statement of value added*

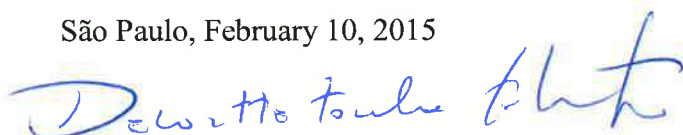
We have also audited the individual and consolidated financial statements of value added (“DVA”), for period ended December 31, 2014, prepared under the responsibility of the Company’s management, the presentation of which is required by the standards issued by the Brazilian Securities Commission (CVM), and is considered as supplemental information for IFRS that does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated financial statement taken as a whole.

#### *Audit of corresponding figures in the period ended December 31, 2013*

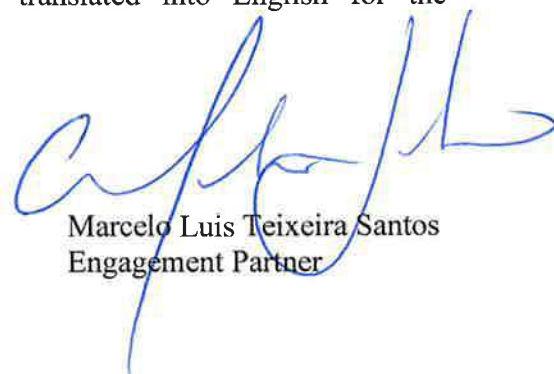
The corresponding figures for the period ended December 31, 2013 demonstrated for comparison purposes, were audited by another auditor who issued a report dated January 28, 2014, which did not have any modification.

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

São Paulo, February 10, 2015



DELOITTE TOUCHE TOHMATSU  
Auditores Independentes



Marcelo Luis Teixeira Santos  
Engagement Partner

Tarpon Investimentos S.A.

## Individual and consolidated balance sheets

As at December, 31 2014 and 2013

(In thousands of Brazilian reais - R\$)

Assets	Notes	Consolidated		Individual		Liabilities	Notes	Consolidated		Individual	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013			12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	4	32,309	17,606	17	22	Trade payables	19c	457	839	3,433	33
Financial assets measured at fair value through profit or loss	5	15,638	17,698	978	8,597	Derivatives	6c	2,046	-	-	-
Derivatives	6c	-	195	-	-	Dividends	10c	935	-	935	-
Receivables	7	1,255	38,425	-	-	Taxes payable	19d	17,407	18,091	2,220	4,039
Taxes to offset	16a	16,530	13,092	3,259	5,454	Payroll and related charges	19e	1,693	2,099	-	12
Other assets	19b	3,157	3,497	552	541			22,538	21,029	6,588	4,084
		68,889	90,513	4,806	14,614	<b>Shareholders equity</b>					
<b>Noncurrent assets</b>						Capital	10a	6,988	6,610	6,988	6,610
Investments	8	-	-	49,399	60,602	Capital reserves	10e	5,926	6,427	5,926	6,427
Property, plant and equipment	9	1,266	1,648	-	-	Legal reserve	10b	1,396	1,317	1,396	1,317
		1,266	1,648	49,399	60,602	Treasury shares	10f	-	(7,935)	-	(7,935)
						Stock option plan	15	17,149	15,847	17,149	15,847
						Cumulative translation adjustments	2.4	5,890	2,734	5,890	2,734
						Additional Dividends Proposed		10,268	46,132	10,268	46,132
						Equity attributable to the shareholder		47,617	71,132	47,617	71,132
Total assets		70,155	92,161	54,205	75,216	Total liabilities and equity		70,155	92,161	54,205	75,216

The accompanying notes are an integral part of these individual and consolidated financial statements.

## Individual and consolidated statements of operations

For the period ended December 31, 2014 and 2013

(In thousands of Brazilian reais - R\$)

	Notes	Consolidated		Individual	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
Management fee		72,942	76,294	-	-
Performance fee		29	53,274	-	-
<b>Net operating revenue</b>	12	<u>72,971</u>	<u>129,568</u>	<u>-</u>	<u>-</u>
<b>Operating income (expenses)</b>					
Personnel expenses	19e	(28,302)	(23,511)	(74)	(75)
Stock option plan	15	(5,356)	(5,255)	-	-
Administrative expenses	14	(11,822)	(10,715)	(896)	(713)
Financial assets measured at fair value through profit or loss	13	(923)	1,014	532	179
Share of profits of subsidiaries	8	-	-	14,916	74,581
Other operating income (expenses)		<u>(56)</u>	<u>(921)</u>	<u>(708)</u>	<u>(61)</u>
		(46,459)	(39,387)	13,770	73,912
<b>Operating profit</b>		26,512	90,181	13,770	73,912
<b>Income tax and social contribution</b>	16	<u>(12,742)</u>	<u>(16,141)</u>	<u>-</u>	<u>128</u>
<b>Profit for the period</b>		<u><b>13,770</b></u>	<u><b>74,040</b></u>	<u><b>13,770</b></u>	<u><b>74,040</b></u>
attributable to the Company's shareholders		13,770	74,040	13,770	74,040
<b>Total shares at the end of the fiscal year</b>	11a	<u>46,554</u>	<u>46,288</u>	<u>46,554</u>	<u>46,288</u>
<b>Basic earnings per share</b>	11a	<u>0.29</u>	<u>1.60</u>	<u>0.29</u>	<u>1.60</u>
<b>Diluted earnings per share</b>	11b	<u>0.24</u>	<u>1.34</u>	<u>0.24</u>	<u>1.34</u>

The accompanying notes are an integral part of these individual and consolidated financial statements.

Tarpon Investimentos S.A.

Individual and consolidated statements of comprehensive income

**For the period ended December 31, 2014 and 2013**

*(In thousands of Brazilian reais - R\$)*

---

	<b>Consolidated</b>	<b>Individual</b>
Profit of period ended December 31, 2014	<u>13,770</u>	<u>13,770</u>
Comprehensive loss		
Cumulative translation adjustments	3,156	3,156
<b>Total comprehensive income of period ended December 31, 2014</b>	<u><u>16,926</u></u>	<u><u>16,926</u></u>
Comprehensive profit attributable to the Company's shareholders	16,926	16,926
Profit of period ended December 31, 2013	<u>74,040</u>	<u>74,040</u>
Comprehensive profit		
Cumulative translation adjustments	2,205	2,205
<b>Total comprehensive income of period ended December 31, 2013</b>	<u><u>76,245</u></u>	<u><u>76,245</u></u>
Comprehensive income attributable to the Company's shareholders	76,245	76,245

The accompanying notes are an integral part of these individual and consolidated financial statements.

Tarpon Investimentos S.A.

## Consolidated statements of changes in equity

For the period ended December 31, 2014 and 2013

(In thousands of Brazilian reais - R\$)

		Capital	Capital reserves	Bylaws reserve	Legal reserve	Treasury shares	Stock option plan	Valuation adjustments to equity	Cumulative translation adjustments	Additional proposed dividends	Retained earnings (accumulated (losses))	Total equity
<b>Balances as at December 31, 2013</b>	<b>Notes</b>	<u>6,610</u>	<u>6,427</u>	<u>-</u>	<u>1,317</u>	<u>(7,935)</u>	<u>15,847</u>	<u>-</u>	<u>2,734</u>	<u>46,132</u>	<u>-</u>	<u>71,132</u>
Capital increase	10a	378	-	-	-	-	-	-	-	-	-	378
Legal Reserve		-	-	-	-	-	-	-	-	-	-	-
Stock option plan	15	-	-	-	-	-	5,356	-	-	-	-	5,356
Reversal of options exercised	10e	-	7,434	-	-	-	(4,054)	-	-	-	-	3,380
Cancellation of Company's shares	10f	-	(7,935)	-	-	7,935	-	-	-	-	-	-
Accumulated translation adjustments		-	-	-	-	-	-	-	3,156	-	-	3,156
Net profit		-	-	-	-	-	-	-	-	-	13,770	13,770
Reserve holdings	10b	-	-	-	79	-	-	-	-	-	(79)	-
Additional Dividends Proposed	10c	-	-	-	-	-	-	-	-	10,268	(10,268)	-
Mandatory dividends	10c	-	-	-	-	-	-	-	-	-	(935)	(935)
Dividends in advance	10c	-	-	-	-	-	-	-	-	(46,132)	(2,488)	(48,620)
<b>Balances as at December 31, 2014</b>		<u>6,988</u>	<u>5,926</u>	<u>-</u>	<u>1,396</u>	<u>-</u>	<u>17,149</u>	<u>-</u>	<u>5,890</u>	<u>10,268</u>	<u>-</u>	<u>47,617</u>
		<b>Capital</b>	<b>Capital reserves</b>	<b>Bylaws reserve</b>	<b>Legal reserve</b>	<b>Treasury shares</b>	<b>Stock option plan</b>	<b>Valuation adjustments to equity</b>	<b>Cumulative translation adjustments</b>	<b>Additional proposed dividends</b>	<b>Retained earnings (accumulated (losses))</b>	<b>Total equity</b>
<b>Balances as at December 31, 2012</b>	<b>Notes</b>	<u>6,216</u>	<u>-</u>	<u>3,052</u>	<u>1,223</u>	<u>-</u>	<u>14,502</u>	<u>(4)</u>	<u>529</u>	<u>-</u>	<u>-</u>	<u>25,518</u>
Capital increase	10a	394	3,654	-	-	-	-	-	-	-	-	4,048
Repurchase of shares	10f	-	-	-	-	(19,934)	-	-	-	-	-	(19,934)
Stock option plan	15	-	-	-	-	-	5,255	-	-	-	-	5,255
Reversal of options exercised	10e	-	3,910	-	-	-	(3,910)	-	-	-	-	-
Cancellation of Company's shares	10f	-	(1,137)	(3,052)	-	11,999	-	-	-	-	(7,810)	-
Accumulated translation adjustments		-	-	-	-	-	-	-	2,205	-	-	2,205
Net profit		-	-	-	-	-	-	4	-	-	74,040	74,044
Reserve holdings		-	-	-	94	-	-	-	-	-	(98)	-
Additional Dividends Proposed		-	-	-	-	-	-	-	-	46,132	(46,132)	-
Mandatory dividends	10c	-	-	-	-	-	-	-	-	-	(20,000)	(20,000)
<b>Balances as at December 31, 2013</b>		<u>6,610</u>	<u>6,427</u>	<u>-</u>	<u>1,317</u>	<u>(7,935)</u>	<u>15,847</u>	<u>-</u>	<u>2,734</u>	<u>46,132</u>	<u>-</u>	<u>71,132</u>

The accompanying notes are an integral part of these individual and consolidated financial statements.

Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows  
**For the period ended December 31, 2014 and 2013**  
*(In thousands of Brazilian reais - R\$)*

	<b>Consolidated</b>		<b>Individual</b>	
	<b>12/31/2014</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>12/31/2013</b>
<b>Operating activities</b>				
Profit from recurring operations	13,770	74,040	13,770	74,040
Adjustments:				
Depreciation and amortization	527	521	-	-
Share of profits of subsidiaries	-	-	(14,916)	(74,581)
Increase (decrease) in stock option plan	5,356	5,255	-	-
Cumulative translation adjustments	-	2,206	-	2,206
Changes in valuation adjustments to equity	-	(4)	-	(4)
Mark-to-market derivative financial instruments	2,416	87	-	-
<b>Adjusted profit</b>	<b>22,069</b>	<b>82,105</b>	<b>(1,146)</b>	<b>1,661</b>
Changes in assets and liabilities:				
(Increase) decrease in receivables	37,170	(22,659)	-	-
(Increase) decrease in other assets	254	6,469	(11)	7,795
(Increase) decrease in taxes to offset	(3,438)	4,102	2,194	4,102
(Increase) decrease in financial assets at fair value through income	2,060	12,443	7,619	17,605
(Increase) decrease in trade payables	382	(32)	3,400	(158)
(Increase) decrease taxes payable	(684)	(10,635)	(1,819)	(16,131)
(Increase) decrease payroll and related charges	(406)	57	(12)	(30)
Changes in assets and (liabilities) derivatives	2,241	-	-	1,977
<b>Cash flow from operating activities</b>	<b>59,648</b>	<b>71,850</b>	<b>10,225</b>	<b>16,821</b>
<b>Investing activities</b>				
Dividends Received	-	-	34,632	39,500
(Acquisition) write-off in property, plant and equipment and changes in exch	(83)	(165)	-	-
<b>Cash flow from investing activities</b>	<b>(83)</b>	<b>(165)</b>	<b>34,632</b>	<b>39,500</b>
<b>Financing activities</b>				
Repurchase of shares	-	(19,934)	-	(19,934)
Dividends paid	(48,620)	(41,510)	(48,620)	(41,510)
Increase of capital through exercise of stock options	3,758	4,048	3,758	4,048
<b>Cash flow from financing activities</b>	<b>(44,862)</b>	<b>(57,396)</b>	<b>(44,862)</b>	<b>(57,396)</b>
<b>Total cash flow</b>	<b>14,703</b>	<b>14,289</b>	<b>(5)</b>	<b>(1,076)</b>
Increase (decrease) in cash and cash equivalents, net	14,703	14,289	(5)	(1,076)
Cash and cash equivalents at the beginning of the period	17,606	3,317	22	1,098
<b>Cash and cash equivalents at the end of the period</b>	<b>32,309</b>	<b>17,606</b>	<b>17</b>	<b>22</b>

The accompanying notes are an integral part of these individual and consolidated financial statements.

Tarpon Investimentos S.A.

Individual and consolidated statements of value added

**For the period ended December 31, 2014 and 2013**

*(In thousands of Brazilian reais - R\$)*

	<b>Consolidated</b>		<b>Individual</b>	
	<b>12/31/2014</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>12/31/2013</b>
<b>Revenues</b>	<u>75,433</u>	<u>132,800</u>	<u>-</u>	<u>-</u>
Performance and management fees	75,433	132,800	-	-
<b>Inputs acquired from third parties</b>	<u>(10,478)</u>	<u>(11,115)</u>	<u>(1,604)</u>	<u>(774)</u>
Materials, power, third party services and other	(10,478)	(11,115)	(1,604)	(774)
<b>Gross value added</b>	<u>64,955</u>	<u>121,685</u>	<u>(1,604)</u>	<u>(774)</u>
<b>Retentions</b>	<u>(527)</u>	<u>(521)</u>	<u>-</u>	<u>-</u>
Depreciation and amortization	(527)	(521)	-	-
<b>Net added value produced</b>	<u>64,428</u>	<u>121,164</u>	<u>(1,604)</u>	<u>(774)</u>
<b>Added value received as transfer</b>	<u>(923)</u>	<u>1,014</u>	<u>15,448</u>	<u>74,761</u>
Equity income	-	-	14,916	74,581
Finance income and expenses	(923)	1,014	532	179
<b>Total added value payable</b>	<u>63,505</u>	<u>122,178</u>	<u>13,844</u>	<u>73,987</u>
<b>Distribution of added value</b>	<u>63,505</u>	<u>122,178</u>	<u>13,844</u>	<u>73,987</u>
<b>Personnel</b>	<u>33,658</u>	<u>26,558</u>	<u>74</u>	<u>-</u>
Payroll and charges	33,658	26,558	74	-
<b>Taxes, rates and contributions</b>	<u>16,077</u>	<u>21,580</u>	<u>-</u>	<u>(53)</u>
Federal	14,017	19,367	-	(53)
Municipal	2,060	2,213	-	-
<b>Shareholders</b>	<u>13,770</u>	<u>74,040</u>	<u>13,770</u>	<u>74,040</u>
Mandatory dividends/in advance	3,423	20,000	3,423	20,000
Retained earnings in the period	79	98	79	98
Additional Dividends Proposed	10,268	46,132	10,268	46,132
Repurchase of Company's shares	-	7,810	-	7,810

The accompanying notes are an integral part of these individual and consolidated financial statements.

## **Notes to the individual and consolidated financial statements** *(Amounts in thousands of Brazilian reais - R\$)*

---

### **1 General Information**

Tarpon Investimentos S.A. (“Company” or “Tarpon”) was established in June 2002, initially organized as a limited liability company, with head office at 3.355, Brigadeiro Faria Lima Avenue, 23<sup>rd</sup> floor – São Paulo/SP, engaged in securities portfolio and asset management, through investment funds, managed portfolios and other investment vehicles (“Tarpon Funds”). In December 2003, the Company was changed into publicly-held company.

On July 31, 2011, was incorporated the Company's subsidiary in New York (TISA NY, Inc.), which is engaged in the provision of financial advisory services. On March 28, 2012, shares issued by Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. were transferred from TIG Holding NY LLC to Tarpon Investimentos S.A. Finally, on April 25, 2012, the Company established Tarpon Gestora de Recursos S.A. (“Tarpon Gestora”), which is engaged in operating as portfolio and asset manager of funds, portfolios and other investment vehicles in Brazil and abroad.

On May 30, 2012, the Board of Directors approved the internal reorganization whereby the management activities of third party funds of the Company began to be exercised by Tarpon Gestora, a subsidiary of the Company, and the Company began to act exclusively as a holding. This corporate reorganization was completed on August 31, 2012.

### **2 Presentation of financial statements**

#### **2.1 Presentation of individual and consolidated financial statements**

The Parent's individual and consolidated financial statements have been prepared, respectively, in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

There is no difference between consolidated and individual equity and profit or loss reported. Accordingly, the individual and consolidated financial statements are presented as a single set, on a side-by-side basis.

These financial statements and the related independent auditor's report were approved by the Board of Directors on February 10, 2015.

#### **2.2 Functional and reporting currency**

The financial statements have been prepared in Brazilian reais (R\$), which is the Company's functional and reporting currency.



## **2.3 Use of estimates and judgment**

The preparation of financial statements requires Management to make judgments and estimates that affect the application of accounting principles, as well as the reported amounts of assets, liabilities, income and expenses, including the determination of the fair value of securities and the stock option plan. Actual results may differ from these estimates. Estimates and assumptions are reviewed on a quarterly basis.

## **2.4 Basis of consolidation**

The consolidated financial statements include Tarpon Gestora de Recursos S.A., TISA NY, Inc., Tarpon All Equities (Cayman), Ltd., TSOP Ltd.

### ***Tarpon Gestora de Recursos S.A.***

On April 25, 2012, Tarpon Investimentos S.A. started to hold all shares issued by Tarpon Gestora, totaling 500 shares at the unit value of R\$1.00.

On August 31, 2012, the Company increased Tarpon Gestora's capital, from R\$1 to R\$763, upon the issuance of 762,292 new registered common shares, without par value, at the unit price of R\$1.00. Shares were paid in on the subscription date, through the contribution of assets in local currency.

### ***TISA NY, Inc.***

TISA NY is the Company's wholly-owned subsidiary. The results of operations of TISA NY and respective investment are measured under the equity method (financial statements information), whose functional currency (US\$) is different from the Parent's functional currency.

### ***Tarpon All Equities (Cayman), Ltd. e TSOP Ltd.***

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

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

. The balances of assets and liabilities are translated at the exchange rate prevailing at the consolidated balance sheet date;

. Profit or loss is translated at the exchange rate prevailing on each transaction date; and

. All differences arising from the translation of exchange rates are recognized in equity and in the consolidated statement of comprehensive income, in line item "Cumulative Translation Adjustments"

The amount of investments in subsidiaries and all intercompany balances were eliminated upon consolidation.

## **2.5 Standards adoption**

The accounting standards and pronouncements effective for reporting periods beginning on or after January 1, 2014, when applicable, were adopted by Tarpon.

## **2.6 Standards and interpretations issued and not yet adopted**

- IFRS 9 - Financial Instruments - Classification and Measurement – introduces new requirements for classifying and measuring financial assets and financial liabilities. The IFRS 9 use a single approach to determine whether a financial asset is measured at amortized cost or fair value, based on the manner in which an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets . The standard also requires the adoption of a single method for determining losses in recoverable value of assets, and the recognition of the value of the change in fair value of financial liability attributable to changes in credit risk of that liability as "Other comprehensive income" observing certain criteria. This standard needs to be effective for the fiscal years beginning on or after 1 January 2018.
- IFRS 15 – Revenue from Contracts with Customers - established a simple and clear model to companies to use in accounting for revenue from customer contracts. IFRS 15 will replace the current tab recognition of this revenue in IAS 18 / CPC30 (R1) - Revenue and related interpretations when it becomes effective. This standard will be effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- Amendments to IFRS 11 / CPC 19 (R2) – Joint Arrangements - Amendments to IFRS 11 / CPC 19 (R2) provide instructions on how to account for the acquisition of a joint arrangements constituting a "business", according to the definition given by IFRS 3 / CPC 15 (R1) - Business Combinations. Specifically, the amendments provide that the relevant principles in accounting for a business combination under IFRS 3 / CPC 15 (R1) and other standards (such as IAS 36 / CPC 01 (R1) Impairment of Assets recoverable value as regards to impairment testing of cash-generating unit to which the goodwill originated in the acquisition of a joint arrangements has been allocated) should be applied. The same requirements should be applied in forming a joint arrangements if and only if a previously existing business benefits from the business combination in one of the parts participating in the business combination. A joint arrangement also requires to be disclosed the relevant information required by IFRS 3 / CPC 15 (R1) and other standars of the business combination. Changes in IFRS 11 / CPC 19 (R2) apply prospectively for annual periods beginning on or after January 1, 2016.
- Amendments to IAS 16 / CPC 27 and IAS 38 / CPC 04 (R1) - Explanation of acceptable methods of Depreciation and Amortization - Amendments to IAS 16 / CPC 27 prohibit companies to use the depreciation method based on the revenue for asset items. Amendments to IAS 38 / CPC 04 (R1) introduce the rebuttable assumption that the revenue is not an appropriate basis for determining the amortization of intangible assets. This assumption can be rebutted only on two conditions: a) the intangible asset is expressly measured by revenue; b) When it can be demonstrated that the revenue and the economic benefits of the intangible assets are highly correlated. These changes become effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

- Amendments to IAS 16 / CPC 27 and IAS 41 / CPC 29 - Agriculture: Production plants - Amendments to IAS 16 / CPC 27 and IAS 41 / CPC 29 bring the definition of production plants that meet the definition of production plants capable of accounting as assets in accordance with IAS 16 / CPC 27, instead of IAS 41 / CPC 29. The benefit in growth in manufacturing plant continues to be accounted in accordance with IAS 41 / CPC 29. These changes effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
- Annual Improvements to IFRSs 2010-2012 Cycle - include changes in several IFRSs, as summarized:

The amendments to IFRS 2: (i) change the definition of vesting condition and market condition; and (ii) add performance condition and service condition, which were previously included in the definition of vesting condition. The amendments to IFRS 2 are effective for payment transactions based on shares for which the grant date is on or after 1 July 2014.

Changes in IFRS 8 (1) require an entity to disclose the judgments made by management in applying the criteria for aggregation of operating segments, including a description of aggregated segments and economic indicators used to determine if the segment has "similar economic characteristics" and (ii) states that the reconciliation of the total assets of segments reported and the total assets of the company should be reconciled only if the assets by segment are regularly used by the decision of executive body.

Changes in the basis for the conclusions of IFRS 13 state that the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 does not eliminate the possibility of measurement of receivables and short-term obligations noninterest by the amount of the invoice, without discounts, if the effect of discounting is immaterial. Since these amendments have no initial effective date, it is considered effective immediately.

Amendments to IAS 16 and IAS 38 remove inconsistencies observed in accounting for depreciation and accumulated amortization when an item of fixed assets or intangible asset is revalued. Changes to the standard clarifies that the gross carrying amount is consistent with the revaluation of the asset and the accumulated depreciation / amortization is the difference between the gross value of the property and the value of the property after being accumulated impairment losses.

- Annual Improvements to IFRSs 2011-2013 Cycle - include changes in several IFRSs, as summarized:

The amendments to IFRS 3 clarifies that IFRS 3 does not apply in accounting for the formation of all types of operations shared in the financial statement of the jointly controlled entity.

Changes in IFRS 13 clarifies that the scope of exceptions alternative to the fair value measurement of a group of financial assets and financial liabilities offset bases include all contracts that are within the scope or registered in accordance with IAS 39 or IFRS 9, even if the contracts do not meet the definition of financial assets or financial liabilities under IAS 32.

Amendments to IAS 40 clarifies that IAS 40 and IFRS 3 are not mutually exclusive and the application of both standards may be required. Consequently, a company that acquires an investment property needs to determine whether:

- (a) the property fits the definition of investment property under IAS 40; and (b) the transaction fits the definition of a business combination of IFRS 3. Effective for annual periods beginning on or after July 1, 2014, with earlier application permitted.

The Company's direction is evaluating the effects of adopting these standards.

### **3 Significant accounting practices**

The significant accounting practices below were consistently applied by the Company and its subsidiaries and foreign subsidiaries in the fiscal year ended December 31, 2014.

#### **a. Revenues**

Revenues refer to the compensation payable in consideration for portfolio management services relating to Tarpon Funds, consisting of management and performance fees. Management fees are determined based on a percentage rate on the equity amount of funds and are recognized as services are provided. Performance fees are generated when the performance of funds exceeds a given parameter or hurdle rate, as set out in the related bylaws, and are recognized when their amount and receipt are certain.

#### **b. Financial instruments**

##### ***Financial assets measured at fair value through profit or loss***

Financial assets measured at fair value through profit or loss are held for trading and consist of the Company's short-term investments and repurchase transactions. Interest, gains and losses arising from the adjustment to fair value were recognized in the statement of operations in line item "Gain (loss) on financial assets measured at value through profit or loss". The fair value of these assets is determined based on the amount adjusted by the interbank deposit (DI) rate, as disclosed by the bank responsible for the repurchase transaction at the end of each month, which approximates the carrying amount because of daily liquidity and indexation to daily CDI rate.

##### ***Derivatives***

Derivatives are classified on acquisition date, according to Management's intent to use them as a hedging instrument or not. Derivatives are accounted for at fair value, including the consideration on the credit risk on realized and unrealized gains and losses, which are directly recognized in the statement of operations.

#### **c. Cash and cash equivalents**

Cash and cash equivalents include cash and short-term investments with maturities of no more than three months at contracting date, which are subject to an insignificant risk of change in fair value, and are used by the Company when managing short-term obligations.

**d. Impairment**

The Company's assets are tested for impairment at every balance sheet date. If such indication exists, the recoverable value of the asset is estimated. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable value.

**e. Investments in subsidiaries and foreign subsidiary**

Investments in subsidiaries and foreign subsidiary are stated at cost and adjusted under the equity method in the financial statements information.

**f. Property, plant and equipment**

Property, plant and equipment is stated at acquisition cost, less accumulated depreciation, calculated on a straight-line basis, which takes into consideration the estimated useful life of the assets and the respective residual values. Annual depreciation and amortization rates are as follows: furniture and fixtures and machinery and equipment (10%), facilities (10%), data processing systems (20%), communication and security systems (20%) and software licenses (25%). Leasehold improvements are amortized over the term of the lease agreement (five years), at an annual rate of 20%.

**g. Escrow deposits**

Are represented by escrow deposits made by the company to appeals and discussion of the incidence of tax on services (ISS) on revenues from abroad. (note 17).

As applicable, it will be presented in financial statements, with the reduction of the corresponding provisions for tax risks.

Are carried at cost, adjusted by the Selic.

**h. Employee and management short-term benefits**

Employees and management are entitled to receive fixed and variable compensation and profit sharing, where applicable. The accrual of the estimated amount payable as profit sharing or variable compensation is recognized or established when the Company meets legal conditions (conditions set out in the plan), as applicable, of paying such amount and when the obligation can be reliably estimated.

Employees and management are not eligible to any postemployment benefits, other long-term benefits and severance benefits.

**i. Contingent liabilities, provisions and legal obligations**

Contingent assets and contingent liabilities and legal obligations are recognized, measured and disclosed in conformity with the criteria set forth in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, as follows:

Provision for risks - assessed by the legal counsel and Management taking into consideration the likelihood of loss of a lawsuit or administrative proceeding that could result in disbursements that can be reliably measured. Provisions are recognized for lawsuits and proceedings whose likelihood of loss is assessed as probable by the legal counsel and disclosed in explanatory notes.

Contingent liabilities - are uncertain and contingent on future events to determine the likelihood of disbursements; however, they are not accrued but disclosed if assessed as possible losses, and are neither accrued nor disclosed if assessed as remote losses.

**j. Stock option plan**

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

**k. Income tax, social contribution, and other taxes**

Tarpon Investimentos S.A. adopts the taxable income regime in the fiscal year. Therefore, the provision for income tax is calculated at the rate of 15% of taxable income, plus a 10% surtax on taxable income exceeding specific limits. The provision for social contribution is calculated at the rate of 9% before income tax. Prepaid income tax and social contribution are accounted for in assets as “recoverable taxes” (note 16 a).

It is worth mentioning that the Company adopted the Transitional Tax Regime (RTT) to determine the Income Tax and Social Contribution. On May 13, 2014 was enacted Law 12,973, which amends the federal tax laws relating to Tax Corporate Income - Corporate income tax, the contribution share on net income - social contribution, the PIS / PASEP and Contribution to social Security Financing - COFINS; repealing the Transitional Tax Regime - RTT introduced by Law 11941 of May 27, 2009, regulating the adjustments arising from new accounting methods and criteria introduced by the convergence of Brazilian accounting standards with international accounting reporting standards; provides for the taxation of legal entity domiciled in Brazil, with respect to equity increase resulting from participation in profits earned abroad by subsidiaries and affiliates and profits earned by individual resident in Brazil through a foreign subsidiary corporation. The Management assessed the changes introduced by Law 12,973 and believes that the financial statements of the company will not suffer significant impacts. For companies subject to the taxable income regime, PIS and COFINS tax rates are 1.65% and 7.60%, respectively, levied only on management and performance fees.

The ISS tax rate levied on portfolio management revenues, including the management of Brazilian funds and management of foreign funds and portfolios, is 2%.

The amounts payable as PIS, COFINS and ISS are accounted for as expenses on taxes on revenue.

Deferred income tax and social contribution assets, arising from the tax recoverable on earnings abroad, were recognized considering expected probable realization.

**l. Other assets and liabilities**

Other assets are stated at their realizable values, including, where applicable, earnings, inflation adjustments (on a daily pro rata basis) and allowance for losses, when necessary. Other liabilities include known and estimated amounts, plus financial charges and inflation adjustment losses (calculated on a daily pro rata basis).

**m. Receivables**

Receivables are stated at realizable values, including allowance for doubtful debts, when applicable.

**n. Segment reporting**

A segment is the Company's component dedicated to supply products or provide services (business segment), or to supply products or provide services in a particular economic environment (geographic segment), which is subject to risks and rewards different from those in other segments.

The Company, through its subsidiaries, carries out only of type of business (provision of portfolio management services) in the various markets where it operates and, consequently, no secondary segment division by type of business or geographic segment is presented.

**o. Comprehensive income (loss)**

Comprehensive income (loss) derives from the profit for current fiscal year, exchange rate differences resulting from the consolidation of foreign subsidiaries and valuation adjustments to equity in the individual financial statements.

**p. Statements of value added**

The Company has prepared individual and consolidated statements of value added (DVA) in accordance with CPC 9 - Statement of Value Added, which are presented as an integral part of the financial statements according to the BRGAAP applicable to publicly-held companies, whereas they represent additional financial information for IFRSs. (see diluted earnings per share, note 11b).

**q. Earnings per share (basic and diluted)**

Basic earnings per share are calculated based on profit or loss for the fiscal year ended December 31, 2014 and 2013 attributable to the Company's shareholders and the weighted average number of outstanding common shares in the related fiscal year. Diluted earnings (loss) per share is calculated based on the aforementioned average of outstanding shares, adjusted by the possible exercise of call options, with dilutive effect in the fiscal year ended December 31, 2014, as set forth in CPC 41 – Earnings per Share and IAS 33.

**4 Cash and cash equivalents**

Cash and cash equivalents, in the consolidated and individual, consist of cash, banks and short-term investments as at December 31, 2014 and December 31, 2013.

**5 Financial assets measured at fair value through profit or loss**

	<b>Consolidated</b>	
	<b>December 2014</b>	<b>December 2013</b>
<b>Financial assets measured at fair value through profit or loss</b>		
Repurchase agreements	15,638	17,698
	15,638	17,698
	<b>Individual</b>	
	<b>December 2014</b>	<b>December 2013</b>
<b>Financial assets measured at fair value through profit or loss</b>		
Repurchase agreements	978	8,597
	978	8,597

Transactions indexed to DI fluctuation, carried out with prime banks. Their fair value is classified as level 2, considering the existence of daily liquidity and indexation to the interbank deposit rate (CDI), the daily adjustments being informed by the bank responsible for the aforementioned repurchase transaction at the end of each month. The carrying amount approximates the fair value on the balance sheet date. Operations are pegged to Debentures, maturing in October and November 2015 and May 2016.

## 6 Financial instruments

### a. Risk management

The Company is basically exposed to risks arising from the use of financial instruments, as follows:

#### *Credit risk*

Refers to the possibility of the Company and its subsidiaries incurring losses as a result of default by their counterparties or financial institutions that are depositaries of funds or financial investments. The Company's policy is to minimize its exposure to credit risk. Management reviews and approves all investment decisions to ensure that investments are made only in highly-liquid assets issued by prime financial institutions.

The maximum exposure to credit risk is shown in notes 4, 5 and 7.

#### *Market risk*

Refers to the risk that changes in market prices, such as interest rate and stock exchange quotations, affect the revenues or the amount of its financial instruments. The Company's policy is to minimize its exposure to market risk, seeking to diversify the investment of its funds at floating interest rates.

#### *Currency risk*

Except for the interest in foreign subsidiary, whose functional currency is different from the Company's functional and reporting currency, we are not subject to a significant exposure to currency risk.

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

	<b>Valuation method December/ 2014 e December/2013</b>	<b>Exposure to fair value risk?</b>
Repurchase agreements	Adjusted by DI rate	No
Derivative financial instruments	Short Position: TRP shares Long Position: CDI+0,5% p.y.	Yes

### c. Derivatives

The Company has entered into an agreement for swap of gain (loss) on future financial flows (swap agreement) with Banco Itaú BBA S.A., where the Company holds a long position in the fluctuation of the price of its common shares and a short position in the fluctuation of 100% of the CDI, plus a fixed rate, with notional amount of up to R\$14,733, settlement term of up to 12 months counted from each negotiation. The result of operations will be financially settled on maturity.

On December 31, 2014 and December 31, 2013 the Company (through its subsidiary) had the following outstanding transactions:



**Consolidated**

Financial instrument	Maturity date	Notional amount	Short position	MTM – 12/31/14	MTM – 12/31/13
SWAP	03/09/2014	3,137	Shares	-	327
SWAP	02/09/2014	2,684	Shares	-	278
SWAP	21/08/2015	5,813	Shares	-	-
SWAP	12/01/2015	8,920	Shares	-	-
				-	<b>605</b>
				<b>Long position</b>	
		3,137	CDI + 0,5%a.a	-	(220)
		2,684	CDI + 0,5%a.a	-	(190)
		5,813	CDI + 0,5%a.a	(1,601)	-
		8,920	CDI + 0,5%a.a	(445)	-
				<b>(2,046)</b>	<b>(410)</b>
<b>Total</b>				<b>(2,046)</b>	<b>195</b>

**d. Sensitivity analysis – Effect on the changes in fair value**

Scenario I considers the mark-to-market adjustment of the swap on the financial statement sheet date and scenarios II and III consider a fluctuation by 25% and 50% in the risk variable considered, respectively.

			Amount	Scenario I	Scenario II	Scenario III
	<b>Risk</b>			1%	(25%)	(50%)
SWAP	Drop in the price of TRPN3	Notional amount	416	6,050	-	-
	Drop in the price of TRPN3	Notional amount	800	9,005		
			Quote			
	Fair valur adjustment	MTM amount	10.70	4,405	3,304	2,203
	Fair valur adjustment	MTM amount	10.70	8,474	6,356	4,237
				<b>(131)</b>	<b>(3,350)</b>	<b>(6,570)</b>

**e. Other financial assets and liabilities**

The fair values of other financial assets and financial liabilities are equal to the carrying amounts in the balance sheets, as measured at fair value or due to their short-term maturities.

**7 Receivables**

Management fees payable by Tarpon Funds are calculated on a monthly basis and paid at the beginning of the subsequent period, according to the respective bylaws. Performance fees are calculated on a semiannual or annual and paid on March 31, June 30, September 30 and December 31 of each year, according to the respective Bylaws.

	<b>Consolidated</b>	
	<b>December 2014</b>	<b>December 2013</b>
Management fee (i)	1,255	1,566
Performance fee	-	36,859
	<b>1,255</b>	<b>38,425</b>

- (i) Receivables relating to the quarter ended December 31, 2014 were settled until the date of these financial statements.

## 8 Investments

Below are the tables showing the changes in the balances of TISA NY:

<b>Controladas</b>	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Investment	Investment	Share of profit of subsidiaries	Share of profit of subsidiaries
Tarpon Gestora de Recursos S/A	22,771	41,769	10,497	4,606
TISA NY, Inc	26,527	18,733	4,419	33,993
TSOP Ltd	101	101	-	-
	<b>49,399</b>	<b>60,602</b>	<b>14,916</b>	<b>38,599</b>

### TISA NY - in R\$ thousands - Changes in investments

<b>Balance as at December 31, 2013</b>	<u>18,733</u>
Share of profit of subsidiaries	4,419
Contribution to the subsidiary relating to the stock option plan	219
Exchange gains (losses)	<u>3,156</u>
<b>Balance as at December 31, 2014</b>	<u>26,527</u>

### TISA NY - in R\$ thousands - Accumulated

<u>TISA NY - in USD thousand</u>		<u>TISA NY - in R\$ thousand</u>		Accumulated exchange gain (loss)	Equity interest -%	Share of profit of subsidiaries	Book value of investment
Equity – beginning of the six month period	Profit/loss as at December 31, 2014	Equity as at December 31, 2013	Profit/loss as at December 31, 2014				
8,058	1,872	18,733	4,419	3,156	100%	4,419	26,527

Investments in subsidiaries Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. correspond to R\$101 as at December 31, 2014.

### Tarpon Gestora de Recursos S.A. - in thousands of R\$ - Changes in investments

<b>Balance as at December 31, 2013</b>	<u>41,769</u>
Dividends paid to the Parent	(34,632)
Share of profits of subsidiaries	10,479
Contribution to the subsidiary relating to the stock option plan	<u>5,137</u>
<b>Balance as at December 31, 2014</b>	<u>22,771</u>

## Tarpon Gestora - in thousands of R\$ - Accumulated

Equity – beginning of the six month period	Profit/loss as at December 31, 2014	Equity interest - %	Share of profits of subsidiaries	Contribution to the subsidiary relating to the stock option plan	Book value of investment
7,137	10,497	100%	10,497	5,137	22,771

## 9 Property, plant and equipment

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

### Consolidated

	Facilities	Machinery and equipment	Computers	Software	Furniture and fixtures	Telephone equipment	Leasehold installations	Total
<b>Balance as at December 31, 2013</b>	<b>7</b>	<b>426</b>	<b>265</b>	<b>380</b>	<b>387</b>	<b>71</b>	<b>111</b>	<b>1,648</b>
Adições	-	-	47	36	-	-	-	83
Baixas	-	-	-	-	-	-	-	-
Transferências	-	-	-	-	-	-	-	-
Depreciação e amortização	(4)	(12)	(29)	(174)	(266)	(13)	(91)	(589)
Variação Cambial	-	-	49	42	23	11	-	124
<b>Balance of property, plant and equipment as at December 31, 2014</b>	<b>3</b>	<b>414</b>	<b>332</b>	<b>284</b>	<b>144</b>	<b>69</b>	<b>20</b>	<b>1,266</b>

As at December 31, 2014 and December 31, 2013, only subsidiaries had property, plant and equipment recorded in their balance sheets.

## 10 Shareholders Equity

### a. Share capital

On January 28, 2013, the Board of Directors approved, the cancellation of 1,527 common shares of the Company held in treasury, acquired under the share repurchase program within the limit of authorized capital, the issuance of 66 thousand shares, arising from the exercise of call options relating to shares granted under the Company's stock option plan. Of the exercise price, in the amount of R\$561, R\$56 was allocated to capital and R\$ 505 to capital reserve.

On April 29, 2013, the Board of Directors approved, within the limit of authorized capital, the issuance of 16 thousand shares, arising from the exercise of call options relating to shares granted under the Company's stock option plan. Of the exercise price, in the amount of R\$159, R\$16 was allocated to capital and R\$143 to capital reserve.

On June 24, 2013, the Board of Directors approved the cancellation of all 847 thousand common shares issued by the Company and held in treasury, which were acquired under the repurchase of shares program approved on January 28, 2013.

On July 29, 2013, the Board of Directors approved, within the limit of authorized capital, the issuance of 595 thousand shares, arising from the exercise of call options relating to shares granted under the Company's stock option plan. Of the exercise price, in the amount of R\$2,061, R\$195 was allocated to capital and R\$1,866 to capital reserve.

The meeting of the Board of Directors held on November 4, 2013 approved the issuance, within the limit of authorized capital, of 138 thousand Company's shares, based on the exercise of call options by the Plan's beneficiaries. Of the total subscription price, in the amount of R\$1,267, the amount of R\$1,140 was allocated to capital reserve and R\$127 to the Company's capital.

The meeting of the Board of Directors held on February 27, 2014 approved the issuance, within the limit of authorized capital, of 379 thousand Company's shares, based on the exercise of call options by the Plan's beneficiaries. Of the total subscription price, in the amount of R\$1,485, the amount of R\$1,337 was allocated to capital reserve and R\$150 to the Company's capital.

The meeting of the Board of Directors held on July 25, 2014 approved the issuance of 430 thousand Company's shares, based on the exercise of call options by the Plan's beneficiaries. Of the total subscription price, in the amount of R\$2,271, the amount of R\$2,044 was allocated to capital reserve and R\$228 to the Company's capital. On December 2, 2014, was approved by the Board of Directors the cancellation of all 542 thousand Company's common shares held in treasury, acquired under the share repurchase program approved on December 5, 2013. Therefore, social capital is now divided into 46,555 thousand shares.

On December 31, 2014, the Company's capital was R\$ 6,988 (R \$ 6,610 at December 31, 2013), divided into 46,554 thousand (46,288 thousand at December 31, 2013) registered common shares with no par value.

**b. Legal reserve**

The legal reserve is calculated at 5% of profit for the year, as set forth in Law 6404/76, which cannot exceed 20% of capital. The objective of the legal reserve is to ensure the integrity of capital and it can only be utilized to offset losses or increase capital. Legal reserve will no longer be recognized when the balance of this reserve, plus the capital reserves prescribed by article 182, paragraph 1, of Law 6404/76, exceeds 30% of capital. As at December 31, 2014, the balance of legal reserve is R\$1,396.

**c. Dividends**

The Company's bylaws provide for the distribution of mandatory minimum dividends of 25% on profit for the year, adjusted pursuant to the Bylaws.

As at December 31, 2013, Management proposed the additional payment of R\$46,132 as dividends for the year, which was recorded in equity in line item "Additional dividends proposed".

The Annual and Extraordinary General Meeting held on February 28, 2014 approved the distribution of R\$46,132 relating to dividends, which was paid on March 13, 2014.

On July 29, 2014, the Board of Directors approved the distribution of dividends in the amount of R\$ 2,488, which was paid on August 7, 2014.

On December 31, 2014, the Directors proposed the distribution of the complement of the minimum dividend in the amount of R \$ 935, and additional payment of R \$ 10,268 as dividends for the year, leaving recorded in equity in the proposed additional dividends item.

**d. Bylaws reserve**

The Company's bylaws set forth that up to 10% of profit, as adjusted pursuant to the Bylaws, less the mandatory minimum dividend paid, can be allocated to the bylaws reserve called as investment reserve, for purposes of redemption, buyback or acquisition of shares issued by the Company, or the performance of the Company's activities, limited to the Company's capital. As at December 31, 2014, the balance was zero.

**e. Capital reserve**

The balance of capital reserve derives from the issuance of new shares, transfer of the balance of options exercised from "Stock Option Plan" and cancellation of shares held in treasury, as shown below:

Period	Nature	Issuance/cancellation of new shares (quantities - thousand)	Allocation at issuance price		Amounts transferred from the stock option plan to capital reserve	Total capital reserve
			Capital	Capital reserve		
<b>Balance as at December 31, 2013</b>		<b>46,288</b>	<b>6,610</b>	<b>2,517</b>	<b>3,910</b>	<b>6,427</b>
	Cancellation of treasury shares	(542)		(7,935)	-	(7,935)
	Exercise of Company's stock options, pursuant to the Stock Option Plan	810	378	3,380	4,054	7,434
<b>Balance as at December 31, 2014</b>		<b>46,554</b>	<b>6,988</b>	<b>(2,038)</b>	<b>7,964</b>	<b>5,926</b>

**f. Repurchase of shares**

On January 28, 2013, the Company cancelled the prior repurchase of shares program and launched a new repurchase of shares program, for purposes of acquisition of up to 1,870,045 shares, within a period of up to one year, with the same objective of prior programs.

On May 23, 2013, the Company acquired 80,000 own common shares, at the unit price of R\$14.42, totaling R\$1,154 (including brokerage fees); on May 28, 2013, it acquired 120,000 shares at the unit price of R\$14.35, totaling R\$1,723 (including brokerage fees); on June 4, 2013, it acquired 239,700 shares at the average price of R\$14.25 (maximum price of R\$14.33 and minimum price of R\$14.00), totaling R\$3,416 (including brokerage fees); on June 18, 2013, it acquired 350,000 shares at the unit price of R\$14.02, totaling R\$4,909 (including brokerage fees) and, on June 20, 2013, it acquired 57,000 shares at the unit price of R\$13.98, totaling R\$797 (including brokerage fees).

On June 24, 2013, the Board of Directors approved the cancellation of all 846,700 common shares issued by the Company and held in treasury, totaling R\$11,999, acquired under the repurchase of shares program approved on January 28, 2013.

On December 5, 2013, the Company acquired 542,100 own common shares, at the unit price of R\$14.63, totaling R\$7,935 (including brokerage fees).

On December 2, 2014 the Company made the cancellation of 542,100 common shares held in treasury.

## 11 Earnings per share

### a. Basic earnings per share

Earnings per share was calculated based on the Company's profit attributable to shareholders and the weighted average number of common shares, as shown below.

	<b>Consolidated and individual</b>	
	<b>December 2014</b>	<b>December 2013</b>
Profit attributable to shareholders	13,770	74,040

### *Weighted average number of common shares*

	<b>Consolidated and individual</b>	
	<b>December 2014</b>	<b>December 2013</b>
Common shares at the beginning of the fiscal year	46,288	47,849
Shares issued in the fiscal year (note 10 a)	809	675
Shares cancelled in the fiscal year (note 10 a)	<u>(542)</u>	<u>(2,374)</u>
Total shares at the end of the fiscal year	<u>46,554</u>	<u>46,228</u>
<b>Weighted average number of Company's common shares</b>	46,753	46,373
<b>Basic earnings (loss) per share</b>	<u>0.29</u>	<u>1.60</u>

### **Diluted earnings per share**

We assume the exercise of stock options already granted to calculate diluted earnings per share:

	<b>Consolidated e individual</b>	
	<b>December 2014</b>	<b>December 2013</b>
Profit attributable to shareholders	13,770	74,040
Weighted average number of Company's common shares	46,753	46,339
Adjustment due to stock option (note 15). Weighted average number of common shares for diluted earnings per share	9,564	9,229
	56,317	55,568
Diluted earnings per share - R\$	<u>0.24</u>	<u>1.34</u>

## 12 Net operating revenue

	<b>Consolidated</b>	
	<b>December 31</b>	
	2014	2013
Revenue related to management fee	75,404	77,697
Revenue related to performance fee	29	54,833
Taxes on revenues <sup>(i)</sup>	(2,462)	(3,232)
	<b>72,971</b>	<b>129,568</b>

(i) Balance comprised of taxes on gross revenue (ISS, PIS and COFINS).

Tarpon Funds follow the "high water mark" concept. Therefore, only the performance fee of Tarpon Funds is charged if the unit price on calculation date exceeds the unit price at the collection date if the last performance fee, i.e. the last high water mark, adjusted by profitability parameter.

Consequently, the amount of revenues related to performance fees can significantly change on an annual basis based on: (i) fluctuations in the amount of the net assets of the portfolios of Tarpon Funds, (ii) the performance of portfolios compared to hurdle rates for each fund and (iii) performance of illiquid investments (since performance fees relating to these investments are charged only when the investment is made).

## 13 Gain (loss) on financial assets measured at value through profit or loss

	<b>Consolidated</b>		<b>Individual</b>	
	<b>dec/14</b>	<b>dec/13</b>	<b>dec/14</b>	<b>dec/13</b>
Repurchase transactions	1,494	1,467	532	546
Gain (loss) on financial and derivatives instruments	(2,417)	(453)	-	(367)
	<b>(923)</b>	<b>1,014</b>	<b>532</b>	<b>179</b>

## 14 Administrative expenses

	Consolidated		Individual	
	dec/14	dec/13	dec/14	dec/13
Office maintenance	3,984	4,167	22	2
Outside services	4,454	3,198	780	703
Representation expenses	1,315	1,736	3	-
Depreciation and amortization	527	522	-	-
Expenses on IT systems	519	300	-	-
Expenses on fees and other contributions	272	70	75	2
Sundry	751	722	16	6
	<b>11,822</b>	<b>10,715</b>	<b>896</b>	<b>713</b>

## 15 Stock option plan

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

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

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

Options granted are exercisable, as follows:

- First portion of options granted on March 10, 2009, exercisable at the percentage rate of 20% on March 10, 2009, 20% on July 1, 2009 and 20% on each one of the three annual anniversaries subsequent to July 1, 2009;
- Second portion of options granted on March 10, 2009, exercisable at the percentage rate of 20% on July 1, 2009 and 20% on each one of the four annual anniversaries subsequent to July 1, 2009; and
- Options granted as from July 1, 2009, exercisable at the percentage rate of 20% on every July 1 of the five fiscal years subsequent to the respective grant date, except for those returned. The same rule is applicable to options granted as from July 1, 2010, July 1, 2011 and July 1, 2012.



Options granted and not exercised that are available for grant in case of termination of the respective holder can be granted again on any date through July 1, 2017, and these options will become exercisable at the percentage rate of 20% on each one of the five fiscal years subsequent to the respective grant date.

If the current controlling shareholders cease to collectively hold at least 30% of total shares on any time, all options granted under the plan will become immediately exercisable, among other events.

Each portion of the plan options will expire on the fifth anniversary of the respective date in which it becomes exercisable.

The exercise of the plan options is subject to the satisfaction of certain requirements by the option beneficiary on the respective option exercise date, which includes the requirement of maintenance of the beneficiary's employment relationship with the Company. In case of voluntary termination of the beneficiary's relationship with the Company, or termination without cause by the Company, any such beneficiary can exercise only that portion of exercisable options held by it, within a period of 30 days from such termination, and the options not exercised or exercisable will be again available for grant under the stock option plan. In case of termination of relationship with the Company by the Company, with cause, any such beneficiary will not be entitled to exercise any of the options received. In this case, all options not exercised or exercisable will be again available for grant under the stock option plan.

The exercise price of each option grant corresponds to the higher of (i) R\$5.60 per share (adjusted by dividends paid by the Company since the date of the Plan's initial approval up to the grant date of the respective option) and (ii) 75% of the share price on the trading session prior to the grant date. The option exercise price will be reduced by dividends paid by the Company up to the limit of the higher of R\$2.53 per share or 45% of the share price on the date prior to the grant of the respective option.

The option exercise price should be paid in full by the participant in cash. No participant can sell the shares acquired over a period of 12 months counted from the exercise date of the respective option.

Each grant (consolidated) made is described below:

**Tarpon Investimentos S.A.**  
*Individual and consolidated  
 financial statements  
 ended December 31, 2014*

	Granted			Returned							Exercised		Exercisable		
	Quantity (thousands )	Option fair value on grant date – R\$ per share	Total amount in R\$ thousand s	Exercise price on grant date	Quantity (thousands)	Option fair value on grant date - R\$ per share	Total amount in R\$ thousands	Quantity	Average exercise price	Total amount in R\$ thousands	Exercise dates	Average fair value in each year	Quantity (thousands)	Exercise price as at December 31, 2014	Total amount in R\$ thousands
1 <sup>st</sup> and 2 <sup>nd</sup> grant (March 10, 2009)	7,662	0.38	2,965	5.6	(238)	0.38	(94)	7,424	2.62	19,451	March 10, 2010, January 07, 2011, July 4, 2011, August 15, 2011, July 31, 2012, July 29, 2013 and February 27, 2014	15.09	-	-	-
3 <sup>rd</sup> grant (November 30, 2009)	2,493	4.08	10,180	5.4	(384)	4.08	(1,611)	1,900	3.06	5,814	January 07, 2011, July 04, 2011, August 15, 2011, July 31, 2012, July 29, 2013, February 27, 2014 and July 25, 2014	14.48	208	3.06	636
4 <sup>th</sup> grant (February 19, 2010)	530	4.67	2,449	5.63	(184)	4.67	(856)	260	3.38	879	July 4, 2011, August 15, 2011, July 31, 2012, July 29, 2013 and July 25, 2014	14.50	86	3.38	291
5 <sup>th</sup> grant (August 19, 2010)	1,115	6.72	7,491	8.59	(299)	6.72	(2,035)	550	5.94	3,267	July 4, 2011, August 15, 2011, July 31, 2012, January 28, 2013, July 29, 2013, February 27, 2014 and July 25, 2014	14.73	266	5.15	1,370
6 <sup>th</sup> grant (August 8, 2011)	960	8.07	7,745	11.4	(326)	8.07	(2,624)	256	10.60	2,714	January 28, 2013, April 29, 2013, July 29, 2013, November 4, 2013, February 27, 2014 e July 25, 2014	14.50	378	9.10	3,440
7 <sup>th</sup> grant (August 9, 2012)	560	6.51	3,645	9.49	(312)	6.51	(2,026)	78	8.42	657	November 4, 2013	15.30	170	7.36	1,251
8 <sup>th</sup> grant (September 20, 2012)	50	6.88	344	10.12	-	-	-	-	-	-		-	50	8.16	408
9 <sup>th</sup> grant (October 10, 2013)	1,192	8.15	9,713	11.58	-	-	-	-	-	-		-	1,192	10.52	12,540
<b>Total Plano:</b>	<u>14,562</u>		<u>44,533</u>		<u>(1,743)</u>		<u>(9,246)</u>	<u>10,469</u>		<u>32,781</u>			<u>2,350</u>		<u>19,936</u>

With respect to the balances recognized in line item “stock option plan”, both in equity and profit or loss (consolidated):

<b>In R\$ thousands</b>	<b>Consolidated and Individual</b>	
	<b>December 2014</b>	<b>December 2013</b>
Stock option plan	5,356	5,255
Exercised	(4,054)	(3,910)

The valuation of the Stock Option Plan is prepared using the binomial tree model, which was applied on each grant date considering market factors. The following assumptions were adopted on each grant date:

	<b>March 10, 2009 (*)</b>	<b>November 30, 2009</b>	<b>February 19, 2010</b>	<b>August 19, 2010</b>	<b>August 8, 2011</b>	<b>August 9, 2012</b>	<b>September 28, 2012</b>	<b>October 10, 2013</b>
Annual average volatility	70%	34%	28%	23%	20%	24%	20%	19%
Current stock price	1.29	6.87	7.84	11.45	15.20	12.65	13.77	15.44
Exercise price of plan options under the program	5.60	5.40	5.63	8.59	11.40	9.49	10.12	11.58
Risk-free interest rate	13.00%	8.75%	8.63%	10.75%	11.90%	10.15%	9.10%	11.78%
Expected dividends	R\$0.62	R\$0.47	R\$0.45	R\$0.69	6%	6%	6%	6%

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

Ibovespa indices and the Tarpon stock trading price (TRPN3), during the periods in which options were granted, were used to determine expected volatility, among other parameters.

## 16 Statement of income tax and social contribution calculation

### Reconciliation of tax rate

#### *Taxable income*

Fiscal year ended on December 31, 2014	<b>Consolidated</b>	<b>Individual</b>
Profit or loss before income tax and social contribution	26,512	13,770
Rate	34%	34%
<b>Income tax and social contribution</b>	<b>(9,013)</b>	<b>(4,681)</b>

#### **(Additions) and deductions:**

##### **Permanents**

Earnings abroad	-	(2,347)
Stock option plan	(1,821)	-
Other	(724)	(154)
Management remuneration	(1,184)	-

Fiscal year ended on December 31, 2014	<u>Consolidated</u>	<u>Individual</u>
<b><u>Temporary</u></b>		
Share of profits of subsidiaries	-	5,071
Foreign tax credit	-	2,111
Income tax and social contribution expenses	<u>(12,742)</u>	<u>(23)</u>
<b><u>Accounted income tax and social contribution expenses</u></b>		
Current	(8,273)	(23)
Total	<u>(8,273)</u>	<u>(23)</u>

A wholly owned subsidiary of the Company, TISA NY, Inc., found profit in the six months ended December 31, 2014, which was subject to tax at a rate of 35% (federal tax), the provision of taxes was R\$ 2,111 (On December 31, 2013 - R\$ 3,974).

The profit earned by the foreign subsidiary, may be offset limited as 34% as permitted by the Brazilian legislation. This amount, R\$2,111, was recorded as taxes paid on the balance sheet of the Company (On December 31, 2013 - R\$ 4,102).

**a. Recoverable taxes**

The balances of taxes to offset are composed of domestic and foreign offset of the company and its subsidiaries tax credits, as follows:

	<u>Consolidated</u>		<u>Individual</u>	
	<u>December 2014</u>	<u>December 2013</u>	<u>December 2014</u>	<u>December 2013</u>
Income tax and social contribution retained	285	228	-	-
PIS / COFINS retained	36	355	21	22
IRRF / investments	1,434	1,509	1,126	1,330
Foreign tax credit	2,111	4,102	2,111	4,102
Advance current Income tax and social contribution	12,565	6,898	-	-
Sundry	97	-	-	-
	<u>16,529</u>	<u>13,092</u>	<u>3,258</u>	<u>5,454</u>

## 17 Contingencies

### Escrow Deposits

The Company accrues on the monthly basis, the amounts due for ISS, which are being collected through judicial deposits:

Nature of litigation	Contingence reserv – R\$	Escrow Deposits – R\$
Interposition for unpaid ISS	887	887

## Contingencies

In June 2010, the Company recorded compensation amounts of PIS / COFINS overpaid. Such compensation was rejected by the tax authority (Receita Federal), and currently the company are requesting this type approval. Based on the legal advisors opinion, the assessment of risk of loss to the Company's possible. On December 31, 2014 and 2013, the total amount involved was R\$236 and R\$221.

Additionally, the Company is exposed to certain contingent liabilities of tax nature, related to tax deficiency notices issued by the Federal Revenue Service in April 2014, whose likelihood of loss, based on the opinion of the Company's legal counsel, is assessed as possible:

- Stock option plan: tax deficiency notice in the amount of R\$13,692, relating to social security contributions allegedly levied on the Company's stock option plan. The tax authorities considered that the plan would have a partially compensatory nature, thus giving rise to the levy of social security contributions.

- Profit sharing program (PLR): tax deficiency notices in the amounts of R\$11,725 and R\$9,061, relating to alleged social security debts and IRPJ, respectively, concerning the payment of profit sharing to certain Company's employees in calendar years 2009 to 2011. The tax deficiency notices established that some of the payments made under the PPLR would have compensatory nature and, therefore, would not be entitled to the exemption from social security contributions and should have been added to the Company's taxable income calculation basis.

The Company's management are challenge these tax deficiency notices. Since the likelihood of loss is assessed as possible, no provision was recognized by the Company.

## 18 Related parties

The main asset and liability balances as at December 31, 2014 and December 31, 2013, as well as intercompany transactions that impacted profit or loss for the period/year then ended, arise from transactions between the Company and its key management personnel.

	<b>Consolidated and Individual</b>			
	<b>Asset/(liability/ equity)</b>		<b>Revenues (expenses)</b>	
	<b>December 31, 2014</b>	<b>December 31, 2013</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Dividends paid (note 10c)	(2.488)	-	-	-
Mandatory dividends	935	-	-	-
Proposed additional dividends	(10,268)	(43.722)	-	-
Short-term benefits to Management (*)	-	-	(16.586)	(7,716)
Stock option plan to Management	(6,647)	(4.421)	(2,867)	(953)

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

The amount of R\$3,400 is recognized in the individual, which refers to a loan agreement entered into among the Company and its subsidiary, with no interest and settlement term of up to one year.

## 19 Other information

### a. Finance lease

Property, plant and equipment items acquired under finance leases have the following liability:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	-	-	-
<b>Total as at December 31, 2014</b>	<u>-</u>	<u>-</u>	<u>-</u>
Less than 1 year	18	2	16
<b>Total as at December 31, 2013</b>	<u>18</u>	<u>2</u>	<u>16</u>

### b. Other assets

This group segregation is composed as below:

	<u>Consolidated</u>		<u>Individual</u>	
	December 2014	December 2013	December 2014	December 2013
Advances to suppliers	133	148	108	107
Advances to employees	299	388	277	246
Amounts to be reimbursed – Funds	2,613	2,860	154	188
Sundry	112	101	13	-
	<u>3,157</u>	<u>3,497</u>	<u>552</u>	<u>541</u>

### c. Trade payables

As at December 31, 2014, trade payables are comprised as follow:

	<u>Consolidated</u>		<u>Individual</u>	
	December 2014	December 2013	December 2014	December 2013
Loans to relationed parties	-	-	3,400	-
Suppliers and leases	299	167	-	17
Services	158	672	33	16
	<u>457</u>	<u>839</u>	<u>3,426</u>	<u>33</u>

**d. Taxes payable**

The balances are composed by own and third parties taxes to pay.

	<u>Consolidated</u>		<u>Individual</u>	
	<u>December 2014</u>	<u>December 2013</u>	<u>December 2014</u>	<u>December 2013</u>
Income tax and social contribution to pay	13,546	9,956	2,111	3,974
PIS /COFINS to pay	100	379	-	-
ISS/IOF to pay	37	779	-	(4)
Taxes withheld of third parties	126	135	109	69
Taxes abroad	3,598	6,842		
	<u>17,407</u>	<u>18,091</u>	<u>2,220</u>	<u>4,039</u>

**e. Payroll and personnel expenses**

The balance consists of payroll taxes on wages, accrued vacation, employee profit sharing and gratifications. On December 31, 2014 figures were R\$ 1,693 on consolidated position (On December 31, 2013 the amounts were R\$ 2,099 and R\$ 12 respectively for consolidated and individual balances).

The personnel expenses as of December 31, 2014 and 2013 were R\$ 28,302 and R\$ 23,511 respectively, are composed of remuneration, social charges, profit sharing and results and gratification.

\* \* \*

**Executive Board**

**Chief Executive Officer**

José Carlos Reis de Magalhães Neto

**Accountant**

EFFORTS Prossionais Contábeis

Arnaldo Moreira da Trindade

CRC 1SP183.550

**ANNUAL BRIEF REPORT FROM THE AUDIT AND COMPLIANCE COMMITTEE  
OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2014**

According to the Internal Rules of the Audit and Compliance Committee (“Committee”) of Tarpon Investimentos S.A., a Corporation with head office on Rua Iguatemi, 151, 23º andar, Itaim Bibi, São Paulo-SP, CEP 01451-011, enrolled with the CNPJ/MF under the No. 05.341.549/0001-63 (“Company”), and in compliance with CVM Instruction 308, of May 14, 1999, and further amendments (“ICVM 308”), the Committee members present its Annual Brief Report of the Company for the year ended December 31, 2014.

**Committee activities:**

The Committee held 6 (six) meetings related to the year 2014, in which the following works were carried out:

- a) It reviewed and considered adequate the work plan of the independent auditor for the preparation of independent external audit;
- b) It supervised the independent auditor activities, to evaluate (i) its independence; (ii) quality of services rendered; and (iii) the adequacy of the services provided to the Company’s needs;
- c) It supervised the activities of the internal controls area of the company, as well as discussed with the management and the independent auditors of the Company about the effectiveness and adequacy of the internal controls of the Company;



- d) It reviewed and considered adequate the monitoring process of the risks reported by the internal controls area of the Company;
- e) It supervised the activities of the area that prepares the financial statements of the Company, as well as revised the analysis and assumptions adopted by the management, and corroborated the independent auditors of the Company for the preparation of its quarterly and annual financial statements;
- f) It evaluated and monitored, together with the management and the independent auditors, the adequacy of the related party transactions carried out by the Company and their respective disclosures;
- g) It created routines for checking the occasional risks faced by the Company; especially the risks involving lawsuits and administrative proceedings in general.
- h) It prepared a schedule of meetings for the year ended December 31, 2014.

The Committee met with Deloitte Touche Tohmatsu Auditores Independentes and took notice of the report on the financial statement for the year ended December 31, 2014, being satisfied with the information and clarifications provided, and recommending its approval to the Board of Directors of the Company. It also met with these same Auditors for discussing the quarterly financial statements (ITRs) of the Company, recommending their approval to the Board of Directors of the Company.

During the course of the work, there was no event of significant divergence among the Company's management, the independent auditors and the Committee in relation to such financial statements.

### **Conclusion**

Based on the works carried out, the Committee recommends the approval by the Board of Directors of the audited financial statements of Tarpon Investimentos S.A., for the year ended December 31, 2014.

São Paulo, February 10, 2015.

Walter Iório

Horácio Lafer Piva

Fábio Hering