



Tarpon Investimentos S.A.

Interim individual and consolidated
financial statements
Quarter ended September 30, 2010



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Quarter ended September 30, 2010

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Management report

Market context

The third quarter was positive for the most important international stock exchanges. As the economic indicators in the United States were for some months surprisingly negative in relation to the expectations, the presentation of better numbers than the market expectations contributed to the reduction of the concerns regarding a new American economic recession. In the other hand, the emerging countries, with highlights to China, keep presenting consistent activities numbers, indicating that they will have an important role in the global economic growth.

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

Asset management activity

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

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

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

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

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

Investment strategy

The Company conducts its investments based on three main strategies:

Long Only Equity:

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

Hybrid Equity:

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

Co-Investment Strategy:

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

Investor base

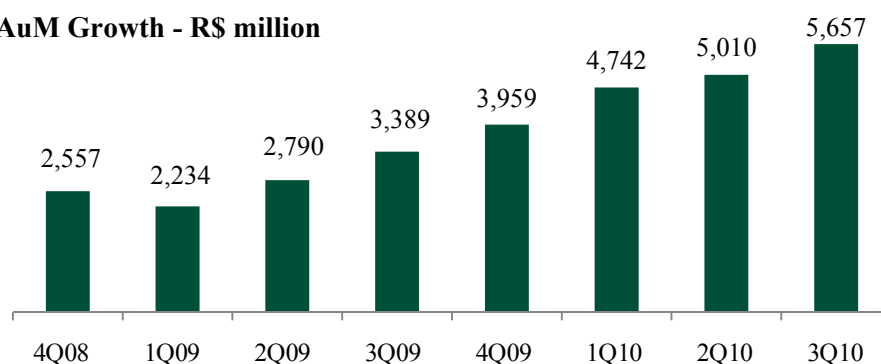
Tarpon Funds' investor base is mostly comprised of foreign institutional investors with long-term investment approaches. This characteristic not only brings more stability to Tarpon's AuM, but also enables a strong alignment between the Company's philosophy and its investors.

Comments on operating performance

Assets under management

Assets under management ("AuM") amounted to R\$5.6 billion as of September 30th 2010, an increase of 13% when compared to R\$5.0 billion as of June 30th 2010. When compared to the same period of 2009, the AuM increased by 61%.

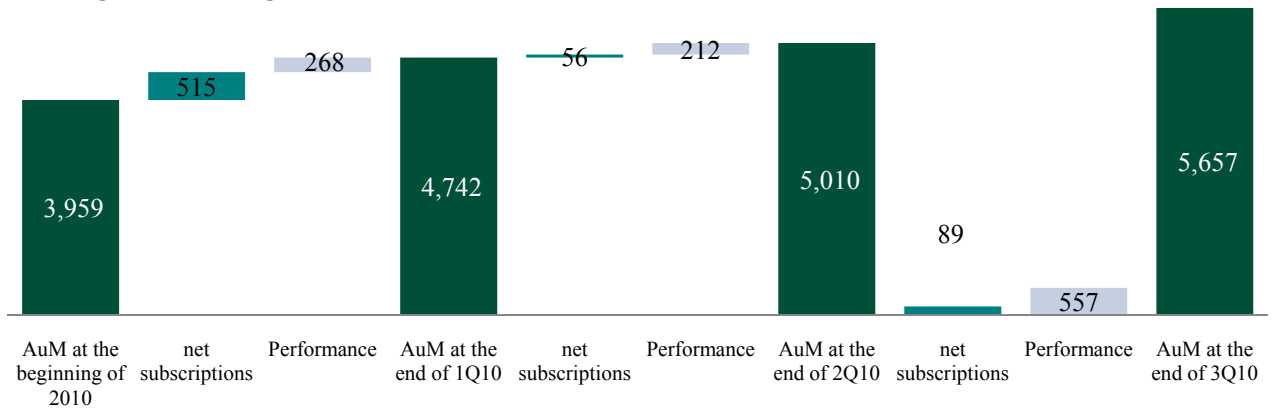
AuM Growth - R\$ million



During the quarter, AuM growth was mainly driven by the strong performance of the Tarpon Funds.

- ✓ Performance: the net positive performance of the Tarpon Funds contributed to a R\$557 million AuM increase in 3Q10. The total increase related to performance gains during the nine months period amounted to R\$1,037 million.
- ✓ Net subscriptions: the Tarpon Funds received net subscriptions (new commitments net of redemptions) in the amount of R\$89 million during the quarter, totaling R\$660 million in the nine months period.

AuM growth during the first half of 2010 - in R\$ million



Performance of the Tarpon Funds

During the quarter, the Long-Only Equity strategy posted net returns of 11.4% in reais and 16.5% in dollars. In the year, the accumulated returns were 28.8% in reais and 30% in dollars.

The Hybrid-Equity strategy posted net returns of 20.8% (in dollars) during the quarter, accumulating net positive performance of 36.1% in the first half of 2010.

Tarpon does not follow any stock market index as a performance benchmark. However, for illustrative purposes, during the first half of 2010, the Ibovespa and IBX Indexes posted returns in reais of 12.9% and 11.6%, respectively.

		Performance						
Strategy	Launch	3T10	9M10	12 months	2 years	5 years	Since launch (annualized)	
Long Only Equity (R\$)	May 2002	11.4%	28.8%	45.6%	99.0%	215.3%	36.2%	
Long Only Equity (US\$)	May 2002	16.5%	30.0%	46.0%	118.3%	267.2%	37.6%	
Hybrid Equity (US\$)	Oct 2006	20.8%	36.1%	56.1%	100.1%	-	29.4%	
Market Indexes		3T10	9M10	12 months	2 years	5 years	Since May 2002 (annualized)	
Ibovespa (R\$)		13.9%	1.2%	12.9%	40.1%	119.8%	22.6%	
IBX (R\$)		14.7%	0.8%	11.6%	32.2%	118.9%	25.1%	
Ibovespa (US\$)		21.2%	4%	18.5%	58.4%	188.3%	27.6%	
IBX (US\$)		21.9%	3.6%	17.2%	49.4%	187.2%	30.2%	

Comments on financial performance

Financial highlights - R\$ million

	3Q 2010	9M 2010	3Q 2009
Gross revenues	35.4	192.6	9.3
Management fees	13.8	39.4	9.3
Performance fees	21.6	153.2	0.0
Net revenues	33.5	182.7	8.9
Operating expenses	(5.4)	(33.2)	(2.7)
Recurring: general administration, payroll & others	(3.7)	(10.4)	(2.5)
Non recurring: variable compensation & stock option	(1.8)	(22.8)	(0.2)
Results from operating activities	28.1	149.4	6.2
<i>Operating margin</i>	84%	82%	70%
Net Income	25.3	130.6	7.8
<i>Net margin</i>	75%	71%	88%
Dividends	0.0	0.0	0.0
Earnings per share (R\$/share)	0.61	3.17	0.19
Dividends per share (R\$/share)	0.00	2.55	0.00
Shares issued (thousands)	41,207	41,207	41,207
AuM (end of the period)	5,657	5,657	3,959
Average AuM over which one incurs administration fees ⁽¹⁾	4,953	4,953	3,574

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

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

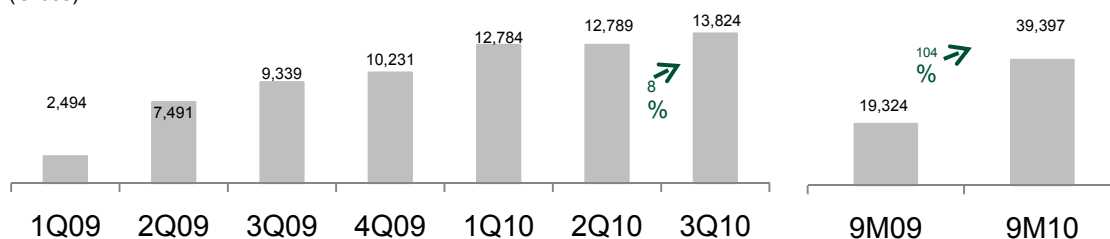
Operating income

✓ Revenues related to management fees

Revenues related to management fees, calculated based on the amount of assets under management during 3Q10, totaled R\$13.8 million, equivalent to 39% of the total operating revenues recognized in the quarter.

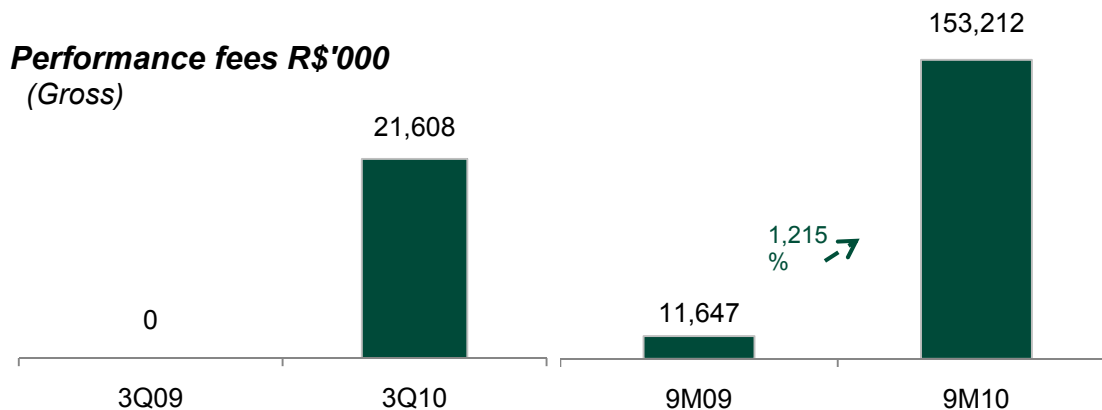
In the nine months period ended September 30, 2010, the revenues related to management fees amount amounted to R\$39.3 million, a 104% increase over the same period in 2009.

Management fees - R\$'000
(Gross)



✓ **Revenues related to performance fees**

During 3Q10, revenues related to performance fees amounted to R\$21.6 million, accounting for 61% of overall operating revenues in the period.

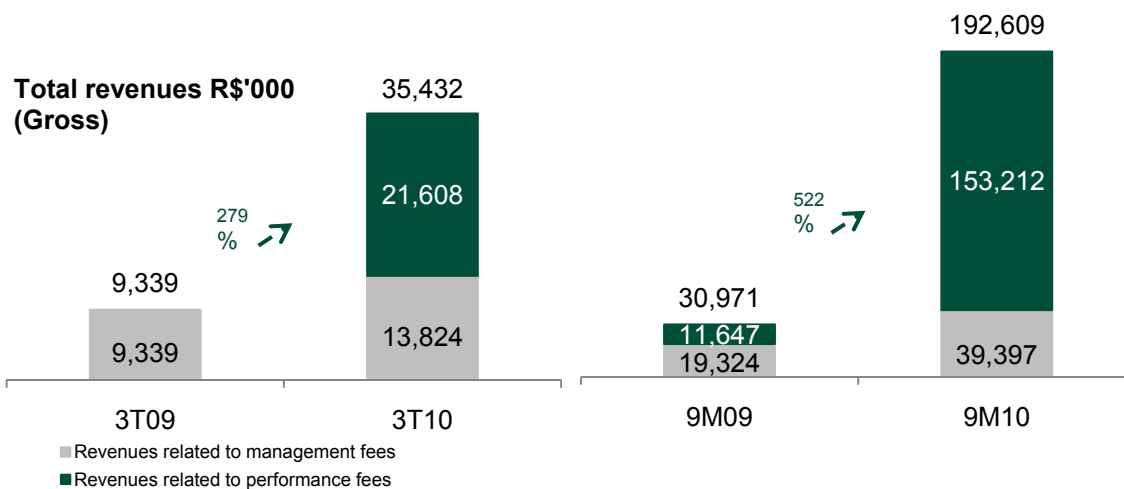


The revenues related to performance fees were calculated based on the net asset value of the funds and managed accounts that were above the water mark on the respective dates of performance fees collection.

In the nine months period ended September 30, 2010, revenues totaled R\$153.2 million, compared to R\$11.6 million as of the same period of 2009. The increase is a result of the superior performance delivered by the Tarpon Funds.

✓ **Total operating revenues**

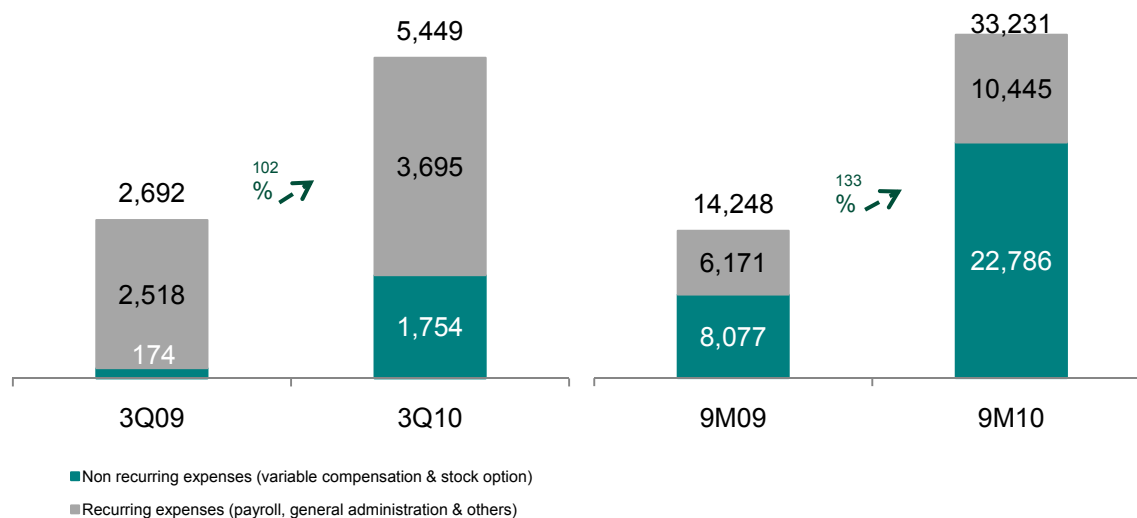
The amount of revenues related to management and performance fees totaled R\$35.4 million in the quarter, a 279% increase over the amount recorded in the 3Q09. The total amount earned during the nine months period ended September 30, 2010 totaled R\$192.6 million.



✓ Operating expenses

Operating expenses, which are comprised of recurring and non-recurring expenses, amounted to R\$5.4 million during the third quarter of 2010 (84% of operating margin), compared to R\$2.7 million reported in 3Q09 (70% of operating margin).

For the nine months ended September 30, 2010, total operating expenses amounted to R\$33.2 million.



✓ Recurring expenses

The recurring portion of operating expenses is comprised of general and administrative expenses, payroll expenses, and other income/expenses related to depreciation and business trip reimbursement. During the quarter, recurring expenses totaled R\$3.7 million, equivalent to 68% of total operating expenses. In 3Q09, recurring expenses amounted to R\$2.5 million, primarily due to year-over-year increase in headcount.

For the nine months ended September 30, 2010, total recurring expenses amounted to R\$10.4 million, compared to R\$6.1 million in the same period of 2009.

✓ **Non-recurring expenses**

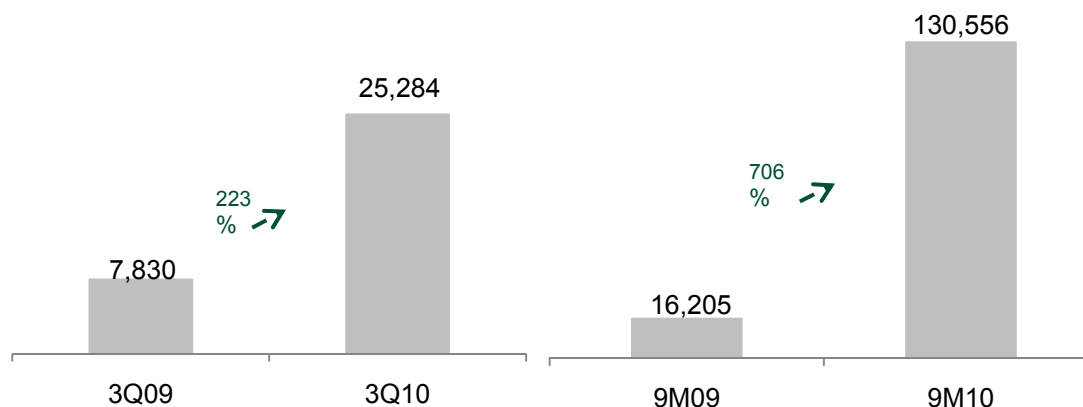
The non-recurring portion of operating expenses includes variable compensation, distributed on a semi-annual basis, and the provision of Tarpon's stock option plan.

For the nine months ended September 30, 2010, non-recurring operating expenses amounted to R\$22.7 million, with variable compensation expenses accounting for R\$17.2 million and stock option expenses (with no cash impact) accounting for R\$5.5 million.

Net income

Net income in 3Q10 amounted to R\$25.3 million, representing a net margin of 75%. This amount represents an increase of 223% when compared to 3Q09.

Net income for the period of 2010 amounted to R\$130.6 million, an increase of R\$114.3 million over the same period of 2009. The increase reflects the higher operating revenues earned in 2010.



Corporate Governance

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

Investor Relations - IR

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

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

Independent Auditors

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

The Company states that during the third quarter 2010, no other service but financial auditing was provided by the independent auditors.



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Independent auditors' report on the special review

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

1. We have reviewed the financial information included in the individual Quarterly Information of Tarpon Investimentos S.A. ("Company") and in the consolidated Quarterly Information of the Company and its subsidiaries, for the quarter ended September 30, 2010, comprising the balance sheet and the statements of income, changes in shareholders' equity, cash flows and added value, the notes and the performance report, which are the responsibility of its Management.
2. Our review was conducted in accordance with the specific rules established by the Brazilian Institute of Independent Auditors (IBRACON) and the Federal Accounting Council (CFC), and consisted mainly of: (a) inquiries and discussions with management responsible for the accounting, financial and operating areas of the Company and its subsidiaries, with respect to the criteria adopted for preparing the Quarterly Information; and (b) a review of the post balance sheet information and events that have or could have significant impacts on the financial position and operations of the Company and its subsidiaries.
3. Based on our review, we are not aware of any significant modifications that should be made to the aforementioned financial information included in the Quarterly Information, for it to be in accordance with accounting practices adopted in Brazil, notably the accounting standard CPC 21 - Interim financial statement, and the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information.
4. As reported in Note 2, during 2009, the CVM approved various standards and technical interpretations and guidelines, issued by the Accounting Pronouncements Committee (CPC), which are effective for 2010, that modified the accounting practices adopted in Brazil. These changes were adopted by the Company and its subsidiaries to prepare the Quarterly Information for the quarter ended September 30, 2010, and are disclosed in Note 2. The Quarterly Information for the previous year and period, presented for comparison purposes, were adjusted to include the changes in accounting practices adopted in Brazil, effective for 2010.



5. Our review report on the financial information presented in the individual Quarterly Information of the Company and in the consolidated Quarterly Information of the Company and its subsidiaries, for the quarter ended September 30, 2009, and our report on the financial statements for the year ended December 31, 2009, presented for comparison purposes with the accounting information presented in the Quarterly Information, as referred in the first paragraph, do not include any qualifications, and were issued on October 29, 2009 and February 10, 2010, respectively.

São Paulo, October 29, 2010

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

Tarpon Investimentos S.A.

Individual and consolidated balance sheets

September 30, 2010 and December 31, 2009

(In thousands of Reais)

Assets	Notes	Consolidated		Individual		Liabilities	Notes	Consolidated		Individual	
		09/30/2010	12/31/2009	09/30/2010	12/31/2009			09/30/2010	12/31/2009		
Current assets						Current liabilities					
Cash and cash equivalents	4	48	42	48	40	Accounts payable	15 / 16.c	935	808	935	807
Financial assets measured at fair value through profit or loss	5	14,830	14,958	14,830	14,958	Tax liabilities	16.d	6,053	2,469	6,053	2,469
Financial assets available for sale	5 / 6	4,731	106	4,731	106	Labor liabilities	16.e	1,487	5,812	1,487	5,812
Receivables	7 / 15	31,534	9,984	31,534	9,984	Dividends payable		-	6,838	-	6,838
Other assets	16.b	1,617	539	1,617	541			8,475	15,927	8,475	15,926
		52,760	25,629	52,760	25,629	Shareholders' equity					
Non-current assets						Share capital	8.a	4,180	4,004	4,180	4,004
Investments in subsidiaries and associated companies	16.g	-	255	-	127	Capital reserves	8.b	2,102	2,019	2,102	2,019
Property, plant and equipment	16.a	1,499	256	1,499	256	Statutory reserve	8.d	30	30	30	30
		1,499	511	1,499	383	Legal reserve	8.e	801	801	801	801
						Other comprehensive income		4,630	5	4,630	5
						Stock option plan	12	8,757	3,227	8,757	3,227
						Retained earnings		25,284	-	25,284	-
								45,784	10,086	45,784	10,086
						Minority interest		-	127	-	-
Total assets		54,259	26,140	54,259	26,012	Total shareholders' equity and liabilities		54,259	26,140	54,259	26,012

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

Tarpon Investimentos S.A.

Individual and consolidated statements of income

Quarters and nine-months ended September 30, 2010 and 2009

(In thousands of Reais)

	Notes	Consolidated				Individual			
		Quarters ended on September 30		Nine-months ended on September 30		Quarters ended on September 30		Nine-months ended on September 30	
		2010	2009	2010	2009	2010	2009	2010	2009
Revenues									
Management fees	10	13,824	9,339	39,398	19,325	13,824	9,339	39,398	19,325
Performance fees	10	21,608	-	153,211	11,646	21,608	-	153,211	11,646
		35,432	9,339	192,609	30,971	35,432	9,339	192,609	30,971
Deductions									
Taxes on service income	10	(1,909)	(486)	(9,940)	(1,596)	(1,909)	(486)	(9,940)	(1,596)
Net operating revenue		33,523	8,853	182,669	29,375	33,523	8,853	182,669	29,375
Operating income/(expenses)									
Personnel expenses	16.e	(1,762)	(1,645)	(22,541)	(10,767)	(1,762)	(1,645)	(22,541)	(10,767)
Stock option plan	12	(1,754)	(242)	(5,614)	(1,590)	(1,754)	(242)	(5,614)	(1,590)
Administrative expenses	11	(1,955)	(808)	(3,823)	(2,188)	(1,955)	(808)	(3,823)	(2,188)
Income from financial assets measured at fair value through profit or loss	5	1,596	1,324	3,512	2,523	1,596	1,324	3,512	2,523
Equity in income of subsidiaries and associated companies		-	2,810	(125)	4,284	-	1,398	(125)	1,959
Other operational income /(expenses)	16.f	22	3	(1,254)	297	22	3	(1,254)	297
		(3,853)	1,442	(29,845)	(7,441)	(3,853)	30	(29,845)	(9,766)
Net operating income		29,670	10,295	152,824	21,934	29,670	8,883	152,824	19,609
Income tax and social contribution	13	(4,386)	(1,053)	(22,268)	(3,404)	(4,386)	(1,053)	(22,268)	(3,404)
Net income before minority interests		25,284	9,242	130,556	18,530	25,284	7,830	130,556	16,205
Minority interest		-	(1,412)	-	(2,325)	-	-	-	-
Net income/(loss) for the period		25,284	7,830	130,556	16,205	25,284	7,830	130,556	16,205
Number of shares at the end of the period		41,207	41,207	41,207	41,207	41,207	41,207	41,207	41,207
Net income/(loss) per share -RS - Earnings per share		0.61	0.19	3.17	0.39	0.61	0.19	3.17	0.39

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

Tarpon Investimentos S.A.

Consolidated statements of changes in shareholders' equity

Nine months ended September 30, 2010 and 2009

(In thousands of Reais)

	Share capital	Capital reserves	Statutory reserves	Legal reserve	Other comprehensive income	Stock option plan	Retained earnings	Treasury shares	Minority interests
Balances at January 1, 2010	<u>4,004</u>	<u>2,019</u>	<u>30</u>	<u>801</u>	<u>5</u>	<u>3,227</u>	<u>-</u>	<u>-</u>	<u>127</u>
Capital increase	176	83	-	-	-	(83)	-	-	-
Adjustment of assets to market value	-	-	-	-	4,625	-	-	-	-
Stock option plan	-	-	-	-	-	5,613	-	-	-
Net income	-	-	-	-	-	-	130,556	-	(127)
Dividend distribution	-	-	-	-	-	-	(105,272)	-	-
Balances at September 30, 2010	<u>4,180</u>	<u>2,102</u>	<u>30</u>	<u>801</u>	<u>4,630</u>	<u>8,757</u>	<u>25,284</u>	<u>-</u>	<u>-</u>
Balances at January 1, 2009	<u>116</u>	<u>2,542</u>	<u>4,100</u>	<u>-</u>	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital increase	3,888	-	(3,888)	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	(524)	-
Cancellation of shares	-	(524)	-	-	-	-	-	524	-
Dividend distribution	-	-	-	-	-	-	(8,375)	-	(2,019)
Adjustment of assets to market value	-	-	-	-	18	-	-	-	-
Net income	-	-	-	-	-	-	16,205	-	2,325
Stock option plan	-	-	-	-	-	1,590	-	-	-
Balances at September 30, 2009	<u>4,004</u>	<u>2,018</u>	<u>212</u>	<u>-</u>	<u>(13)</u>	<u>1,590</u>	<u>7,830</u>	<u>-</u>	<u>306</u>

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

Tarpon Investimentos S.A.

Individual and consolidated cash flows statements

Quarters and nine-months ended September 30, 2010 and 2009

(In thousands of Reais)

	Consolidated				Individual			
	Quarters ended on September 30		Nine-months ended on September 30		Quarters ended on September 30		Nine-months ended on September 30	
	2010	2009	2010	2009	2010	2009	2010	2009
Operational activities								
Net income/(loss) for the period	25,284	9,242	130,556	18,530	25,284	7,830	130,556	16,205
Adjustments:								
Depreciation	31	73	58	97	31	73	57	97
Equity in income of subsidiaries	-	(2,810)	125	(4,284)	-	(1,398)	125	(1,959)
Increase/(Decrease) in stock option plan	1,754	-	5,614	-	1,754	-	5,614	-
Adjusted net income/(loss)	27,069	6,505	136,353	14,343	27,069	6,505	136,352	14,343
Changes in assets and liabilities:								
(Increase)/Decrease in accounts receivable	50,111	9,764	(21,550)	(7,289)	50,111	9,764	(21,550)	(7,289)
(Increase)/Decrease in other assets	(694)	37	(1,078)	(179)	(694)	38	(1,078)	(183)
Increase/(Decrease) in accounts payable	(16,798)	(63)	127	(66)	(16,798)	(21)	127	525
Increase/(Decrease) in tax liabilities	(8,155)	(1,576)	3,584	1,233	(8,155)	(1,576)	3,584	1,233
Increase/(decrease) in other liabilities	-	-	-	-	-	-	-	-
Increase/(Decrease) in labor liabilities	340	(6,444)	(4,324)	335	340	(6,444)	(4,324)	335
Variation in financial assets measured at fair value through profit or loss	(23)	-	(54,506)	-	(23)	-	(54,506)	-
Cash flows from operational activities	51,850	8,223	58,606	8,377	51,850	8,266	58,605	8,964
Investment activities								
Increase in assets available for sale	-	(18)	-	(18)	-	(18)	-	(18)
(Reduction)/increase in investments	(1,158)	(76)	(1,349)	(83)	(1,158)	(118)	(1,345)	59
Adjustments to Shareholders' Equity	-	-	-	-	-	-	-	-
Dividends to be received	-	1,595	-	1,976	-	1,595	-	1,250
Treasury shares	-	-	-	-	-	-	-	-
Variation in financial assets	54,599	(1,373)	54,600	(2,791)	54,599	(1,373)	54,600	(2,791)
Acquisition/(disposition) of fixed assets	-	11	84	(32)	-	11	83	(32)
Cash flows from operational activities	53,441	139	53,335	(948)	53,441	97	53,338	(1,532)
Financial activities								
Dividend payments	(105,272)	2,019	(112,111)	2,985	(105,272)	-	(112,111)	966
Exercise of stock options	-	-	176	-	-	-	176	-
Acquisition of our own shares	-	-	-	524	-	-	-	524
Cancellation of shares	-	-	-	(524)	-	-	-	(524)
Allocation of dividends to minority interests	-	(10,394)	-	(10,394)	-	(8,375)	-	(8,375)
Cash flows from financing activities	(105,272)	(8,375)	(111,935)	(7,409)	(105,272)	(8,375)	(111,935)	(7,409)
Total cash flows	19	(13)	6	20	19	(12)	8	23
Net Increase/(Decrease) of cash and cash equivalents	19	(13)	6	20	19	(12)	8	23
Cash and cash equivalents at January 1 and July	29	66	42	33	29	62	40	27
Cash and cash equivalents on September 30, 2010	48	53	48	53	48	50	48	50

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

Tarpon Investimentos S.A.

Individual and consolidated statements of added value

Quarters and nine-months ended September 30, 2010 and 2009

(In thousands of Reais)

	Consolidated				Individual			
	Quarters ended on September 30		Nine-months ended on September 30		Quarters ended on September 30		Nine-months ended on September 30	
	2010	2009	2010	2009	2010	2009	2010	2009
Income	<u>35,432</u>	<u>9,339</u>	<u>192,609</u>	<u>30,971</u>	<u>35,432</u>	<u>9,339</u>	<u>192,609</u>	<u>30,971</u>
Performance and management fees	35,432	9,339	192,609	30,971	35,432	9,339	192,609	30,971
Supplies acquired from third parties	<u>(1,718)</u>	<u>(739)</u>	<u>(4,877)</u>	<u>(1,800)</u>	<u>(1,718)</u>	<u>(739)</u>	<u>(4,877)</u>	<u>(1,800)</u>
Materials-Energy-Third Party Services-Others	(1,718)	(739)	(4,877)	(1,800)	(1,718)	(739)	(4,877)	(1,800)
Gross added value	<u>33,714</u>	<u>8,600</u>	<u>187,732</u>	<u>29,171</u>	<u>33,714</u>	<u>8,600</u>	<u>187,732</u>	<u>29,171</u>
Retentions	<u>(32)</u>	<u>(73)</u>	<u>(58)</u>	<u>(97)</u>	<u>(32)</u>	<u>(73)</u>	<u>(58)</u>	<u>(97)</u>
Depreciation	(32)	(73)	(58)	(97)	(32)	(73)	(58)	(97)
Net added value produced	<u>33,682</u>	<u>8,527</u>	<u>187,674</u>	<u>29,074</u>	<u>33,682</u>	<u>8,527</u>	<u>187,674</u>	<u>29,074</u>
Added value received in transfer	<u>1,596</u>	<u>2,722</u>	<u>3,387</u>	<u>4,482</u>	<u>1,596</u>	<u>2,722</u>	<u>3,387</u>	<u>4,482</u>
Equity in income of subsidiaries	-	1,398	(125)	1,959	-	1,398	(125)	1,959
Financial income and expenses	1,596	1,324	3,512	2,523	1,596	1,324	3,512	2,523
Total added value to distribute	<u>35,278</u>	<u>11,249</u>	<u>191,061</u>	<u>33,556</u>	<u>35,278</u>	<u>11,249</u>	<u>191,061</u>	<u>33,556</u>
Distribution of added value	<u>35,278</u>	<u>11,249</u>	<u>191,061</u>	<u>33,556</u>	<u>35,278</u>	<u>11,249</u>	<u>191,061</u>	<u>33,556</u>
Personnel	<u>3,248</u>	<u>1,607</u>	<u>27,174</u>	<u>11,592</u>	<u>3,248</u>	<u>1,607</u>	<u>27,174</u>	<u>11,592</u>
Direct remuneration	3,248	1,607	27,174	11,592	3,248	1,607	27,174	11,592
Taxes and contributions	<u>6,693</u>	<u>1,812</u>	<u>33,277</u>	<u>5,759</u>	<u>6,693</u>	<u>1,812</u>	<u>33,277</u>	<u>5,759</u>
Federal	5,220	1,385	24,319	4,314	5,220	1,385	24,319	4,314
Local	1,473	427	8,958	1,445	1,473	427	8,958	1,445
Remuneration of own capital	<u>25,337</u>	<u>7,830</u>	<u>130,610</u>	<u>16,205</u>	<u>25,337</u>	<u>7,830</u>	<u>130,610</u>	<u>16,205</u>
Retained earnings/loss for the period	25,284	7,830	130,556	16,205	25,284	7,830	130,556	16,205

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

Quarter ended September 30, 2010

(In thousands of Reais)

1 Operations

Tarpon Investimentos S.A. (the “Company” or “Tarpon”) was incorporated in June 2002, initially as a limited liability company. The Company’s corporate activities consisted of administering securities portfolios and managing third party funds, through investment funds, managed portfolios and other investment vehicles. In December 2003, the Company was transformed into a corporate stock entity.

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

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

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

2 Presentation of the interim financial statements

2.1 Presentation of the interim individual and consolidated financial statements

The interim individual and consolidated financial statements were prepared based on accounting practices adopted in Brazil, which include corporate law, the pronouncements, guidance and interpretations issued by the Accounting Pronouncements Committee and the rules issued by the Brazilian Securities Commission (CVM).

As permitted by CVM Resolution 603, of November 10, 2009, complemented by CVM Resolution 626, of March 31, 2010, Company Management decided not to delay adopting all of the CPCs in force and approved by the CVM for the consolidated financial statements for the year ending December 31, 2010. Consequently, on September 30, 2010, all of the CPCs, including those effective as from January 1, 2010 and applicable to the Company, were adopted.

To ensure consistent presentation, the interim individual and consolidated financial statements as of September 30, 2010 and 2009 were prepared and are presented on the same aforementioned accounting basis. Adapting the accounting practices to the new accounting guidelines did not create significant impacts on the Company's consolidated financial statements.

These interim financial statements and the respective audit report on the special review were approved by the Board of Directors on October 29, 2010.

2.2 Functional and presentation currency

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

2.3 Accounting estimates and judgments

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

2.4 Consolidation basis

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

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

3 Significant accounting practices

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

a. Revenue

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

b. Non-derivative financial instruments

Financial assets measured at fair value through profit or loss

The financial assets measured at fair value through profit or loss are held for trading and are represented by the Company's investments in investment funds, securities issued by the Brazilian government, and certificates of deposit which are recognized at market values. The interest, gains and losses arising from adjustment to fair value were recognized in the income statement as "Income from financial assets at fair value through profit or loss". The fair value of these assets is determined based on the quota value established by the fund's administrator, market quotation of the securities, based on data published by ANBIMA, and the value (adjusted by the interbank deposit fee) established by the CDB's issuing Bank, respectively, at the end of each month.

Financial assets available for sale

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

Cash and cash equivalents

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

c. Impairment

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

d. Investments in subsidiary and associated companies

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

e. Fixed assets

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

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

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

g. Provisions

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

h. Share-based option plan

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

i. Income tax, social contribution and other taxes

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

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

j. Other assets and liabilities

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

k. Receivables

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

l. Financial disclosures per segment

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

In March 2009, the Company implemented a corporate restructuring, aimed at segregating its fund management activities from its proprietary investment activities. Consequently, the Company only undertakes one type of activity (rendering services related to portfolio management) and therefore, no segment information by business type is presented.

m. Comprehensive income

Comprehensive income is composed of the changes in shareholders' equity during the period, and results from variation in the fair value of financial instruments classified as available for sale.

4 Cash and cash equivalents

Cash and cash equivalents are represented in consolidated and individual form in September 30, 2010 and 2009 by balances in cash and banks.

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

	<u>Consolidated and individual</u>	
	<u>September 2010</u>	<u>December 2009</u>
Financial assets measured at fair values through profit or loss		
Investment funds (a)	288	2,609
Treasury bonds (b)	3,618	-
Certificates of deposit (c)	<u>10,924</u>	<u>12,349</u>
	<u>14,830</u>	<u>14,958</u>
Financial assets available for sale		
Investments in shares - BrasilAgro (d)	99	106
Subscription Bonus - BrasilAgro (e)	<u>4,632</u>	<u>-</u>
	<u>4,731</u>	<u>106</u>

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

- (a) Investment fund with a portfolio comprised of shares of public-traded Brazilian corporations.
- (b) Treasury bonds with a maturity date of December 7, 2010, and its fair value is classified as level 1, considering its determination based on the quoted market prices directly observable (unit prices disclosed by ANBIMA).
- (c) Certificates indexed to the Brazilian Interbank Deposit rate with maturity in January of 2011 and issued by top line Brazilian bank, and its fair value is classified as level 3, considering its determination based on the discounted present value of its expected cash flows by market observable rates, adjusted for the credit risk of the counterparties as assessed by the Management.
- (d) Its fair value is classified as level 1, considering its determination based on the quoted market prices directly observable (market quotations disclosed by BM&FBOVESPA).
- (e) Its fair value is classified as level 2, considering its determination based on the trading price adjusted with the use of market interest rates.

6 Financial instruments

a. Risk management

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

Credit risk

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

Market risk

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

b. Financial assets available for sale

	<u>2010</u>	<u>2009</u>	
	Valuation method	Valuation method	Exposure to market value or interest rate risk?
Investments in BrasilAgro shares	Market value	Market value	Yes
BrasilAgro subscription bonus	Value based on the trade	-	Yes

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

	<u>2010</u>	<u>2009</u>	
	Valuation method	Valuation method	Exposure to market value or interest rate risk?
Investment funds	Quote value established by the Fund's manager	Quote value established by the Fund's manager	Yes
Certificates of deposit	Valued by index rate - DI	Valued by index rate - DI	Yes
Treasury bonds	Valued by index rate - Selic	-	Yes

d. Subscription bonus

The Company was granted, at no cost, two series of subscription bonuses, each of which provides the right to subscribe 2% of the capital of BrasilAgro - Companhia Brasileira de Propriedades Agrícolas on a fully diluted basis.

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

The Company isolated these subscription bonuses as of April 28, 2010 with a value of R\$ 4,758, that will be receivable at the effective date of the transfer to the acquirer. The bonuses were evaluated by their attributed value in that transaction, being that it was the only existing market parameter at the date of publication of the financial statements.

e. Derivative financial instruments

As of September 30, 2010, and during the quarter, the Company did not have any balances recorded as derivative financial instruments.

f. Sensitivity analysis - Effect on variation of fair value

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

The existing financial instruments are used only for temporary cash management, and are comprised of a holding in an investment fund (2%), Treasury Bonds (24%) and certificates of deposit indexed to the Brazilian Interbank Deposit Rate (74%). Although the risk is considered low, management continually monitors the fluctuations in the stock and interest rate markets, which could have a direct or indirect impact on the fair value of these financial instruments.

g. Cash and cash equivalents

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

h. Other financial assets and liabilities

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

7 Receivables

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

	Consolidated and Individual	
	September 2010	December 2009
Management fee (*)	10,943	9,032
Performance fee (*)	<u>20,591</u>	<u>952</u>
	<u>31,534</u>	<u>9,984</u>

(*) At the time of approval of these financial statements, 92% of the receivables had been settled.

8 Shareholders' equity

a. Share capital

Share capital at September 30, 2010, was divided into 41,207 thousand ordinary nominative shares, amounting to R\$ 4,180.

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

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

b. Legal reserve

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

c. Dividends

The Company's by-laws set forth the distribution of a minimum mandatory dividend of 25% of yearly net income, adjusted in accordance with the by-laws.

On July 30, 2010, the Management Board approved the proposal for the payment of dividends to the profit accounted for as of the first semester 2010, in the amount of R\$105,272, and was settled on August 10, 2010.

d. Statutory reserve

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

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

e. Capital reserve

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

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

9 Earnings per share

a. Basic earnings per share

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

	Consolidated and Individual	
	3rd quarter	1st semester
Net income of the quarter attributable to shareholders	<u>25,284</u>	<u>105,273</u>
Weighted average number of ordinary shares		
Ordinary shares at January 1		41,174
Shares issued during the nine months period (see note 8.a)		33
Shares cancelled during the nine months period		<u>-</u>
Total shares at September 30, 2010		<u>41,207</u>
Weighted average number of ordinary shares		<u>41,199</u>
Earnings per share for the semester		<u>3,17</u>

b. Diluted earnings per share

When the dilutive effect of the Company's stock option plan which includes 13,724 authorized options and 11,800 granted options is considered, the net income attributed to the shareholders for the semester would be R\$ 2.38 and R\$ 2.46 per share, respectively.

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

10 Revenue from services

	Consolidated and individual			
	3rd quarter	3rd quarter	Accumulated	Accumulated
	2010	2009	nine-months	nine-months
			2010	2009
Management fee revenue	13,834	9,339	39,398	19,325
Performance fee revenue	21,608	-	153,211	11,646
Taxes on revenue	(1,909)	(486)	(9,940)	(1,596)
	<u>33,523</u>	<u>8,853</u>	<u>182,669</u>	<u>29,375</u>

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

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

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

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

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

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

History of net return				
Strategy	Vehicle	Jan-Sep. 2010	Jan-Sep. 2009	Minimum attractive rate
Long-Only Equity	Tarpon FIA (Brazilian vehicle)	28.78%	55.64%	IGPM + 6%
	TF Fund (Non-Brazilian vehicle)	30.04%	101.27%	Libor
	Management portfólio (Non-Brazilian Vehicle)	41.88%	60.10%	IPCA + 6%
Hybrid Strategy	TAEF Fund	35.90%	100.17%	6%

11 Administrative expenses

	Consolidated and individual			
	3rd quarter 2010	3rd quarter 2009	Accumulated Nine-month 2010	Accumulated Nine-month 2009
Third party services	718	233	1,483	866
Travel expenses	282	84	542	359
Computer system	110	98	393	295
Office maintenance	811	150	1,309	325
Other expenses	<u>34</u>	<u>243</u>	<u>96</u>	<u>343</u>
	<u>1,955</u>	<u>808</u>	<u>3,823</u>	<u>2,188</u>

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

12 Share based option plan

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

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

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

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

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

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

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

- a. The first part of the options granted on March 10, 2009, equivalent to 50.2% of the total options of the plan, may be exercised at the rate of 20% on March 10, 2009, 20% on July 1, 2009 and 20% on each of the three anniversaries subsequent to July 01, 2009;

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

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

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

Notwithstanding the foregoing, in certain events, including if the controlling shareholders cease to jointly hold at least 30% of the total shares at any moment, all of the options granted under the plan will vest immediately.

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

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

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

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

During the quarter ended September 30, 2010 the amount recorded in the income statement for the adjustment to fair value of the share based option plan was R\$ 1,754 (R\$ 3,860 in the first semester of 2010).

13 Demonstration of the calculation of income tax and social contribution

	Consolidated and Individual			
	3rd quarter 2010	3rd quarter 2009	Accumulated Nine-month 2010	Accumulated Nine-month 2009
Revenue	35,432	9,339	192,609	30,971
Presumed income (32%)	11,338	2,989	61,635	9,911
Financial revenues	1,580	123	3,913	152
Calculation basis of corporate income tax (IR) and social contribution (CS)	12,918	3,112	65,548	10,321
IR (15%)	(1,938)	(468)	(9,832)	(1,510)
IR surcharge (10%)	(1,285)	(304)	(6,537)	(987)
CS (9%)	(1,163)	(281)	(5,899)	(907)
Total	(4,386)	(1,053)	(22,268)	(3,404)

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(In thousands of Reais)

14 Contingencies

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

15 Related parties

The main asset and liability balances at September 30 and June 30, 2010, and the transactions with related parties that affected the results for the period refer to transactions between the Company and its subsidiaries, associated companies, joint ventures and key management staff.

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

These transactions were performed under market conditions in force on the dates of the operations.

	Consolidated and individual			
	Asset/(liability)		Income/(expense)	
	September 2010	June 2010	3rd quarter 2010	1st semestre 2010
Receivables	31,534	81,645	35,432	157,177
Accounts payable	(305)	(17,730)	(-)	(17,191)
Dividends	-	-	(105,273)	-
Management's remuneration (*)	-	(697)	(180)	(1,057)
Total	<u>31,229</u>	<u>63,218</u>	<u>(70,021)</u>	<u>138,929</u>

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

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(In thousands of Reais)

16 Other information

a. Fixed assets

The depreciation expenses of property, plant and equipment totaled R\$ 31 in the third quarter of 2010 (R\$ 58 for the nine months ended September 30th 2010.)

b. Other assets

Other assets in September 30, 2010 in the consolidated and individual interim financial statements are composed substantially of recoverable taxes in the amount of R\$ 1,325 (R\$ 599 in June 2010) and prepaid expenses in the amount of R\$ 204 (R\$ 306 in June 2010).

c. Accounts payable

This refers to amounts due to suppliers in the amount of R\$ 900, (R\$ 259 in December, 2009) and accounts payable to TIG Holding Ltd. that refer to the repurchase of shares issued by the Company, in the amount of R\$ 35, (R\$ 549 in December, 2009).

d. Tax liabilities

The amounts due at September 30, 2010 refer to R\$ 14 for third party taxes, R\$ 368 for PIS and COFINS, R\$ 1,285 for ISS and R\$ 4,386 for IRPJ and CSLL.

e. Personnel and labor liabilities and expenses

This balance comprises social security charges, the provision for vacation, and “thirteenth-month” salaries, amounting to a total of R\$ 1,487 (R\$ 5.812 in December, 2009). The personnel expenses are represented by salaries in the amount of R\$5,326 (R\$4,280 in September 2009) and expenses with the profit share program in the amount of R\$17,215 (6,487 in September 2009).

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(In thousands of Reais)

f. Other operational income and expenses

The amount of R\$ 1,254 refers mainly to a Tax Government Program related to services tax - ISS (base year: 2005), in the amount of R\$ 1,091, besides the depreciation of the period, reimbursement of travel expenses, marketing and fundraising expenses, financial expenses, and monetary adjustments of taxes.

g. Investments in subsidiaries and associated companies

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

h. First time adoption of International Accounting Standards

Considering the importance and requirement that Brazilian accounting practices be consistent with international accounting practices and seeking greater transparency and reliability in its financial information, as well as adopting the prerogatives from the resolutions issued by the Brazilian Securities Commission, regarding this topic, Management does not predict any significant accounting effects arising from fully adopting international accounting standards according to the pronouncements issued by the International Accounting Standards Board - IASB, for its consolidated financial statements for the year ended December 31, 2010.

If adopted, a transition from Brazilian accounting practices to international practices will not significantly affect the disclosures and/or presentation of the financial statements and accounting of the Company, or the equity or net income of the nine months period so much as to the point that it would be necessary to prepare a restatement.

Tarpon Investimentos S.A.

Notes to the interim individual and consolidated financial statements

(In thousands of Reais)

17 Subsequent events

On October 22, 2010, all the shares and subscriptions bonuses issued by BrasilAgro (see Notes 5 and 6.d) were substantially settled by their respective agreed value.

* * *

Management Representatives

Chief Executive Officer

José Carlos Reis de Magalhães Neto

Chief of Investors Relationship

Eduardo Silveira Mufarej

Accountant

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