

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

Tarpon Investimentos S.A.

*Individual and Consolidated Interim
Financial Statements for the Quarter and
Semester Ended June 30, 2014 and
Independent Auditor's Report*

Deloitte Touche Tohmatsu Auditores Independentes

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MANAGEMENT REPORT

Context of Market

Market Context

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

O segundo trimestre de 2014 foi marcado pela deterioração da aprovação do governo brasileiro e pelo crescimento da oposição nas pesquisas sobre as eleições presidenciais de outubro. Nesse contexto, diante da maior possibilidade de uma gestão menos intervencionista, a bolsa brasileira apresentou uma forte alta, liderada por empresas estatais. No exterior, os principais dados divulgados mostraram sinais divergentes sobre o crescimento no mundo desenvolvido (Ex. PIB dos EUA no 1T14 caiu 2.9% T/T), porém a perspectiva positiva de uma recuperação gradual das economias prevaleceu e os principais índices americanos e europeus continuaram na tendência de alta iniciada no ano passado.

Ibovespa, the main stock performance index at BM&F Bovespa, increase 5,46%. In the same period, the US indexes, S&P 500 and Dow Jones increase 4,69% and 2,24%, respectively, whereas the European index Stoxx 600 increase 2,26%.

In the companies listed at BM&F Bovespa, which account for most of the portfolio of funds managed by Tarpon, we noted a weak performance at Metalúrgica Gerdau (-9,63%), while the highlights were Marisa (6.63%), BRF (17.88%) and Tempo (+30.14%).

Highlights in 2Q14

Tarpon Investimentos S.A. ("Tarpon" or "the Company"), through its subsidiaries, conducts public and private equity investment activity through funds and managed accounts under its management ("Tarpon Funds"). Tarpon's goal is to provide, in the long run, above-market returns.

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

Gross revenues related to asset management services amounted to R\$ 17.3 million in 2Q14.

Subscriptions: Tarpon Funds received net subscriptions of R\$ 344 million in the Portfolio Funds strategy in 2Q14.

Assets under management: R\$ 8.1 billion in the Portfolio Funds strategies and R\$ 1.8 billion in the Co-Investment strategy, amounting to R\$ 9.9 billion of assets under management.

Portfolio Funds performance:

	<u>2Q14</u>	<u>2Q13</u>
Long-Only Equity in R\$	6.51%	-3.7%
Long-Only Equity in US\$	9.92%	-11.8%
Hybrid-Equity in R\$	6.47%	-2.9%
Hybrid-Equity in US\$	8.44%	-10.4%
Ibovespa index in R\$	5.46%	-15.8%
IBX index in R\$	5.25%	-9.2%

Operating revenues:

Revenues related to management fees: R\$ 17.3 million in 2Q14 and R\$ 36.3 million in 1H14.

Revenues related to performance fees: R\$ 0.03 million in 2Q14 and 1H14.

Net Income/(Loss):

R\$4.8 million in 2Q14 and R\$ 2.5 million in 1H14. Net income for the first half of 2014 will be distributed as dividends on August 7, 2014.

New investments:

In the second quarter, the Funds managed by Tarpon entered into an agreement for the purchase of 19.9% of the total capital of Abril Educação S.A. The amount involved in the transaction is approximately R\$ 600 million, which could increase depending on whether the company meets its future performance targets. The transaction had no impact on the financial volume of assets under management by Tarpon and no immediate impact on the company's revenue derived from fund management.

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.

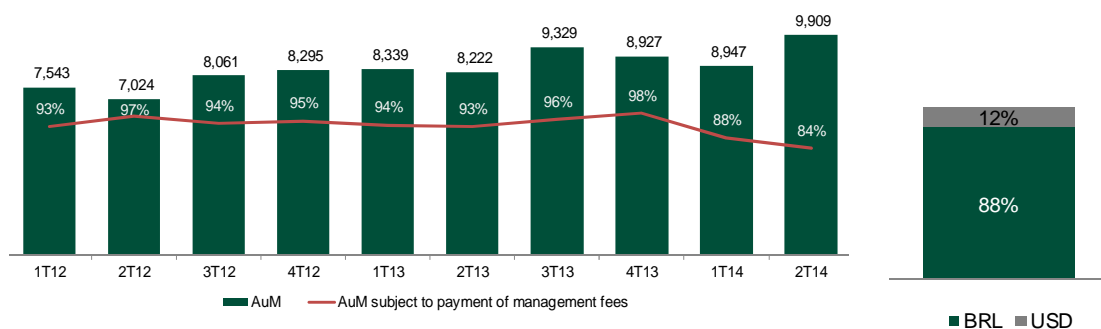
Value Creation

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

Assets under management

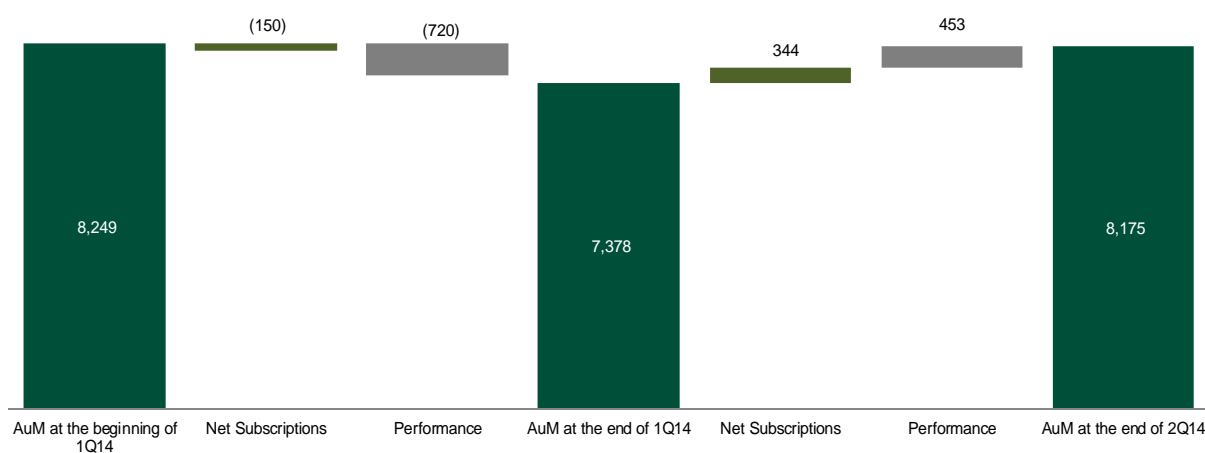
Our assets under management ("AuM") amounted to R\$9.9 billion as of June 30th 2014, an increase of 20.52% when compared to R\$8.2 billion AuM as of June 30th 2013 and an increase of 10.75% when compared to the first quarter of 2014

Total AuM historical growth - R\$ million



As indicated in the chart above, 88% of our AuM are denominated in Brazilian Reais (BRL) and 12% in USD.

AuM growth – Portfolio Funds - R\$ million



Investment 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 June 30th 2014, the AuM allocated to this strategy amounted to R\$ 8.1 billion.

Co-Investment Strategy

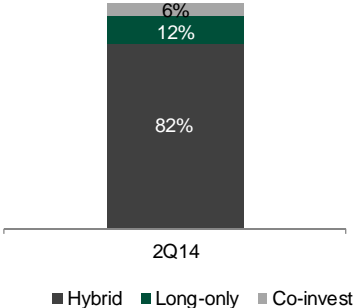
(Public and private equity investments)

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

As of June 30th 2014, the AuM allocated to the co-investment strategy amounted to R\$ 1.8 billion. 67.1% of this amount are not subject to management fees and performance fees are payable only on divestment.

AuM allocated for investment in the stock exchange comprised 94% of the total capital invested. Private equity investments, measured at fair value ⁽¹⁾, correspond to 6% of AuM. We present below the breakdown of AuM by their hybrid, long-only and co-invest. Strategies.

AuM by investment approach
(invested capital)

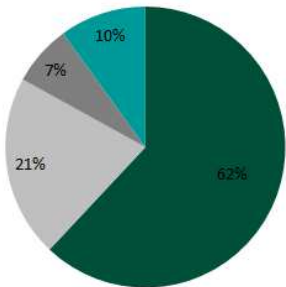


(1) The market value of certain investments in private equity is measured based on assessments made by management, since there is no available market price.

Investor base

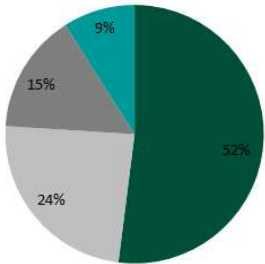
As of June 30th, 2014, institutional investors, mainly endowments, foundations, pension funds and sovereign wealth funds, accounted for 75% of total AuM. The capital invested by our executives and employees represented 9% of total assets.

AuM by geographical region



■ Americas (ex. Brasil) ■ Brazil ■ Europe ■ Asia and Middle East

AuM by investor type



■ Sovereign Wealth Funds & Pension Plans ■ Endowments & Foundations
■ Non Institutional Funds ■ Tarpon's executives and employees

During the quarter, the Portfolio Funds Long-Only Equity strategy posted net returns of 6.51% in R\$ and 9.92% in US\$. The accumulated annualized returns of this strategy, net of taxes and expenses, is 26.82% in R\$ and 24.43% in US\$.

The Portfolio Funds Hybrid-Equity strategy posted net returns of 8.44% in US\$ and 6.47% in R\$ in the quarter. Net annualized performance is 16.28% in US\$ and 4.91% in R\$ since launch.

We do not follow any stock market index as a performance benchmark. For illustrative purposes, during the quarter, Ibovespa and IBX Indexes posted returns of 5.46% and 5.25%, respectively (both in R\$), returns in US\$ were 8.36% and 8.14% for Ibovespa and IBX, respectively.

Strategy	Inception	Performance ⁽¹⁾⁽²⁾					Since launch (annualized)
		2Q14	2014	LTM	2 years	5 year	
Portfolio Funds Long-Only Equity (R\$)	May 2002	6.51%	-4.43%	5.66%	17.21%	145.53%	26.82%
Portfolio Funds Long-Only Equity (US\$)	May 2002	9.92%	1.30%	5.65%	6.66%	94.35%	24.43%
Portfolio Funds Hybrid-Equity (R\$)	Oct 2011	6.47%	-3.56%	6.09%	13.58%	14.56%	4.91%
Portfolio Funds Hybrid-Equity (US\$)	Oct 2006	8.44%	2.70%	0.59%	2.57%	96.41%	16.28%
Stock market index		2Q14	2014	LTM	2 years	5 years	
Ibovespa (R\$)		5.46%	3.22%	12.03%	-2.18%	3.31%	
IBX (R\$)		5.25%	3.01%	12.14%	10.71%	31.66%	
Ibovespa (US\$)		8.36%	9.79%	12.70%	-10.23%	-8.46%	
IBX (US\$)		8.14%	9.56%	12.81%	1.60%	16.66%	

(1) Performance net of fees.

(2) Performance up to June 30th, 2014.

Financial highlights

Summary of results

<i>Financial highlights - R\$ million</i>				
	2Q14	2Q13	1S14	1S13
Gross revenues	17.3	29.6	36.4	54.9
Management fees	17.3	19.1	36.3	37.8
Performance fees	0.0	10.5	0.0	17.1
Net revenues	16.8	28.7	35.2	53.4
Recurring Expenses	(6.4)	(6.9)	(13.2)	(14.0)
Recurring: general administration, payroll & others	(6.4)	(6.9)	(13.2)	(14.0)
Gross	10.4	21.7	22.0	39.4
Gross margin	62%	76%	63%	74%
Non recurring Expenses				
Non recurring: stock option, variable comp., profit sharing	(1.6)	(1.3)	(15.0)	(5.1)
Results from operating activities	8.8	20.5	7.0	34.3
Results from financial activities	(0.5)	(0.6)	(0.3)	0.2
Finance Expense / Income	(0.5)	(0.6)	(0.3)	0.2
Income tax and social contribution	(3.6)	(3.6)	(4.2)	(6.6)
Net Income / (Loss)	4.7	16.3	2.5	28.0
Earnings per share (R\$/share) *	0.10	0.36	0.05	0.61
O/S	46,667	45,556	46,667	45,556
AuM (end of period)	9,909	8,222	9,909	8,222

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

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

Operating revenues

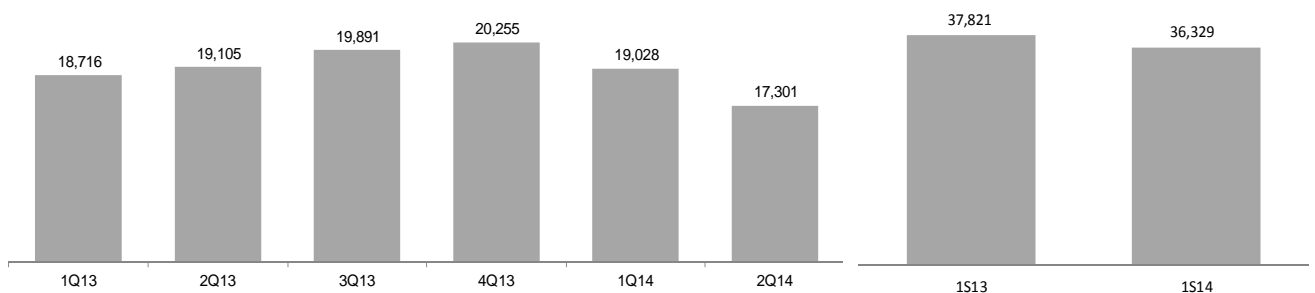
Operating revenues are composed of revenues related to management fees – recurring income flow based on the Tarpon Funds' net asset value – and revenues related to performance fees – income flow with higher volatility based on the performance of the Tarpon Funds.

Revenues related to management fees

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

During 2Q14, gross revenues related to management fees amounted to R\$17.3 million, equivalent to approximately 100% of the operating revenues on the quarter. These revenues decreased 9.08% when comparing with 1Q14 and presented a decrease of 3.94% for 1H14 as compared to the same period in 2013.

Management fees revenues - R\$'000



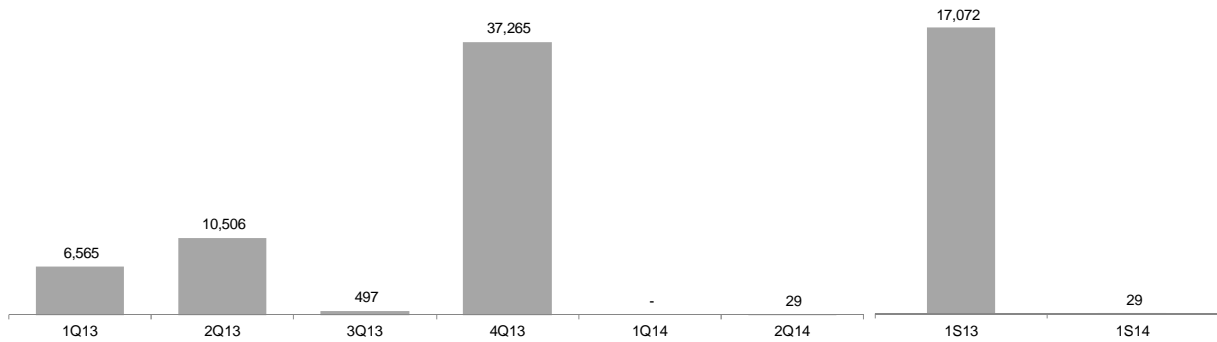
Revenues related to performance fees

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

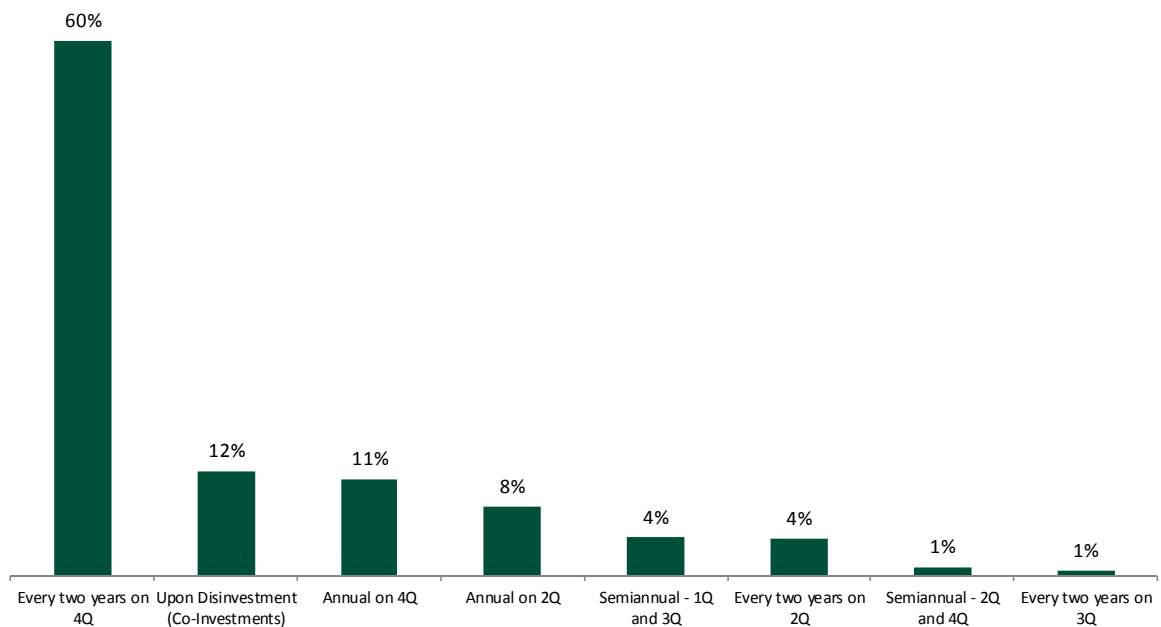
The performance fees are subject to a high water mark, which means that such fees are charged only if the net asset value (NAV) of the relevant fund exceeds the NAV of the previous performance fee collection date, adjusted by the hurdle rate.

Revenues related to performance fee were R\$ 0.029 million in 2Q14.

Performance fees revenues - R\$'000



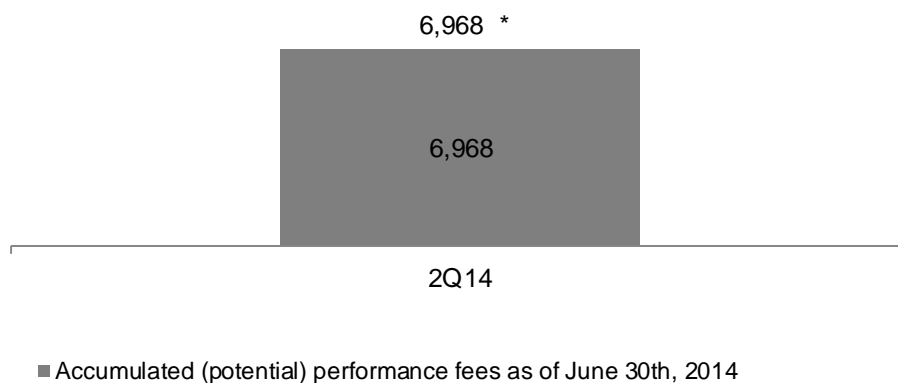
Below is the current distribution of our AuM by performance collection period:



As of June 30th, 2014, 1% of the Tarpon Funds' NAV was above their respective high water marks (excluding funds where performance fees are collected upon divestment).

For illustrative purposes only, assuming that performance fees were charged on June 30, 2014, the additional revenues related to performance fees would amount to R\$7.0 million (based on the net asset value of the funds as of such date), R\$5.1 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.

Performance fees revenues potential amount as of June 30th, 2014– R\$'000

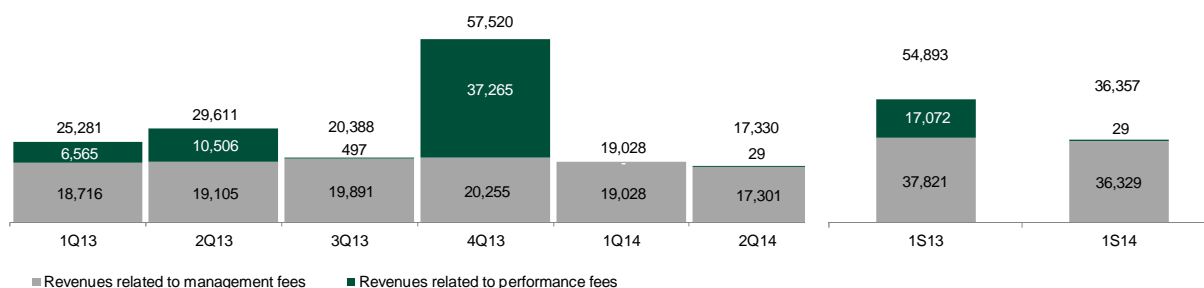


* Estimate amounts. There is no assurance that potential amounts will be due and payable to Tarpon on the relevant dates.

Total operating revenues

The amount of revenues related to management and performance fees totaled R\$17.3 million in 2Q14, a 8.93% decrease over the amount recorded in 1Q14. Total revenue for 1H14 was R\$36.4 million, down by 33.76% as compared to the same period in 2013. This downturn was mainly the result of the decrease in performance fees for 2Q14.

Total operating revenues - R\$'000

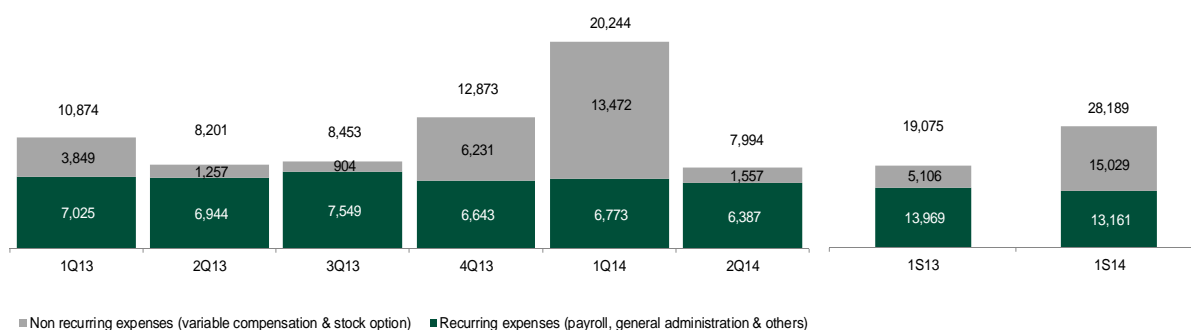


Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$8 million during 2Q14 and R\$ 28.2 million in the 1S14.

The recurring operating expense is comprised of general and administrative expenses, payroll expenses, and other expenses related to depreciation and travel expenses. In 2Q14, recurring expenses totaled R\$6.4 million and R\$ 13.2 million in the 1S14. When compared to 1Q14 we verify a decrease of 5.70% and down by 5.78% for 1H14 as compared to the same period in 2013.

Total operating expenses - R\$'000



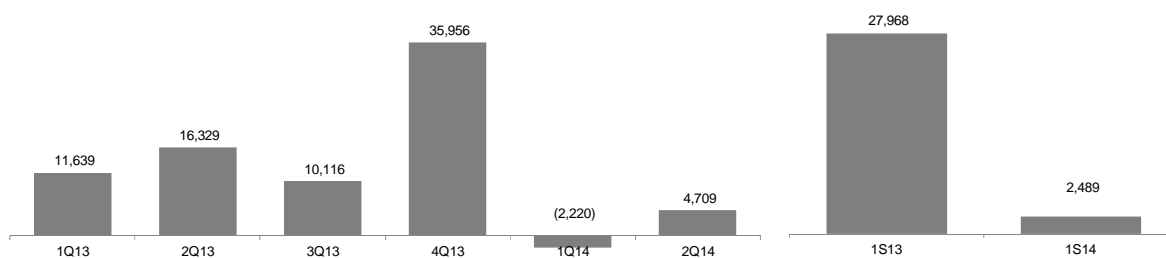
Non-recurring expenses totaled R\$ 1.6 million for 2Q14 and R\$15 million for 1H14 and consist of provisions (with no cash effect) for stock option plans, profit sharing program and variable remuneration. In comparison to 1Q14, non-recurring expenses for 2Q14 were down by 88.44%. However, non-recurring expenses for 1H14 as compared to the same period in 2013 were up by 194.32%.

Taxes

Income taxes and social contribution amounted to R\$3.6 million in 2Q14 and R\$ 4.2 million in 1H14.

Net Income/(Loss)

Net income reported for 2Q14 was R\$4.7 million and R\$2.5 million for 1H14.



Corporate Governance

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

Investor Relations - IR

Shareholders, investors and market analysts have at their disposal information available in RI Company website (www.tarpon.com.br). For further information, contact directly thr RI Department through email (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 six month period ended June 30, 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 services not related to the external audit at its independent auditors aim to ensure that there is no conflict of interests, loss of independence or objectivity.

During the six month period ended June, 30, 2014 no services were rendered by its independente auditors, other than those related to the Audit of Financial Statements.

Commitment clause

Tarpon Investimentos S.A. is bound to arbitration at the Market's Arbitration Chamber, as per the arbitration clause in its Bylaws.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the individual and consolidated balance sheet of Tarpon Investimentos S.A. (“Company”) as at June 30, 2014, and the related statement of operations, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three and six-month periods then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review (NBC TR 2410 and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information is not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Interim Financial Information.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Interim Financial Information.

Other matters

Statement of value added

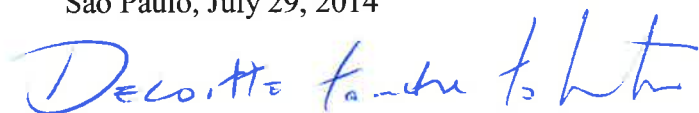
We have also reviewed the individual and consolidated interim statements of value added (“DVA”), for the semester ended June 30, 2014, prepared under the responsibility of the Company’s management, the presentation of which is required by the standards issued by the Brazilian Securities Commission (CVM), 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 interim financial information taken as a whole.

Audit of corresponding figures in the quarter and semester ended June 30, 2013 and year ended December 31, 2013

The corresponding figures for the quarter and semester ended June 30, 2013 and year ended December 31, 2013 were reviewed by another auditor who issued a report dated July 29, 2013 and January 28, 2014, respectively, 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, July 29, 2014


DELOITTE TOUCHE TOHMATSU
Auditores Independentes


Marcelo Luis Teixeira Santos
Engagement Partner

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

Tarpon Investimentos S.A.

Individual and consolidated balance sheets as at June 30, 2014 and December 31, 2013

(In thousands of Brazilian reais - R\$)

Assets	Notes	Consolidated		Individual		Liabilities	Notes	Consolidated		Individual	
		06/30/2014	12/31/2013	06/30/2014	12/31/2013			06/30/2014	12/31/2013		
Current assets						Current liabilities					
Cash and cash equivalents	4	19,805	17,606	48	22	Trade payables	18c	559	839	3,442	33
Financial assets measured at fair value through profit or loss	5	9,416	17,698	1,728	8,597	Derivatives	6c	928	-	-	-
Derivatives	6c	-	195	-	-	Taxes payable	18d	7,708	18,091	1,040	4,039
Receivables	7	1,214	38,425	-	-	Payroll and related charges	18e	2,463	2,099	6	12
Taxes to offset	15	8,275	4,102	2,534	5,453			11,658	21,029	4,488	4,084
Other assets	18b	2,619	12,487	560	541						
		41,329	90,513	4,870	14,613						
Noncurrent assets						Shareholders equity					
Investments	8	-	-	30,663	60,603	Capital	10a	6,759	6,610	6,759	6,610
Property, plant and equipment	9	1,374	1,648	-	-	Capital reserves	10e	9,308	6,427	9,308	6,427
		1,374	1,648	30,663	60,603	Legal reserve	10b	1,317	1,317	1,317	1,317
						Treasury shares		(7,935)	(7,935)	(7,935)	(7,935)
						Stock option plan	14	17,678	15,847	17,678	15,847
						Cumulative translation adjustments		1,430	2,734	1,430	2,734
						Additional proposed dividends		-	46,132	-	46,132
						Retained earnings		2,488	-	2,488	-
						Equity attributable to the shareholder		31,045	71,132	31,045	71,132
Total assets		42,703	92,161	35,533	75,216	Total liabilities and equity		42,703	92,161	35,533	75,216

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

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Tarpon Investimentos S.A.

Individual and consolidated statements of operations

For the quarters ended June 30, 2014 and 2013

(In thousands of Brazilian reais - R\$)

	Notes	Consolidated		Consolidated		Individual		Individual	
		Semester ended June 30,		Quarters ended June 30,		Semester ended June 30,		Quarters ended June 30,	
		2014	2013	2014	2013	2014	2013	2014	2013
Management fee		35.169	37.025	16.733	18.700	-	-	-	-
Performance fee		29	16.378	29	9.954	-	-	-	-
Net operating revenue	12	<u>35.198</u>	<u>53.403</u>	<u>16.762</u>	<u>28.654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (expenses)									
Personnel expenses	18e	(19.362)	(9.737)	(3.500)	(3.566)	(38)	(38)	(19)	(19)
Stock option plan	14	(3.375)	(2.520)	(1.557)	(1.257)	-	-	-	-
Administrative expenses	13	(5.047)	(5.398)	(2.543)	(3.044)	(352)	(500)	(114)	(97)
Financial assets measured at fair value through profit or loss		(285)	224	(462)	(551)	464	82	46	10
Share of profits of subsidiaries	8	-	-	-	-	2.620	28.401	4.932	16.423
Other operating income (expenses)		(401)	(1.420)	(341)	(334)	(183)	(30)	(151)	(16)
		(28.470)	(18.851)	(8.403)	(8.752)	2.511	27.915	4.694	16.301
Operating profit		<u>6.728</u>	<u>34.552</u>	<u>8.359</u>	<u>19.902</u>	<u>2.511</u>	<u>27.915</u>	<u>4.694</u>	<u>16.301</u>
Income tax and social contribution	15	<u>(4.240)</u>	<u>(6.583)</u>	<u>(3.650)</u>	<u>(3.573)</u>	<u>(23)</u>	<u>54</u>	<u>15</u>	<u>28</u>
Profit for the period		<u>2.488</u>	<u>27.969</u>	<u>4.709</u>	<u>16.329</u>	<u>2.488</u>	<u>27.969</u>	<u>4.709</u>	<u>16.329</u>
attributable to the Company's shareholders		2.488	27.969	4.709	16.329	2.488	27.969	4.709	16.329
Number of shares at the end of the period	11a	<u>46.667</u>	<u>45.556</u>	<u>46.667</u>	<u>45.556</u>	<u>46.667</u>	<u>46.387</u>	<u>46.667</u>	<u>46.387</u>
Basic earnings per share	11a	<u>0,05</u>	<u>0,60</u>	<u>0,10</u>	<u>0,35</u>	<u>(0,05)</u>	<u>0,60</u>	<u>0,10</u>	<u>0,35</u>
Diluted earnings per share	11b	<u>0,04</u>	<u>0,52</u>	<u>0,08</u>	<u>0,30</u>	<u>(0,04)</u>	<u>0,32</u>	<u>0,08</u>	<u>0,30</u>

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

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Tarpon Investimentos S.A.

Consolidated statements of changes in equity

For the semester ended June 30, 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
Balances as at December 31, 2013	6.610	6.427	-	1.317	(7.935)	15.847	-	2.734	46.132	-	71.132
Capital increase	149	1.337	-	-	-	-	-	-	-	-	1.486
Valuation adjustments to equity	-	-	-	-	-	-	-	-	-	-	-
Repurchase of shares	-	-	-	-	-	-	-	-	-	-	-
Stock option plan	-	-	-	-	-	3.375	-	-	-	-	3.375
Reversal of options exercised	-	1.544	-	-	-	(1.544)	-	-	-	-	-
Cancellation of Company's shares	-	-	-	-	-	-	-	-	-	-	-
Accumulated translation adjustments	-	-	-	-	-	-	-	(1.304)	-	-	(1.304)
Net profit	-	-	-	-	-	-	-	-	-	2.488	2.488
Recognition of reserves	-	-	-	-	-	-	-	-	-	-	-
Additional dividends proposed	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(46.132)	-	(46.132)
Balances as at June 30, 2014	6.759	9.308	-	1.317	(7.935)	17.678	-	1.430	-	2.488	31.045
Balances as at December 31, 2012	6.216	-	3.052	1.223	-	14.502	(4)	529	-	-	25.518
Capital increase	72	648	-	-	-	-	-	-	-	-	720
Legal reserve	-	-	-	-	-	-	-	-	-	-	-
Valuation adjustments to equity	-	-	-	-	-	-	-	-	-	-	-
Repurchase of shares	-	-	-	-	(11.999)	-	-	-	-	-	(11.999)
Stock option plan	-	-	-	-	-	2.520	-	-	-	-	2.520
Reversal of options exercised	-	489	-	-	-	(489)	-	-	-	-	-
Cancellation of Company's shares	-	(1.137)	(3.052)	-	11.999	-	-	-	-	(7.810)	-
Accumulated translation adjustments	-	-	-	-	-	-	-	1.185	-	27.969	29.154
Net profit	-	-	-	-	-	-	4	-	-	-	4
Formation of reserves	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(20.000)	(20.000)
Balances as at June 30, 2013	6.288	-	-	1.223	-	16.533	-	1.714	-	159	25.917

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

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

Tarpon Investimentos S.A.

Individual and consolidated statements of cash flows

For the quarters ended March 31, 2014 and 2013

(In thousands of Brazilian reais - R\$)

	<u>Consolidated</u>		<u>Individual</u>	
	<u>Semester ended June 30,</u>		<u>Semester ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Operating activities				
Profit from recurring operations	2.488	27.969	2.489	27.969
Adjustments:				
Depreciation and amortization	270	257	-	-
Share of profits of subsidiaries	-	-	(2.620)	(28.401)
Increase (decrease) in stock option plan	3.375	2.520	-	-
Cumulative translation adjustments	(1.304)	1.185	-	1.185
Deferred tax	951	1.757	951	1.757
Changes in valuation adjustments to equity	-	(4)	-	(4)
Changes in derivatives	1.123	1.939	-	1.977
Adjusted profit	6.903	35.623	820	4.483
Changes in assets and liabilities:				
(Increase) decrease in receivables	37.211	9.799	-	-
(Increase) decrease in other assets	904	12.429	(20)	7.795
(Increase) decrease in taxes to offset	3.866	-	1.967	-
(Increase) decrease in trade payables	(281)	180	3.409	(50)
(Increase) decrease taxes payable	(10.383)	(20.679)	(2.999)	(18.402)
(Increase) decrease payroll and related charges	364	337	(7)	(33)
Cash flow from operating activities	38.584	37.689	3.171	(6.207)
Investing activities				
Changes in financial assets at fair value through profit or loss	8.282	5.607	6.869	31.915
(Acquisition) write-off in property, plant and equipment and leases	(21)	-	-	-
Cash flow from investing activities	8.261	5.607	6.869	31.915
Financing activities				
Increase of capital through exercise of stock options	149	-	149	-
Repurchase of shares	-	(11.999)	-	(11.999)
Dividends paid	(46.132)	(21.510)	(46.132)	(21.510)
Exercise of stock options	1.337	720	1.337	720
Dividends received	-	-	34.632	6.305
Cash flow from financing activities	(44.646)	(32.789)	(10.014)	(26.484)
Total cash flow	2.199	10.507	26	(776)
Increase (decrease) in cash and cash equivalents, net	2.199	10.507	26	(776)
Cash and cash equivalents at the beginning of the period	17.606	3.317	22	1.098
Cash and cash equivalents at the end of the period	20	13.824	48	322

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

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

Tarpon Investimentos S.A.

Individual and consolidated statements of comprehensive income

For the quarters ended June 30, 2014 and 2013

(In thousands of Brazilian reais - R\$)

	Consolidated	Individual
Profit for the semester ended June 30, 2014	2.488	2.488
Comprehensive loss		
Cumulative translation adjustments	1430	1430
Total comprehensive loss for the quarter ended March 31, 2014	3.918	3.918
Comprehensive profit attributable to the Company's shareholders	3.918	3.918
Profit for the semester ended June 30, 2013	27.969	27.969
Comprehensive profit		
Cumulative translation adjustments	1.714	1714
Valuation adjustments to equity	4	4
Total comprehensive income for the quarter ended March 31, 2013	29.687	29.687
Comprehensive income attributable to the Company's shareholders	29.687	29.687

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

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

Tarpon Investimentos S.A.

Individual and consolidated statements of value added

For the quarters ended June 30, 2014 and 2013

(In thousands of Brazilian reais - R\$)

	<u>Consolidated</u>		<u>Individual</u>	
	<u>Semester ended June 31,</u>		<u>Semester ended June 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues	<u>36.357</u>	<u>54.893</u>	<u>-</u>	<u>-</u>
Performance and management fees	36.357	54.893	-	-
Inputs acquired from third parties	<u>(4.656)</u>	<u>(6.561)</u>	<u>(573)</u>	<u>(530)</u>
Materials, power, third party services and other	(4.656)	(6.561)	(573)	(530)
Gross value added	<u>31.701</u>	<u>48.332</u>	<u>(573)</u>	<u>(530)</u>
Retentions	<u>(270)</u>	<u>(257)</u>	<u>-</u>	<u>-</u>
Depreciation and amortization	(270)	(257)	-	-
Net added value produced	<u>31.431</u>	<u>48.075</u>	<u>(573)</u>	<u>(530)</u>
Added value received as transfer	<u>(285)</u>	<u>224</u>	<u>3.084</u>	<u>28.483</u>
Equity income	-	-	2.620	28.401
Finance income and expenses	(285)	224	464	82
Total added value payable	<u>31.146</u>	<u>48.299</u>	<u>2.511</u>	<u>27.953</u>
Distribution of added value	<u>31.146</u>	<u>48.299</u>	<u>2.511</u>	<u>27.953</u>
Personnel	<u>22.735</u>	<u>10.919</u>	<u>-</u>	<u>-</u>
Payroll and charges	22.735	10.919	-	-
Taxes, rates and contributions	<u>5.923</u>	<u>9.411</u>	<u>23</u>	<u>(16)</u>
Federal	4.866	8.533	23	(16)
Municipal	1.057	878	-	-
Shareholders	<u>2.488</u>	<u>27.969</u>	<u>2.488</u>	<u>27.969</u>
Dividends	-	20.000	-	20.000
Retained earnings in the year	2.488	159	2.488	159
Cancellation 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 interim 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, 23rd 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 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 financial statements have been prepared in accordance with accounting practices adopted in Brazil and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil.

There is no difference between consolidated and individual equity and profit or loss reported. Accordingly, the consolidated and individual 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 July 29, 2014.

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 (individual financial statements), whose functional currency (US\$) is different from the Parent's functional currency.

Tarpon All Equities (Cayman), Ltd. and 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.
- Amendments to IFRS 7 and IFRS 9 - Date of mandatory adoption of IFRS 9 and Transition Disclosures. Effective for annual periods beginning on or after January 1,

3 Significant accounting practices

The significant accounting practices below were consistently applied by the Company and its subsidiaries and foreign subsidiaries in the six month period ended June 30, 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 individual financial statements.

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 16).

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 six month period. 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 18 b).

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 six month period, exchange rate differences resulting from the consolidation of foreign subsidiaries and valuation adjustments to equity.

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.

q. Earnings per share

Basic earnings per share are calculated based on profit or loss for the six month period/quarter ended June 30, 2014 and 2013 attributable to the Company's shareholders and the weighted average number of outstanding common shares in the related six month period/quarter. 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 quarter ended June 30, 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 June 30, 2014 and December 31, 2013.

5 Financial assets measured at fair value through profit or loss

	Consolidated	
	June 2014	December 2013
Financial assets measured at fair value through profit or loss		
Repurchase agreements	9,416	17,698
	9,416	17,698
	Individual	
	June 2014	December 2013
Financial assets measured at fair value through profit or loss		
Repurchase agreements	1,728	8,597
	1,728	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.

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

	Valuation method -June/2014 and December/2013	Exposure to fair value risk?
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\$22,000, settlement term of up to 12 months counted from each negotiation. The result of operations will be financially settled on maturity.

On June 30, 2014, the Company (through its subsidiary) had the following outstanding transactions:

Consolidated

Financial instrument	Maturity date	Notional amount	Short position	MTM – 06/30/14	MTM – 12/31/13
SWAP	09/02/2014	2,684	Shares	430	89
SWAP	09/03/2014	3,137	Shares	504	106
				934	195
			Long Position		
			CDI+0,5% p.y.	(1,862)	-
			Total	(928)	195

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

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

	Risk	06/30/2014	Scenario 1 -50%	Scenario 2 -25%
Swap	Drop in the price of TRPN3	5,281	2,640	3,960
	Fair Value adjustment	(361)	(3,678)	(2,358)

	Risk	06/30/2014	Scenario 1 50%	Scenario 2 25%
Swap	Increase in interest rate	6,318	9,066	7,610
	Mark-to-market adjustment	(361)	(2,370)	(2,493)

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.

	Consolidated	
	June 2014	December 2013
Management fee (i)	1,214	1,566
Performance fee	-	36,859
	<u>1,214</u>	<u>38,425</u>

- i.** Receivables relating to the quarter ended June 30, 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:

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

Balance as at December 31, 2013	18,733
Share of profit of subsidiaries	3,215
Contribution to the subsidiary relating to the stock option plan	138
Exchange gains (losses)	(1,304)
Balance as at June 30, 2014	20,782

TISA NY - in R\$ thousands - Accumulated

TISA NY – in USD thousand	TISA NY – in R\$ thousand						
Equity – beginning of the six month period	Profit/loss as at June 30, 2014	Equity as at December 31, 2013	Profit/loss as at June 30, 2014	Accumulated exchange gain (loss)	Equity interest - %	Share of profit of subsidiaries	Book value of investment
8,058	1,417	16,069	3,278	1,430	100%	3,215	20,783

Investments in subsidiaries Tarpon All Equities (Cayman), Ltd. and TSOP Ltd. correspond to R\$102 as at June 30.2014.

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

Balance as at December 31, 2013	41,769
Dividends received by the Parent	(34,632)
Share of profits of subsidiaries	(595)
Contribution to the subsidiary relating to the stock option plan	3,237
Balance as at June 30, 2014	9,779

Tarpon Gestora - in thousands of R\$ - Accumulated

Equity – beginning of the six month period	Profit/loss as at June 30, 2014	Equity interest - %	Share of profits of subsidiaries	Contribution to the subsidiary relating to the stock option plan	Book value of investment
7,137	(595)	100%	(595)	3,237	9,779

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
Balance as at December 31, 2013	6	65	391	274	638	92	183	1,648
Additions	-	-	16	5	-	-	-	21
Write-offs	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Depreciation and amortization	(2)	(4)	(16)	(90)	(90)	(13)	(55)	(270)
Exchange Adjustments	-	-	(1)	(1)	(21)	(2)	-	(25)
Balance of property, plant and equipment as at June 30, 2014	4	61	389	187	527	77	128	1,374
Property, plant and equipment acquired under finance lease (note 18a.)	-	-	30	10	264	31	-	335

As at June 30, 2014 and December 31, 2013, only subsidiaries had property, plant and equipment recorded in their balance sheets.

See in note 18 (a) the amounts payable relating to finance lease payments.

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. Accordingly, capital increased from R\$6,216 to R\$6,272, divided into 46,387 thousand registered common shares, without par value.

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. Therefore, capital increased from R\$6,272 to R\$6,288, divided into 46,402 thousand registered common shares, without par value.

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. Therefore, capital was comprised of 45,556 thousand shares.

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. Therefore, capital increased from R\$6,288 to R\$6,484, divided into 46,150 thousand registered common shares, without par value.

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. Therefore, capital increased from R\$6,484 to R\$6,610, divided into 46,288 thousand registered common shares, without par value.

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\$149 to the Company's capital. Therefore, capital increased from R\$6,610 to R\$6,759 (R\$6,610 as at December 31, 2013), divided into 46,667 thousand (46,288 thousand as at December 31, 2013) registered common shares, without 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 June 30, 2014 and at December 31, 2013, the balance of legal reserve is R\$1,317.

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 payment shall be on August 7, 2014. (note 19).

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 June 30, 2014 and at December 31, 2013, 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			Total capital reserve
			Capital	Capital reserve	Amounts transferred from the stock option plan to capital reserve	
Balance as at December 31, 2013		46,288	6,610	2,517	3,910	6,427
	Cancellation of treasury shares	-		-	-	-
	Exercise of Company's stock options, pursuant to the Stock Option Plan	379	149	1,337	1,544	2,881
Balance as at June 30, 2014		46,667	6,759	3,854	5,454	9,308

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, 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 28, 2012, the Company's stock price was R\$14.80.

There was no repurchase of shares in the first six month period of 2014.

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.

	Consolidated and individual			
	Six-month period ended June 2014	Six-month period ended June 2013	Quarter ended June 2014	Quarter ended June 2013
Profit attributable to shareholders	2,488	27,969	4,709	16,329

Weighted average number of common shares

	Consolidated and individual			
	Six-month period ended June 2014	Six-month period ended June 2013	Quarter ended June 2014	Quarter ended June 2013
Common shares at the beginning of the six month period/quarter	46,288	47,849	46,667	46,387
Shares issued in the six month period/quarter (note 10 a)	379	81	-	16
Shares cancelled in the six month period/quarter (note 10 a)	-	<u>(2,374)</u>	-	(847)
Total shares at the end of the quarter	46,667	45,556	<u>46,667</u>	<u>45,556</u>
Weighted average number of Company's common shares	46,667	46,578	46,667	46,333
Basic earnings (loss) per share in the quarter	0,05	0,60	0,10	0,35

b. Diluted earnings per share

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

	Consolidated and individual			
	Six-month period ended June 2014	Six-month period ended June 2013	Quarter ended June 2014	Quarter ended June 2013
Profit attributable to shareholders	2,488	27,969	4,709	16,329
Weighted average number of Company's common shares	46,548	46,578	46,667	46,333
Adjustment due to stock option (note 14)	9,133	7,304	9,133	7,304
Weighted average number of common shares for diluted earnings per share	55,681	53,882	55,800	53,637
Diluted earnings per share - R\$	0.04	0.52	0.10	0.30

12 Net operating revenue

	Consolidated			
	Six-month period ended June 2014		Quarter ended June 2014	
	2014	2013	2014	2013
Revenue related to management fee	36,328	37,821	17,300	19,105
Revenue related to performance fee	29	17,072	29	10,506
Taxes on revenues ⁽ⁱ⁾	(1,159)	(1,490)	(567)	(957)
	35,198	53,403	16,762	28,654

(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 Administrative expenses

	Consolidated			
	Six-month period ended June		Quarter ended June	
	June 2014	June 2013	June 2014	June 2013
Office maintenance	1,890	2,511	934	1,368
Outside services	1,577	1,609	944	920
Representation expenses	727	591	288	388
Depreciation and amortization	270	257	134	129
Expenses on IT systems	123	77	56	40
Expenses on fees and other contributions	37	31	26	18
Sundry	423	322	161	181
	<u>5,047</u>	<u>5,398</u>	<u>2,543</u>	<u>3,044</u>

	Individual			
	Six-month period ended June		Quarter ended June	
	June 2014	June 2013	June 2014	June 2013
Office maintenance	14	2	8	-
Outside services	327	498	99	97
Tax expenses and other contributions	7	-	7	-
Sundry	4	-	-	-
	<u>352</u>	<u>500</u>	<u>114</u>	<u>97</u>

14 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:

	Granted				Returned			Exercised			Exercisable				
	Quantity (thousands)	Option fair value on grant date – R\$ per share	Total amount in R\$ thousan ds	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\$ thousan ds	Exercise dates	Average fair value in each year	Quantity (thousands)	Exercise price as at June 30, 2014	Total amount in R\$ thousands
1 st and 2 nd grant (March 10, 2009)	7,662	0.38	2,965	5.6	(238)	0.38	(94)	7,424	2.62	19,471	March 10, 2010, January 7, 2011, July 4, 2011, August 15, 2011, July 31, 2012, July 29, 2013 and February 27, 2014	15.09	-	-	-
3 rd grant (November 30, 2009)	2,493	4.08	10,180	5.4	(384)	4.08	(1,611)	1,678	3.06	5,135	January 7, 2011, July 4, 2011, August 15, 2011, July 31, 2012, July 29, 2013 and February 27, 2014	14.82	431	3.06	1,317
4 th grant (February 19, 2010)	530	4.67	2,449	5.63	(184)	4.67	(856)	238	3.38	804	July 4, 2011, August 15, 2011, July 31, 2012 and July 29, 2013	14.60	108	3.38	365
5 th grant (August 19, 2010)	1,115	6.72	7,491	8.59	(299)	6.72	(2,035)	504	5.94	2,858	July 4, 2011, August 15, 2011, July 31, 2012, January 28, 2013, July 29, 2013 and February 27, 2014	14.97	312	5.15	1,605
6 th grant (August 8, 2011)	960	8.07	7,745	11.4	(326)	8.07	(2,624)	116	10.60	1,249	January 28, 2013, April 29, July 29, 2013, November 4, 2013 and February 27, 2014	15.36	518	9.15	4,740
7 th 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	7.41	1,260
8 th grant (September 20, 2012)	50	6.88	344	10.12	-	-	-	-	-	-		-	50	8.21	411
9 th grant (October 10, 2013)	1,192	8.15	9,713	11.58	-	-	-	-	-	-		-	1,192	10.57	12,611
Total Plan:	<u>14,562</u>		<u>44,533</u>		<u>(1,743)</u>		<u>(9,246)</u>	<u>10,038</u>		<u>30,173</u>			<u>1,590</u>		<u>22,309</u>

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

In R\$ thousands	Six-month period ended June 2014	Six-month period ended June 2013	Quarter ended June 2014	Quarter ended June 2013
Stock option plan	3,375	2,520	1,577	1,257
Exercised	(1,544)	(489)	0	0

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:

	March 10, 2009 (*)	November 30, 2009	February 19, 2010	August 19, 2010	August 8, 2011	August 9, 2012	September 28, 2012	October 10, 2013
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.

15 Statement of income tax and social contribution calculation

Reconciliation of tax rate

Taxable income

	Individual			
Tax base computation	Six-month period ended June, 30 2014	Six-month period ended June, 30 2013	Quarter ended June, 30 2014	Quarter ended June, 30 2013
Profit or loss before income tax and social contribution (i)	2,511	27,915	4,694	16,301
Income tax and social contribution at tax rates	(854)	(9,485)	(1,596)	(5,536)
 Effect of additions and deductions on tax computation				
Share of profits of subsidiaries	877	9,656	1,581	5,584
Earnings abroad	(951)	(1,757)	(951)	(1,757)
Fair Value – Derivative	-	(117)	-	(20)
Total taxes	(928)	(1,703)	(966)	(1,729)
Tax to offset against the tax paid in New York	951	1,757	951	1,757
Income tax and social contribution in the six month period	23	54	(15)	28

On the period of six and three months ended June 30, 2014, the consolidated amount of income tax and social contribution is R\$ 4,240 and R\$ 3,650 respectively (On June 30, 2013 the total amount was R\$ 6,583 and R\$ 3,573 respectively six and three months period).

A wholly owned subsidiary of the Company, TISA NY, Inc., found profit in the six months ended June 30, 2014, which was subject to tax at a rate of 35% (federal tax), on June 30, 2014, the provision of taxes was R \$ 974 (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, USD 951, 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:

	Consolidated		Individual	
	June 2014	December 2013	June 2014	December 2013
Income tax and social contribution retained	255	228	-	-
PIS / COFINS retained	394	355	22	22
IRRF / investments	1,826	1,509	1,561	1,330
Foreign tax credit	951	4,102	951	4,102
Sundry	38	-	-	-
Advance current Income tax and social contribution	4,811	6,898	-	-
	8,275	13,092	2,534	5,453

16 Contingencies

Scrow 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\$	Scrow Deposits – R\$
Interposição para não recolhimento de ISS	353	353

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 June 30, 2014, the total amount involved was R\$ 225.

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.

17 Related parties

The main asset and liability balances as at March 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.

	Consolidated					
	Asset/(liability/ equity)		Revenues (expenses)			
	June 30, 2014	December 31, 2013	Six-month period ended June, 30 2014	Six-month period ended June, 30 2013	Quarter ended June, 30 2014	Quarter ended June, 30 2013
Dividends payable (note 10c)	2,488	-	-	-	-	-
Proposed additional dividends	-	(43,722)	-	-	-	-
Short-term benefits to Management (*)	-	-	(4,469)	(2,193)	(694)	(894)
Stock option plan to Management	(5,419)	(4,421)	(1,639)	(1,148)	(686)	(574)

(*) 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.

18 Other information

a. Finance lease

Property, plant and equipment items acquired under finance leases (note 9) have the following liability:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year	2	1	1
Total as at June 30, 2014	2	1	1
Less than 1 year	18	2	16
Total as at December 31, 2013	18	2	16

b. Other assets

This group segregation is composed as below:

	Consolidated		Individual	
	June 2014	December 2013	June 2014	December 2013
Advances to suppliers	179	148	107	107
Advances to employees	379	388	246	246
Travel expenses	32	32	32	32
Judicial deposits (nota 3. g)	353	-	-	-
Amounts to be reimbursed – Funds	1.544	2.795	156	156
Prepaid expenses	32	33	19	-
Sundry	100	101	-	-
	2.619	3.497	560	541

c. Trade payables

As at June 30, 2014, trade payables are comprised as follow:

	Consolidated		Individual	
	June 2014	December 2013	June 2014	December 2013
Loans to relationed parties	-	-	3,400	-
Finance lease (note 18a)	1	16	-	-
Suppliers and leases	212	166	39	17
Services	341	657	1	16
Sundry	5	-	2	-
	559	839	3,442	33

d. Taxes payable

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

	Consolidated		Individual	
	June 2014	December 2013	June 2014	December 2013
Income tax and social contribution to paid	4,561	9,956	974	3,974
PIS /COFINS to paid	499	379	-	-
ISS to paid (note 16)	383	779	(3)	(4)
Taxes withheld of third parties	174	135	69	69
Taxes abroad	2,091	6,842	-	-
	7,708	18,091	1,040	4,039

e. Payroll and personnel expenses

The balance consists of payroll taxes on wages, accrued vacation, employee profit sharing and gratifications. On June 30, 2014 figures were R\$ 2,463 on consolidated position and R\$ 6 on individual balance (On December 30, 2013 the amounts were R\$ 2,099 and R\$ 12 respectively for consolidated and individual balances)

The personnel expenses as of June 30, 2014 and 2013 were R\$ 19,362 and R\$ 9,737 respectively (and R\$ 3,500 and R\$ 3,566 for the second quarter of 2014 and 2013 respectively), are composed of remuneration, social charges, profit sharing and results and gratification.

19 Events after the reporting period

At board of directors meeting held on July 29, 2014, was approved the issuance of 429,836 shares of the Company in connection with the exercise of stock options by the beneficiaries. The total amount was R\$ 2,271, being R\$ 2,044 allocated as capital reserve; and R\$ 227 allocated as paid-in capital.

* * *

Executive Board

Chief Executive Officer

Eduardo Silveira Mufarej

Investor Relations Officer and Accountant

Caroline Miranda
CRC 1SSP-255926/O-6