

Wilson Sons Limited

***Condensed Consolidated Interim
Financial Information for the quarter
Ended March 31, 2011 and
Independent Auditors' Review Report***

Deloitte Touche Tohmatsu Auditores Independentes

AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Wilson Sons Limited
Hamilton, Bermuda

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Wilson Sons Limited and Subsidiaries as of March 31, 2011 and the related condensed consolidated statement of comprehensive income, changes in equity and cash flows for the quarter then ended, all expressed in United States Dollars. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard No. 34 ("IAS 34"), *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34 (IAS 34), *Interim Financial Reporting*.

Our review also comprehended the convenience translation of the presentation currency amounts (United States Dollar) into Brazilian Real amounts and, based on our review nothing has come to our attention that causes us to believe that such convenience translation has been made in conformity with the basis stated in Note 2. The translation of the condensed consolidated interim financial information amounts into Brazilian Reais has been made solely for the convenience of readers in Brazil and does not purport to represent amounts in accordance with International Financial Reporting Standards.

DELOITTE TOUCHE TOHMATSU
Auditores Independentes


Rio de Janeiro, Brazil
May 12, 2011

WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED MARCH 31, 2011

(Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation) - Unaudited

				Convenience translation (*)	
	Notes	2011 US\$	2010 US\$	2011 R\$	2010 R\$
REVENUE	4	156,633	121,425	255,108	216,258
Raw materials and consumables used		(17,330)	(11,855)	(28,225)	(21,115)
Employee benefits expense	5	(48,545)	(41,721)	(79,065)	(74,305)
Depreciation and amortization expenses		(12,871)	(9,545)	(20,963)	(17,000)
Other operating expenses	6	(50,872)	(44,042)	(82,855)	(78,438)
Profit on disposal of property, plant and equipment		30	15	49	27
Investment income	7	4,172	(1,068)	6,795	(1,902)
Finance costs	7	(3,360)	(2,936)	(5,472)	(5,229)
PROFIT BEFORE TAX		27,857	10,273	45,372	18,296
Income tax expense	8	(8,160)	(4,055)	(13,292)	(7,221)
PROFIT FOR THE PERIOD		<u>19,697</u>	<u>6,218</u>	<u>32,080</u>	<u>11,075</u>
Profit for the period attributable to:					
Owners of the Company		19,485	5,974	31,735	10,640
Non-controlling interests		<u>212</u>	<u>244</u>	<u>345</u>	<u>435</u>
		<u>19,697</u>	<u>6,218</u>	<u>32,080</u>	<u>11,075</u>
OTHER COMPREHENSIVE INCOME					
Exchange differences on translating		<u>1,915</u>	<u>(184)</u>	<u>3,119</u>	<u>(329)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>21,612</u>	<u>6,034</u>	<u>35,199</u>	<u>10,746</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		21,341	5,918	34,758	10,540
Non-controlling interests		<u>271</u>	<u>116</u>	<u>441</u>	<u>206</u>
		<u>21,612</u>	<u>6,034</u>	<u>35,199</u>	<u>10,746</u>
Earnings per share from continuing operations					
Basic and diluted (cents per share)	21	<u>27,39c</u>	<u>8,40c</u>	<u>44,61c</u>	<u>14,96c</u>

(*) Exchange rates for convenience translation

03/31/11 – R\$1.6287/ US\$1.00

12/31/10 – R\$1.6662/ US\$1.00

03/31/10 – R\$1.7810/ US\$1.00

The accompanying notes are an integral part of the condensed consolidated financial statements.

WILSON SONS LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 (Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation)

				Convenience translation (*)	
		2011	2010	2011	2010
	Notes	US\$	US\$	R\$	R\$
ASSETS		Unaudited		Unaudited	
NON-CURRENT ASSETS					
Goodwill	9	15,612	15,612	25,427	26,013
Other intangible assets	10	16,932	16,841	27,577	28,060
Property, plant and equipment	11	604,877	560,832	985,163	934,458
Deferred tax assets	16	30,514	28,923	49,698	48,192
Trade and other receivables	13	12,952	6,400	21,095	10,665
Other non-current assets		7,143	6,552	11,633	10,918
Total non-current assets		688,030	635,160	1,120,593	1,058,306
CURRENT ASSETS					
Inventories	12	19,044	20,147	31,017	33,569
Trade and other receivables	13	135,128	128,561	220,083	214,206
Short term investments	14	31,850	36,729	51,874	61,198
Cash and cash equivalents	14	90,607	118,172	147,572	196,898
Total current assets		276,629	303,609	450,546	505,871
TOTAL ASSETS		964,659	938,769	1,571,139	1,564,177
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	21	9,905	9,905	16,132	16,504
Capital reserves		94,324	91,484	153,625	152,431
Profit reserve		1,981	1,981	3,226	3,301
Contributed surplus		27,449	27,449	44,706	45,737
Retained earnings		332,784	313,299	542,005	522,017
Translation reserve		22,780	20,924	37,102	34,864
Equity attributable to owners of the Company		489,223	465,042	796,796	774,854
Non-controlling interests		2,679	-	4,363	-
Total equity		491,902	465,042	801,159	774,854
NON-CURRENT LIABILITIES					
Bank loans	15	283,204	288,596	461,254	480,859
Deferred tax liabilities	16	15,754	15,073	25,659	25,115
Provisions	17	13,167	12,289	21,445	20,476
Obligations under finance leases	18	5,936	6,305	9,668	10,505
Total non-current liabilities		318,061	322,263	518,026	536,955
CURRENT LIABILITIES					
Trade and other payables	19	116,198	117,698	189,252	196,108
Current tax liabilities		4,539	3,354	7,393	5,588
Obligations under finance leases	18	5,708	4,847	9,297	8,076
Bank overdrafts and loans	15	28,251	25,565	46,012	42,596
Total current liabilities		154,696	151,464	251,954	252,368
Total liabilities		472,757	473,727	769,980	789,323
TOTAL EQUITY AND LIABILITIES		964,659	938,769	1,571,139	1,564,177

(*) Exchange rates for convenience translation
03/31/11 – R\$1.6287/ US\$1.00
12/31/10 – R\$1.6662/ US\$1.00
03/31/10 – R\$1.7810/ US\$1.00

The accompanying notes are an integral part of the condensed consolidated financial statements.

WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2011

(Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation) - Unaudited

	Notes	Capital reserves					Contributed surplus	Retained earnings	Translation reserve	Attributable to owners of the parent	Non-controlling interests	Total
		Share capital	Share premium	Others	Additional paid in capital	Profit reserve						
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
BALANCE AT JANUARY 1, 2010		9,905	117,951	28,383	-	1,981	-	243,303	16,065	417,588	5,891	423,479
Profit for the period		-	-	-	-	-	-	5,974	-	5,974	244	6,218
Other comprehensive income		-	-	-	-	-	-	-	(56)	(56)	(128)	(184)
Total comprehensive income for the period		-	-	-	-	-	-	5,974	(56)	5,918	116	6,034
BALANCE AT MARCH 31, 2010	21	9,905	117,951	28,383	-	1,981	-	249,277	16,009	423,506	6,007	429,513
BALANCE AT JANUARY 1, 2011		9,905	67,951	28,383	(4,850)	1,981	27,449	313,299	20,924	465,042	-	465,042
Profit for the period		-	-	-	-	-	-	19,485	-	19,485	212	19,697
Other comprehensive income		-	-	-	-	-	-	-	1,856	1,856	59	1,915
Total comprehensive income for the period		-	-	-	-	-	-	19,485	1,856	21,341	271	21,612
Sale of shares to non-controlling interests		-	-	-	2,840	-	-	-	-	2,840	2,408	5,248
BALANCE AT MARCH 31, 2011	21	9,905	67,951	28,383	(2,010)	1,981	27,449	332,784	22,780	489,223	2,679	491,902

(continue)

WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE QUARTER ENDED MARCH 31, 2011

(Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation) - Unaudited

	Notes	Capital reserves					Convenience translation (*)				Attributable to owners	
		Share capital R\$	Share premium R\$	Additional paid in capital R\$		Profit reserve R\$	Contributed surplus R\$	Retained earnings R\$	Translation reserve R\$	Non-controlling interests R\$	Total R\$	
				Others R\$								
BALANCE AT JANUARY 1, 2010		17,247	205,377	49,420	-	3,449	-	423,640	27,972	727,105	10,257	737,362
Profit for the period		-	-	-	-	-	-	10,640	-	10,640	435	11,075
Other comprehensive income		-	-	-	-	-	-	-	(100)	(100)	(229)	(329)
Total comprehensive income for the period		-	-	-	-	-	-	10,640	(100)	10,540	206	10,746
Translation adjustment to Real		394	4,694	1,131	-	79	-	9,682	640	16,620	235	16,855
BALANCE AT MARCH 31, 2010	21	17,641	210,071	50,551	-	3,528	-	443,962	28,512	754,265	10,698	764,963
BALANCE AT JANUARY 1, 2011		16,504	113,220	47,291	(8,080)	3,301	45,737	522,017	34,864	774,854	-	774,854
Profit for the period		-	-	-	-	-	-	31,735	-	31,735	345	32,080
Other comprehensive income		-	-	-	-	-	-	-	3,023	3,023	96	3,119
Total comprehensive income for the period		-	-	-	-	-	-	31,735	3,023	34,758	441	35,199
Sale of shares to non-controlling interests		-	-	-	4,625	-	-	-	-	4,625	3,922	8,547
Translation adjustment to Real		(372)	(2,548)	(1,064)	181	(75)	(1,031)	(11,747)	(785)	(17,441)	-	(17,441)
BALANCE AT MARCH 31, 2011	21	16,132	110,672	46,227	(3,274)	3,226	44,706	542,005	37,102	796,796	4,363	801,159

(*) Exchange rates for convenience translation

03/31/11 – R\$1.6287/ US\$1.00

12/31/10 – R\$1.6662/ US\$1.00

03/31/10 – R\$1.7810/ US\$1.00

The accompanying notes are an integral part of the condensed consolidated financial statements.

WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED MARCH 31, 2011

(Amounts expressed in thousands, unless otherwise noted – Brazilian real amounts are the result of a convenience translation) - Unaudited

		2011	2010	Convenience translation (*)	
	Notes	US\$	US\$	2011 R\$	2010 R\$
NET CASH GENERATED BY OPERATING ACTIVITIES	27	20,755	29,793	33,804	53,062
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		2,005	2,113	3,265	3,763
Proceeds on disposal of property, plant and equipment		1,082	154	1,762	274
Purchases of property, plant and equipment		(52,692)	(34,258)	(85,819)	(61,013)
Investment - short term investment		4,879	5,334	7,946	9,500
Net cash used in investing activities		<u>(44,726)</u>	<u>(26,657)</u>	<u>(72,846)</u>	<u>(47,476)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of borrowings		(6,896)	(5,168)	(11,231)	(9,204)
Repayments of obligation under finance leases		(1,121)	(1,290)	(1,826)	(2,297)
New bank loans raised		2,737	18,620	4,458	33,162
Net cash generated by (used in) financing activities		<u>(5,280)</u>	<u>12,162</u>	<u>(8,599)</u>	<u>21,661</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(29,251)	15,298	(47,641)	27,247
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		118,172	178,136	196,898	310,170
Effect of foreign exchange rate changes		1,686	(3,429)	2,745	(6,108)
Translation adjustment to Real		<u>-</u>	<u>-</u>	<u>(4,430)</u>	<u>7,091</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>90,607</u>	<u>190,005</u>	<u>147,572</u>	<u>338,400</u>

(*) Exchange rates for convenience translation

03/31/11 – R\$1.6287/ US\$1.00

12/31/10 – R\$1.6662/ US\$1.00

03/31/10 – R\$1.7810/ US\$1.00

The accompanying notes are an integral part of the condensed consolidated financial statements.

WILSON SONS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2011

1. GENERAL INFORMATION

Wilson Sons Limited (the “Group” or “Company”) is a limited company incorporated in Bermuda under the Companies Act 1981. The address of the registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The Group is one of the largest providers of integrated port and maritime logistics and supply chain solutions in Brazil. Throughout over 174 years in the Brazilian market, we have developed an extensive Brazilian network and provide a variety of services related to international trade, particularly in the port and maritime sectors. Our principal activities are divided into the following segments: operation of port terminals, towage services, logistics, shipping assistance, support to offshore oil and natural gas platforms and shipyard.

2. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Basis of preparation

The condensed consolidated interim financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Group operates. Entities with a functional currency other than US Dollars are included in accordance with the accounting policies.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments and share-based payments liability that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies and most significant judgments adopted by the Group’s management were not modified in relation to those presented in the condensed consolidated interim financial statements for the year ended December 31, 2010, dated March 24, 2011.

Convenience translation

The condensed consolidated interim financial statements were originally prepared in US Dollars. A convenience translation to the Real, the Brazilian currency, was carried out solely for the convenience of readers in Brazil and does not purport to represent amounts in accordance with International Financial Reporting Standards, and should not be construed as implying that the amounts in US Dollars represent, or could have been or could be converted into, Reais, at such rates or at any other rate.

The exchange rates used for the purposes of this convenience translation were the PTAX exchange rates ruling as at the closing dates of the condensed consolidated interim financial statements, as published by the Brazilian Central Bank. On March 31, 2011, December 31, 2010 and March 31, 2010 the applicable exchange rates were R\$1.6287, R\$1.6662 and R\$1.7810, respectively. The difference between the applicable exchanges rates, on each of the closing dates, generates impacts of translation on the beginning balances of the financial statements in Brazilian Real and on the changes therein through the subsequent period. The effect of this difference was disclosed in the Brazilian Real Condensed Consolidated Statement of Changes in Equity and respective notes as "Translation adjustment to Real".

3. SEGMENT INFORMATION

Reportable segments

For management purposes, the Group is currently organized into six reportable segments: towage, port terminals, ship agency, offshore, logistics and shipyards. These divisions are reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment information relating to these businesses is presented below:

	2011								
	<u>Towage</u>	<u>Port terminals</u>	<u>Ship agency</u>	<u>Offshore</u>	<u>Logistics</u>	<u>Shipyard</u>	<u>Non segment activities</u>	<u>Elimination</u>	<u>Consolidated</u>
March 31, 2011	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Revenue	36,196	64,776	3,955	6,939	33,057	28,507	-	(16,797)	156,633
Operating profit	8,014	20,472	(30)	(343)	3,224	5,742	(7,638)	(2,396)	27,045
Finance costs	(1,082)	(269)	(2)	(845)	(1,077)	-	(85)	-	(3,360)
Operating profit adjusted by finance cost	<u>6,932</u>	<u>20,203</u>	<u>(32)</u>	<u>(1,188)</u>	<u>2,147</u>	<u>5,742</u>	<u>(7,723)</u>	<u>(2,396)</u>	<u>23,685</u>
Investment income									4,172
Profit before tax									<u>27,857</u>
Other information									
Capital expenditures	(17,391)	(23,984)	(31)	(2,095)	(5,324)	(5,427)	(586)		(54,838)
Depreciation and amortization	(3,986)	(3,920)	(53)	(1,825)	(2,459)	(41)	(587)		(12,871)
Balance sheet									
Segment assets	200,793	306,138	5,436	154,782	86,535	81,218	129,757	-	964,659
Segment liabilities	(109,427)	(123,466)	(5,001)	(133,669)	(67,041)	(31,291)	(2,862)	-	(472,757)
	2010								
	<u>Towage</u>	<u>Port terminals</u>	<u>Ship agency</u>	<u>Offshore</u>	<u>Logistics</u>	<u>Shipyard</u>	<u>Non segment activities</u>	<u>Elimination</u>	<u>Consolidated</u>
March 31, 2010	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Revenue	35,374	44,280	3,880	10,824	20,563	22,738	9	(16,243)	121,425
Operating profit	9,128	9,621	78	2,214	872	5,356	(9,036)	(3,956)	14,277
Finance costs	(966)	(542)	(1)	(798)	(548)	(35)	(46)	-	(2,936)
Operating profit adjusted by finance cost	<u>8,162</u>	<u>9,079</u>	<u>77</u>	<u>1,416</u>	<u>324</u>	<u>5,321</u>	<u>(9,082)</u>	<u>(3,956)</u>	<u>11,341</u>
Investment income									(1,068)
Profit before tax									<u>10,273</u>
Other information									
Capital expenditures	(9,142)	(15,783)	(52)	(8,192)	(1,699)	(304)	-	-	(35,172)
Depreciation and amortization	(2,972)	(3,139)	(41)	(1,606)	(1,312)	(36)	(439)	-	(9,545)
March 31, 2010									
Balance sheet									
Segment assets	184,135	245,140	4,420	139,528	46,178	92,967	134,365	-	846,733
Segment liabilities	(123,253)	(86,813)	(4,761)	(150,229)	(30,258)	(21,145)	(761)	-	(417,220)
December 31, 2010									
Balance sheet									
Segment assets	203,479	295,008	7,405	156,040	79,496	81,928	115,413	-	938,769
Segment liabilities	(113,419)	(118,798)	(6,686)	(133,041)	(61,947)	(33,428)	(6,408)	-	(473,727)

2011									
March 31, 2011	Towage	Port terminals	Ship agency	Offshore	Logistics	Shipyard	Non segment activities	Elimination	Consolidated
	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
Revenue	58,951	105,501	6,442	11,302	53,840	46,429	-	(27,357)	255,108
Operating profit	13,051	33,342	(49)	(559)	5,251	9,352	(12,438)	(3,902)	44,048
Finance costs	(1,762)	(438)	(3)	(1,376)	(1,754)	-	(138)	-	(5,471)
Operating profit adjusted by finance cost	<u>11,289</u>	<u>32,904</u>	<u>(52)</u>	<u>(1,935)</u>	<u>3,497</u>	<u>9,352</u>	<u>(12,576)</u>	<u>(3,902)</u>	<u>38,577</u>
Investment income									6,795
Profit before tax									<u>45,372</u>
Other information									
Capital expenditures	(28,326)	(39,063)	(50)	(3,412)	(8,671)	(8,839)	(954)	-	(89,315)
Depreciation and amortization	(6,492)	(6,385)	(86)	(2,972)	(4,005)	(67)	(956)	-	(20,963)
Balance sheet									
Segment assets	327,030	498,607	8,854	252,093	140,940	132,280	211,335	-	1,571,139
Segment liabilities	(178,224)	(201,089)	(8,145)	(217,707)	(109,190)	(50,964)	(4,661)	-	(769,980)
2010									
March 31, 2010	Towage	Port terminals	Ship agency	Offshore	Logistics	Shipyard	Non segment activities	Elimination	Consolidated
	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
Revenue	63,001	78,863	6,910	19,278	36,623	40,496	15	(28,928)	216,258
Operating profit	16,257	17,135	139	3,943	1,553	9,539	(16,094)	(7,045)	25,427
Finance costs	(1,720)	(965)	(2)	(1,421)	(976)	(62)	(83)	-	(5,229)
Operating profit adjusted by finance cost	<u>14,537</u>	<u>16,170</u>	<u>137</u>	<u>2,522</u>	<u>577</u>	<u>9,477</u>	<u>(16,177)</u>	<u>(7,045)</u>	<u>20,198</u>
Investment income									(1,902)
Profit before tax									<u>18,296</u>
Other information									
Capital expenditures	(16,282)	(28,110)	(93)	(14,590)	(3,026)	(540)	-	-	(62,641)
Depreciation and amortization	(5,293)	(5,591)	(73)	(2,860)	(2,337)	(64)	(782)	-	(17,000)
March 31, 2010									
Balance sheet									
Segment assets	327,944	436,594	7,872	248,499	82,243	165,574	239,304	-	1,508,030
Segment liabilities	(219,514)	(154,614)	(8,479)	(267,558)	(53,889)	(37,659)	(1,354)	-	(743,067)
December 31, 2010									
Balance sheet									
Segment assets	339,038	491,542	12,338	259,994	132,456	136,508	192,301	-	1,564,177
Segment liabilities	(188,978)	(197,941)	(11,140)	(221,673)	(103,216)	(55,698)	(10,677)	-	(789,323)

Financial expenses and respective liabilities were allocated to reporting segments where interest arises from loans is related to finance of the acquisition, or the construction of fixed assets in that segment.

Financial income arising from bank balances held in Brazilian operating segments, including foreign exchange variation on such balances, were not allocated to the business segments as cash management is performed centrally by the corporate function. Administrative expenses are presented as unallocated.

Geographical information

The Group's operations are mainly located in Brazil. The Group earns income on Cash and Cash Equivalents invested in Bermuda and in Brazil, and incurs expenses on its activities in the latter country.

4. REVENUE

The following is an analysis of the Group's revenue for the period from continuing operations (excluding investment revenue – see Note 7).

	<u>March 31, 2011</u>	<u>March 31, 2010</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Sales of services	145,726	116,189	237,344	206,933
Revenue from construction contracts	<u>10,907</u>	<u>5,236</u>	<u>17,764</u>	<u>9,325</u>
Total	<u>156,633</u>	<u>121,425</u>	<u>255,108</u>	<u>216,258</u>

5. EMPLOYEE BENEFITS EXPENSE

	<u>March 31, 2011</u>	<u>March 31, 2010</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Salaries and benefits	43,251	31,534	70,443	56,162
Social securities and charges	10,866	8,542	17,697	15,213
Pension costs	266	196	433	349
Long term incentive plan (Note 20)	<u>(5,838)</u>	<u>1,449</u>	<u>(9,508)</u>	<u>2,581</u>
Total	<u>48,545</u>	<u>41,721</u>	<u>79,065</u>	<u>74,305</u>

Pension costs are for defined contribution retirement benefit schemes for all qualifying employees of the Group's Brazilian business. Group contributions to the scheme are at rates specified in the rules of the plan. The assets of the scheme are held separately from those of the Group in funds under the control of independent managers.

6. OTHER OPERATING EXPENSES

	<u>March 31, 2011</u>	<u>March 31, 2010</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Service cost	15,507	14,320	25,256	25,504
Rent of tugs	5,251	7,084	8,553	12,617
Freight	5,240	3,344	8,534	5,956
Other rentals	9,135	4,244	14,879	7,559
Energy, water and communication	3,806	3,265	6,199	5,815
Container movement	2,595	2,072	4,226	3,690
Insurance	1,679	1,505	2,735	2,680
Maintenance	910	995	1,482	1,772
Other taxes	3,599	2,787	5,862	4,963
Provisions	571	2,461	931	4,383
Other expenses	<u>2,579</u>	<u>1,965</u>	<u>4,198</u>	<u>3,499</u>
Total	<u>50,872</u>	<u>44,042</u>	<u>82,855</u>	<u>78,438</u>

7. INVESTMENT INCOME AND FINANCE COSTS

	<u>March 31, 2011</u>	<u>March 31, 2010</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Interest on investments	2,215	2,112	3,608	3,761
Exchange gain (loss) on investments	1,688	(3,428)	2,748	(6,105)
Other interest income	<u>269</u>	<u>248</u>	<u>439</u>	<u>442</u>
Total investment income	<u>4,172</u>	<u>(1,068)</u>	<u>6,795</u>	<u>(1,902)</u>
Interest on bank loans and overdrafts	(2,872)	(2,165)	(4,678)	(3,856)
Exchange gain (loss) on loans	98	(146)	160	(260)
Interest on obligations under finance leases	<u>(416)</u>	<u>(446)</u>	<u>(678)</u>	<u>(794)</u>
Total borrowing costs	<u>(3,190)</u>	<u>(2,757)</u>	<u>(5,196)</u>	<u>(4,910)</u>
Other interest	<u>(170)</u>	<u>(179)</u>	<u>(276)</u>	<u>(319)</u>
Total finance costs	<u>(3,360)</u>	<u>(2,936)</u>	<u>(5,472)</u>	<u>(5,229)</u>

8. INCOME TAX

Income tax recognized in profit or loss:

	<u>March 31, 2011</u>	<u>March 31, 2010</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Current				
Brazilian taxation				
Income tax	6,509	4,690	10,601	8,353
Social contribution	<u>2,362</u>	<u>1,796</u>	<u>3,849</u>	<u>3,198</u>
Total Brazilian current tax	<u>8,871</u>	<u>6,486</u>	<u>14,450</u>	<u>11,551</u>
Deferred tax				
Total deferred tax	<u>(711)</u>	<u>(2,431)</u>	<u>(1,158)</u>	<u>(4,330)</u>
Total income tax	<u>8,160</u>	<u>4,055</u>	<u>13,292</u>	<u>7,221</u>

Brazilian income tax is calculated at 25% of the taxable profit for the period. Brazilian social contribution tax is calculated at 9% of the taxable profit for the period.

The charge for the period is reconciled to the profit per comprehensive income statement as follows:

	<u>March 31, 2011</u>	<u>March 31, 2010</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Profit before tax	27,857	10,273	45,372	18,296
Tax at the standard Brazilian tax rate (34%)	9,471	3,493	15,426	6,221
Effect of exchange difference on non-monetary items	(3,108)	2,940	(5,062)	5,236
Reversal of exchange variation on loans in US Dollar	3,253	(3,411)	5,298	(6,075)
Effect of different tax rates in other jurisdictions	(1,926)	757	(3,136)	1,348
Others	<u>470</u>	<u>276</u>	<u>766</u>	<u>491</u>
Income tax expense	<u>8,160</u>	<u>4,055</u>	<u>13,292</u>	<u>7,221</u>
Effective rate for the period	<u>29%</u>	<u>39%</u>	<u>29%</u>	<u>39%</u>

The tax rate used for the 2011 and 2010 reconciliations above is the corporate tax rate of 34% payable by entities in Brazil under tax law in that jurisdiction.

9. GOODWILL

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Cost and carrying amount attributed to:				
Tecon Rio Grande	13,132	13,132	21,388	21,881
Tecon Salvador	<u>2,480</u>	<u>2,480</u>	<u>4,039</u>	<u>4,132</u>
Total	<u>15,612</u>	<u>15,612</u>	<u>25,427</u>	<u>26,013</u>

For the purposes of testing impairment loss for goodwill, the Group prepares for each year end cash flow forecasts for the relevant cash generating unit (Tecon Rio Grande and Tecon Salvador) derived from the most recent financial budget for the next year and extrapolates cash flows for the remaining life of the concession based on an estimated annual growth of between 8% and 10% for Tecon Rio Grande and 7% and 10% for Tecon Salvador. This rate does not exceed the average long-term historical growth rate for the relevant market. After testing goodwill as mentioned above for the year ended 2010, no impairment losses were recognized.

10. OTHER INTANGIBLE ASSETS

	<u>US\$</u>	<u>R\$</u>
Cost		
At January 1, 2010	4,062	7,073
Additions	14,546	24,236
Exchange differences	606	1,009
Translation adjustment to Real	-	(304)
At December 31, 2010	19,214	32,014
Exchange differences	423	688
Translation adjustment to Real	-	(719)
At March 31, 2011	19,637	31,983
Amortization		
At January 1, 2010	1,823	3,174
Charge for the year	488	813
Exchange differences	62	103
Translation adjustment to Real	-	(136)
At December 31, 2010	2,373	3,954
Charge for the period	290	472
Exchange differences	42	68
Translation adjustment to Real	-	(88)
At March 31, 2011	2,705	4,406
Carrying amount		
March 31, 2011	<u>16,932</u>	<u>27,577</u>
December 31, 2010	<u>16,841</u>	<u>28,060</u>

Intangible assets arose from (i) the acquisition of the concession of the container and heavy cargo terminal in Salvador (Tecon Salvador) in 2000; (ii) the purchase of the remaining 50% of the concession rights for EADI Santo Andre (bonded warehouse); and (iii) for the Ponta Norte expansion (Tecon Salvador) in 2010.

Tecon Salvador signed on September 2, 2010, an amendment to the lease agreement with Companhia das Docas do Estado da Bahia (CODEBA). This additive term, is for the expansion of the area known as Ponta Norte, in the Salvador Port, adjacent to TECON Salvador. An initial installment of US\$14.5 million (R\$23.6 million) was paid as a downpayment and a monthly price calculated on the leased area and a new price for container handling and general cargo, which are consistent with the original lease.

Intangible assets are amortized over the remaining terms of the concessions at the time of acquisition which, for Tecon Salvador is 25 years, for EADI Santo Andre is 10 years and for Ponta Norte is 15 years.

11. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2011			December 31, 2010		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
	US\$	US\$	US\$	US\$	US\$	US\$
Land and buildings	161,026	(29,921)	131,105	145,017	(27,908)	117,109
Floating craft	400,059	(105,736)	294,323	380,275	(100,173)	280,102
Vehicles, plant and equipment	229,454	(72,263)	157,191	206,914	(67,352)	139,562
Assets under construction	<u>22,258</u>	<u>-</u>	<u>22,258</u>	<u>24,059</u>	<u>-</u>	<u>24,059</u>
Total	<u>812,797</u>	<u>(207,920)</u>	<u>604,877</u>	<u>756,265</u>	<u>(195,433)</u>	<u>560,832</u>

	March 31, 2011			December 31, 2010		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
	R\$	R\$	R\$	R\$	R\$	R\$
Land and buildings	262,263	(48,732)	213,531	241,627	(46,500)	195,127
Floating craft	651,576	(172,212)	479,364	633,615	(166,908)	466,707
Vehicles, plant and equipment	373,712	(117,695)	256,017	344,760	(112,222)	232,538
Assets under construction	<u>36,251</u>	<u>-</u>	<u>36,251</u>	<u>40,086</u>	<u>-</u>	<u>40,086</u>
Total	<u>1,323,802</u>	<u>(338,639)</u>	<u>985,163</u>	<u>1,260,088</u>	<u>(325,630)</u>	<u>934,458</u>

	Total	Total
	US\$	R\$
Cost or valuation		
At January 1, 2010	601,225	1,046,853
Additions	166,739	277,821
Exchange differences	6,813	11,353
Disposals	(4,210)	(7,015)
Net assets transferred to joint venture transaction	(14,302)	(23,832)
Translation adjustment to Real	-	(45,092)
At December 31, 2010	756,265	1,260,088
Additions	54,838	89,315
Exchange differences	4,190	6,825
Disposals	(2,496)	(4,065)
Translation adjustment to Real	-	(28,361)
At March 31, 2011	812,797	1,323,802
Accumulated depreciation		
At January 1, 2010	162,347	282,679
Charge for the year	42,433	70,702

	Total <u>US\$</u>	Total <u>R\$</u>
Exchange differences	2,212	3,687
Disposals	(3,643)	(6,070)
Net assets transferred to joint venture transaction	(7,916)	(13,189)
Translation adjustment to Real	<u>-</u>	<u>(12,179)</u>
At December 31, 2010	195,433	325,630
Charge for the period	12,582	20,491
Exchange differences	1,358	2,212
Disposals	(1,453)	(2,366)
Translation adjustment to Real	<u>-</u>	<u>(7,328)</u>
At March 31, 2011	207,920	338,639
Carrying amount		
March 31, 2011	<u>604,877</u>	<u>985,163</u>
December 31, 2010	<u>560,832</u>	<u>934,458</u>

The cost amount of the Group's vehicles, plant and equipment includes an amount of US\$25.4 million (R\$41.4 million) (2010: US\$24.9 million (R\$41.5 million)) in respect of assets held under finance leases.

Land and buildings with a net book value of US\$379 (R\$617) (2010: US\$370 (R\$616)) and tugs with a net book value of US\$2,535 (R\$4,128) (2010: US\$2,587 (R\$4,310)) have been given in guarantee of various lawsuits.

The Group has pledged assets having a carrying amount of approximately US\$325.1 million (R\$529.5 million) (2010: US\$317.1 million (R\$528.4 million)) to secure loans granted to the Group.

The amount of capitalized interest in 2011 is US\$239 (R\$389) (2010: US\$1,889 (R\$3,147)), at an average interest rate of 3.82% (2010: 3.83%).

On March, 31 2011, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US\$101.6 million (R\$165.5 million) (2010: US\$116.4 million (R\$194.0 million)). The amount mainly refers to the expansion of Tecon Salvador and Tecon Rio Grande and to the construction of the Guarujá II shipyard.

When the Company entered the Joint Venture with Magallanes Navegação Brasileira in 2010 the property, plant and equipment was reduced by US\$16.8 million (R\$27.4 million), equivalent to the portion of the net assets transferred to the partner on setting up the joint venture.

12. INVENTORIES

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Operating materials	10,331	11,024	16,826	18,368
Raw materials for construction contracts (external customers)	<u>8,713</u>	<u>9,123</u>	<u>14,191</u>	<u>15,201</u>
Total	<u>19,044</u>	<u>20,147</u>	<u>31,017</u>	<u>33,569</u>

13. TRADE AND OTHER RECEIVABLES

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Accounts receivable for services rendered	72,191	65,240	117,577	108,703
Allowance for doubtful debts	(1,247)	(1,320)	(2,031)	(2,200)
Income tax recoverable	8,231	8,203	13,406	13,667
Prepayments and recoverable taxes and levies	<u>68,905</u>	<u>62,838</u>	<u>112,226</u>	<u>104,701</u>
Total	<u>148,080</u>	<u>134,961</u>	<u>241,178</u>	<u>224,871</u>
Total current	<u>135,128</u>	<u>128,561</u>	<u>220,083</u>	<u>214,206</u>
Total non-current	<u>12,952</u>	<u>6,400</u>	<u>21,095</u>	<u>10,665</u>

Trade receivables disclosed are classified as financial assets measured at amortised cost.

Long term trade receivables refers to: recoverable taxes with maturity dates of more than 365 days and mainly refers to PIS, COFINS, ISS and INSS and receiving from Intermarítima (see Note 22). There is not any impairment evidence related to tax.

As a matter of routine, the Group reviews taxes and levies impacting its businesses with a view to ensuring that payments of such amounts are correctly made and that no amounts are paid unnecessarily. In this process, where it is confirmed that taxes and/or levies have been overpaid, the Group takes appropriate measures to recover such amounts.

The aging list of accounts receivable for services rendered is shown below as follows:

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Current	59,324	52,518	96,618	87,506
Overdue but not impaired:				
01 to 30 days	7,355	7,351	11,980	12,248
31 to 90 days	2,857	3,442	4,654	5,735
91 to 180 days	1,408	609	2,294	1,014
Impaired:				
More than 180 days	<u>1,247</u>	<u>1,320</u>	<u>2,031</u>	<u>2,200</u>
Total	<u>72,191</u>	<u>65,240</u>	<u>117,577</u>	<u>108,703</u>

Allowances for doubtful debts are recognized decreasing the amount of accounts receivable and is established whenever a loss is detected, based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and on an analysis of the counterparty's current financial position. The Group has recognized an allowance for doubtful debts of 100% against all receivables over 180 days because historical experience has been that receivables that are past due beyond 180 days are not recoverable. Interest of 1 percent plus an average penalty of 2 percent is charged to customers on overdue accounts receivables balances.

Changes in allowance for doubtful debts are as follows:

	<u>US\$</u>	<u>R\$</u>
At January 1, 2010	1,637	2,850
Amounts written off during the period	(2,288)	(3,812)
Increase in allowance	1,910	3,182
Exchange difference	61	103
Translation adjustment to Real	<u>-</u>	<u>(123)</u>
At December 31, 2010	<u>1,320</u>	<u>2,200</u>
Amounts written off during the period	(608)	(990)
Increase in allowance	506	825
Exchange difference	29	46
Translation adjustment to Real	<u>-</u>	<u>(50)</u>
At March 31, 2011	<u>1,247</u>	<u>2,031</u>

Management believes that no additional accrual is required for the allowance for doubtful debts.

14. CASH AND CASH EQUIVALENTS AND SHORT TERM INVESTMENTS

Cash and cash equivalents

Cash and cash equivalents comprises cash on hands, bank accounts and short term investments that are highly liquid and readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents denominated in US Dollar represent principally investments in deposit certificates placed with major financial institutions. Cash and cash equivalents denominated in Real represent principally investments in deposit certificates and Brazilian treasuries (mainly LFT).

Short term investments

Short term investments comprises investments with maturity dates of more than 90 days but less than 365 days.

The breakdown of cash and cash equivalents and short term investments is as follows:

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Denominated in US Dollar:				
Cash and cash equivalents	16,860	32,403	27,460	53,990
Short term investments	<u>31,850</u>	<u>36,729</u>	<u>51,874</u>	<u>61,198</u>
Total	48,710	69,132	79,334	115,188
Denominated in Real:				
Cash and cash equivalents	<u>73,747</u>	<u>85,769</u>	<u>120,112</u>	<u>142,908</u>
Total	73,747	85,769	120,112	142,908
Total cash and cash equivalents	<u>90,607</u>	<u>118,172</u>	<u>147,572</u>	<u>196,898</u>
Total short term investments	<u>31,850</u>	<u>36,729</u>	<u>51,874</u>	<u>61,198</u>

Private investment fund

The Group has investments in a private investment fund called the Hydrus Fixed Income Private Credit Investment Fund that are consolidated in these financial statements. This private investment fund comprises deposit certificates and equivalent instruments, with final maturities ranging from April 2011 to March 2015 and for government bonds, with final maturities ranging from March 2013 to March 2015.

About 95% of the securities included in the portfolio of the Private Investment Fund have daily liquidity and are marked to fair value on a daily basis against current earnings. This private investment fund does not have significant financial obligations. Any financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses.

15. BANK OVERDRAFTS AND LOANS

	Interest rate - %	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
		<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
<u>Unsecured borrowings</u>					
Bank overdrafts	12.40 -15.45% p.a.	<u>6,235</u>	<u>6,479</u>	<u>10,155</u>	<u>10,795</u>
Total unsecured borrowings		<u>6,235</u>	<u>6,479</u>	<u>10,155</u>	<u>10,795</u>
<u>Secured borrowings</u>					
BNDES - FINAME Real	4.5% to 14% p.a.	28,243	26,789	45,999	44,636
BNDES - FMM linked to US Dollar	2.64% to 5% p.a.	<u>195,933</u>	<u>198,192</u>	<u>319,116</u>	<u>330,228</u>
Total BNDES		<u>224,176</u>	<u>224,981</u>	<u>365,115</u>	<u>374,864</u>
IFC - US Dollar	2.99% to 8.50% p.a.	8,165	9,813	13,298	16,350
IFC linked to Real	14.09% p.a.	<u>4,426</u>	<u>4,888</u>	<u>7,209</u>	<u>8,145</u>
Total IFC		<u>12,591</u>	<u>14,701</u>	<u>20,507</u>	<u>24,495</u>
Eximbank - US Dollar	2.43% p.a.	14,762	14,818	24,043	24,690
Finimp - US Dollar	2.12% - 2.27% p.a.	3,566	4,051	5,808	6,749
BB - FMM linked to US Dollar	3.10% p.a.	49,512	49,131	80,640	81,862
Carterpillar - Real	4.35% p.a.	<u>613</u>	<u>-</u>	<u>998</u>	<u>-</u>
Total others		<u>68,453</u>	<u>68,000</u>	<u>111,489</u>	<u>113,301</u>
Total secured borrowings		<u>305,220</u>	<u>307,682</u>	<u>497,111</u>	<u>512,660</u>
Total		<u>311,455</u>	<u>314,161</u>	<u>507,266</u>	<u>523,455</u>

The breakdown of bank overdrafts and loans by maturity is as follows:

	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Within one year	28,251	25,565	46,012	42,596
In the second year	27,217	26,194	44,328	43,644
In the third to fifth years (including)	85,022	82,187	138,475	136,941
After five years	<u>170,965</u>	<u>180,215</u>	<u>278,451</u>	<u>300,274</u>
Total	<u>311,455</u>	<u>314,161</u>	<u>507,266</u>	<u>523,455</u>
Total current	<u>28,251</u>	<u>25,565</u>	<u>46,012</u>	<u>42,596</u>
Total non-current	<u>283,204</u>	<u>288,596</u>	<u>461,254</u>	<u>480,859</u>

The analysis of borrowings by currency is as follows:

	<u>Real</u>	<u>Real</u>	<u>US Dollars</u>	<u>US Dollars</u>	<u>Total</u>	<u>Real</u>	<u>Real</u>	<u>US Dollars</u>	<u>US Dollars</u>	<u>Total</u>
	<u>US\$</u>	<u>US Dollars</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>US Dollars</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
<u>March 31, 2011</u>										
Bank overdrafts	6,235	-	-	-	6,235	10,155	-	-	-	10,155
Bank loans	<u>33,282</u>	<u>245,445</u>	<u>26,493</u>	<u>305,220</u>	<u>54,206</u>	<u>399,756</u>	<u>43,149</u>	<u>497,111</u>		
Total	<u>39,517</u>	<u>245,445</u>	<u>26,493</u>	<u>311,455</u>	<u>64,361</u>	<u>399,756</u>	<u>43,149</u>	<u>507,266</u>		
<u>December 31, 2010</u>										
Bank overdrafts	6,479	-	-	-	6,479	10,795	-	-	-	10,795
Bank loans	<u>31,677</u>	<u>247,323</u>	<u>28,682</u>	<u>307,682</u>	<u>52,781</u>	<u>412,090</u>	<u>47,789</u>	<u>512,660</u>		
Total	<u>38,156</u>	<u>247,323</u>	<u>28,682</u>	<u>314,161</u>	<u>63,576</u>	<u>412,090</u>	<u>47,789</u>	<u>523,455</u>		

The principal lenders of the Group are discussed as follows:

Brazilian Economic and Social Development Bank (“BNDES”), as an agent of Brazilian Merchant Maritime Fund (“FMM”) finances tug boat and platform supply vessel construction, in the amount outstanding as of March 31, 2011 of US\$195.9 million (R\$319.1 million) (2010: US\$198.2 million (R\$330.2 million)). As of March 31, 2011 the BNDES’s FINAME product mainly finances equipment for logistic operations, US\$28.2 million (R\$46.0 million) (2010: US\$26.8 million (R\$44.6 million)). The amounts outstanding at March 31, 2011 are repayable over periods varying up to 21 years. For the part linked to US Dollars the loans carry fixed interest rates between 2.64% and 5% per year, whereas for the loans denominated in Real, the interest rates are between 4.5% and 14% per year.

The Banco do Brasil (“BB”), as an agent of Brazilian Merchant Maritime Fund (“FMM”) finances platform supply vessel’s construction, in the amount outstanding as of March 31, 2010 of US\$49.5 million (R\$80.6 million). This liability was assumed when the Company entered the Joint Venture with Magallanes Navegação Brasileira. All contracts are in a grace period and will be amortized from January 2012 and are repayable over periods varying up to 18 years. These loans are denominated in the U.S. dollar and bear fixed interest rates of 3.1% per year.

The International Finance Corporation (“IFC”) finances both port terminals – Tecon Rio Grande and Tecon Salvador. There are two loan agreements with this bank: one for Tecon Salvador and one for Tecon Rio Grande. The amounts outstanding at March 31, 2011 are repayable over periods varying up to 6 years. These loans are denominated partly in the US Dollar and partly in the Real. For the part linked to the US Dollar, one of the loans has an interest rate fixed at 8.49% per year, while the others bear interest at a variable rate of Libor (6 monthly) plus spread of between 3% to 4% per year, whereas for the part denominated in Real, the interest rate is fixed at 14.09% per year.

The Export-Import Bank of China (“Eximbank”), finances Tecon Rio Grande’s equipment. The amount is US\$16.66 million, with initial outlay of US\$6.9 million in January 2010 and a second outlay of US\$7.8 million in October 2010. The outstanding amount is repayable over 10 years, including a grace period of 2 years. The amortization and interest payment are 6 monthly. The loan is denominated in US Dollars with a variable rate Libor (6 monthly). The spread is 1.7% per year and there is a payment for Bank Itaú BBA’s guarantee of 2% per year.

The Banco Itaú BBA S.A. credit line, Finimp, finances Tecon Rio Grande’s equipment. The amount is US\$4.0 million and is repayable up to 5 years, including a grace period of one year. The amortization and interest payment are 6 monthly. The loan is denominated in US Dollars with a variable rate (Libor – 6 month) and carries fixed interest rates of 1.63% per year. The local commission for Banco Itaú BBA S.A. is 1.75% per year.

Guarantees

The loans from BNDES are secured by a pledge over the tug boats and supply vessels financed. Financing of three of the seven platform supply vessels is guarantee by receivables from the client Petrobras.

The loans from BB are secured by a pledge over the supply vessels that are financed, by a “Standby Letter of Credit” and by fiduciary assignment of long-term contracts with Petrobras.

The loans from the IFC are secured by the Group’s shares in Tecon Salvador and Tecon Rio Grande, the projects cash flows, and, in the case of Tecon Rio Grande, equipment and building.

The loan with “The Export-Import Bank of China” is secured by a “Standby Letter of Credit” issued for Tecon Rio Grande, with a financing bank as beneficiary.

As counter-guarantee for the operation, Tecon Rio Grande obtained a formal authorization of the IFC trustee to dispose the equipment funded by “The Export-Import Bank of China” to the bank Itaú BBA.

Undrawn borrowing facilities

At March 31, 2011, the Group had available US\$449.9 million of undrawn borrowing facilities. This value includes fifty percent of the loan agreements on September 28, 2010, as described below. For every disbursement there is a set of conditions precedent that should be fulfilled.

Loan agreements signed

On September 28, 2010, the Group signed a US\$ 670 million Financing Agreement. The Financing Agreement is between the joint venture Wilson, Sons Ultratug Offshore and BNDES as agent for the Fundo da Marinha Mercante (FMM). The 18 year financing includes a three year repayment grace period and is intended for the construction of 13 Offshore Support Vessels (OSV's), to be constructed in the Wilson, Sons' Shipyards.

The 13 vessels are expected to be delivered between 2011 and 2015 increasing the joint venture fleet to 24 vessels. Construction has already commenced on three of the vessels.

Fair value

Management estimates the fair value of the Group's borrowings as follows:

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Bank overdrafts	<u>6,235</u>	<u>6,479</u>	<u>10,154</u>	<u>10,794</u>
Bank loans				
BNDES	224,176	224,981	365,115	374,864
IFC	13,567	15,096	22,097	25,152
Eximbank	14,762	14,818	24,043	24,690
Finimp	3,566	4,051	5,808	6,749
BB	49,512	49,131	80,640	81,862
Carterpillar	<u>613</u>	<u>-</u>	<u>998</u>	<u>-</u>
Total bank loans	<u>306,196</u>	<u>308,077</u>	<u>498,701</u>	<u>513,317</u>
Total	<u>312,431</u>	<u>314,556</u>	<u>508,855</u>	<u>524,111</u>

Covenants

The subsidiaries Tecon Rio Grande and Tecon Salvador have specific restrictive clauses in their financing contracts with financial institutions related, basically, to the maintenance of liquidity ratios. At March 31, 2011, the Group is in compliance with all clauses of these contracts.

16. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognized by the Group during the current and prior reporting periods:

	Accelerated depreciation	Exchange variance on loans	Timing differences	Non- monetary items	Total
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
At January 1, 2010	<u>(21,594)</u>	<u>(13,247)</u>	<u>13,138</u>	<u>31,062</u>	<u>9,359</u>
(Charge) credit to income	(5,869)	(1,484)	1,415	6,613	675
Deferred tax booked in disposed investment	5,058	2,885	216	(4,686)	3,473
Exchange differences	-	35	308	-	343
At December 31, 2010	<u>(22,405)</u>	<u>(11,811)</u>	<u>15,077</u>	<u>32,989</u>	<u>13,850</u>
(Charge) credit to income	(2,040)	(1,434)	841	3,344	711
Exchange differences	-	16	183	-	199
At March 31, 2011	<u>(24,445)</u>	<u>(13,229)</u>	<u>16,101</u>	<u>36,333</u>	<u>14,760</u>

	Accelerated depreciation	Exchange variance on loans	Timing differences	Non- monetary items	Total
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
At January 1, 2010	(37,599)	(23,066)	22,876	54,085	16,296
(Charge) credit to income	(9,779)	(2,473)	2,358	11,019	1,125
Deferred tax booked in disposed investment	8,427	4,806	359	(7,808)	5,784
Exchange differences	-	58	513	-	571
Translation adjustment to Real	1,619	995	(983)	(2,330)	(699)
At December 31, 2010	(37,332)	(19,680)	25,123	54,966	23,077
(Charge) credit to income	(3,323)	(2,336)	1,371	5,446	1,158
Exchange differences	-	26	296	-	322
Translation adjustment to Real	841	443	(566)	(1,236)	(518)
At March 31, 2011	(39,814)	(21,547)	26,224	59,176	24,039

Certain tax assets and liabilities have been offset on an entity by entity basis. In the condensed consolidated interim financial statements, a deferred tax asset of one entity in the Group cannot be offset against a deferred tax liability of another entity in the Group as there is no legally enforceable right to offset tax assets and liabilities between Group companies. After offset, deferred tax balances are presented in the balance sheet as follows:

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Deferred tax liabilities	(15,754)	(15,073)	(25,659)	(25,115)
Deferred tax assets	30,514	28,923	49,698	48,192
Total	14,760	13,850	24,039	23,077

At the balance sheet date, the Group has unused tax losses of US\$40,624 (R\$66,165) (2010: US\$30,487 (R\$50,797)) available for offset against future fiscal profits. No deferred tax asset has been recognized in the amount of US\$13,812 (R\$22,497) (2010: US\$10,366 (R\$17,272)) due to the unpredictability of future streams of related taxable income.

Deferred tax assets and liabilities arise on Brazilian property, plant and equipment, inventories and prepaid expense held in US Dollar functional currency businesses. Deferred tax is calculated on the difference between the historical US Dollar balances recorded in the Group's accounts and the Real balances used in the Group's Brazilian tax calculations.

Deferred tax liabilities arise from exchange gains on the Group's US Dollar and Real denominated loans linked to the US Dollar that are taxable on settlement and not in the period in which the gains arise.

17. PROVISIONS

	<u>US\$</u>	<u>R\$</u>
At January 1, 2010	<u>9,831</u>	<u>17,118</u>
Addition provision in the year	4,464	7,437
Reversal of provision in the year	(2,575)	(4,290)
Exchange difference	569	947
Translation adjustment to Real	-	(736)
At December 31, 2010	<u>12,289</u>	<u>20,476</u>
Addition provision in the year	1,110	1,807
Reversal of provision in the year	(528)	(860)
Exchange difference	296	483
Translation adjustment to Real	-	(461)
At March 31, 2011	<u>13,167</u>	<u>21,445</u>

The breakdown of classes of provision is described below as follows:

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Civil cases	1,691	1,128	2,754	1,879
Tax cases	194	261	316	435
Labor claims	<u>11,282</u>	<u>10,900</u>	<u>18,375</u>	<u>18,162</u>
Total	<u>13,167</u>	<u>12,289</u>	<u>21,445</u>	<u>20,476</u>

In the normal course of business in Brazil, the Group continues to be exposed to numerous local legal claims. It is the Group's policy to vigorously contest such claims, many of which appear to have little substance in merit, and to manage such claims through its legal advisors. There are no material claims outstanding at March 31, 2011 which have not been provided for and which the Group's legal advisors consider are more likely than not to result in a financial settlement against the Group.

In addition to the cases for which the Group booked the provision there are other tax, civil and labor disputes amounting to US\$59,004 (R\$96,101) (2010: US\$53,404 (R\$88,981)), whose probability of loss was estimated by the legal advisors as possible.

The breakdown of possible claims is described below as follows:

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Civil cases	4,172	7,259	6,795	12,094
Tax cases	18,474	15,829	30,089	26,375
Labor claims	<u>36,358</u>	<u>30,316</u>	<u>59,217</u>	<u>50,512</u>
Total	<u>59,004</u>	<u>53,404</u>	<u>96,101</u>	<u>88,981</u>

The main probable and possible claims against the Group are described below:

- Civil and Environmental cases: Discussions on contractual matters related to a punctual disagreement in transport supply contract and casuals demands based on service contracts, regarding some of its obligations.
- Labor claims: These lawsuits litigate about salary differences, overtime worked without payments, and other additional.
- Tax cases: The Group itself litigates against the respective governments in respect of Group considers inappropriate.

18. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	US\$	US\$	US\$	US\$
Amounts payable under finance leases:				
Within one year	7,135	5,921	5,708	4,847
In the second to fifth years, inclusive	<u>7,801</u>	<u>7,098</u>	<u>5,936</u>	<u>6,305</u>
	14,936	13,019	<u>11,644</u>	<u>11,152</u>
Less future finance charges	<u>(3,292)</u>	<u>(1,867)</u>		
Present value of lease obligations	<u>11,644</u>	<u>11,152</u>		
Total current	<u>5,708</u>	<u>4,847</u>	<u>5,708</u>	<u>4,847</u>
Total non-current	<u>5,936</u>	<u>6,305</u>	<u>5,936</u>	<u>6,305</u>

	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	R\$	R\$	R\$	R\$
Amounts payable under finance leases:				
Within one year	11,621	9,866	9,297	8,076
In the second to fifth years inclusive	<u>12,704</u>	<u>11,826</u>	<u>9,668</u>	<u>10,505</u>
	24,325	21,692	<u>18,965</u>	<u>18,581</u>
Less future finance charges	<u>(5,362)</u>	<u>(3,111)</u>		
Present value of lease obligations	<u>18,963</u>	<u>18,581</u>		
Total current	<u>9,297</u>	<u>8,076</u>	<u>9,297</u>	<u>8,076</u>
Total non-current	<u>9,668</u>	<u>10,505</u>	<u>9,668</u>	<u>10,505</u>

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is forty-eight months, of which, at the end of March 2011, there remained only twenty-five months on average.

For the period ended March 31, 2011 the average effective leasing interest rate was 16.16% per year (2010: 15.87%). Interest rates are fixed at contract date.

All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. The interest rates ranges from 10.05% to 20.39% per year.

Leases are denominated in Reais.

The fair value of the Group's lease obligations is the present value of the future instalments of each contract calculated with its own interest rate and is approximately equal to their carrying amount.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

19. TRADE AND OTHER PAYABLES

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Suppliers	71,550	70,353	116,533	117,222
Taxes	16,948	16,657	27,603	27,754
Share-based payment (provision)	17,957	23,795	29,247	39,647
Accruals and other payables	<u>9,743</u>	<u>6,893</u>	<u>15,869</u>	<u>11,485</u>
Total	<u>116,198</u>	<u>117,698</u>	<u>189,252</u>	<u>196,108</u>

The Group has financial risk management policies in place to ensure that payables are paid within the credit timeframe.

Construction contracts in progress at the end of each reporting period:

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Contract costs incurred plus recognized revenues less recognized losses to date	25,881	41,632	42,152	69,367
Less billings in process	<u>(28,787)</u>	<u>(58,705)</u>	<u>(46,885)</u>	<u>(97,814)</u>
Net liability included in suppliers	<u>(2,906)</u>	<u>(17,073)</u>	<u>(4,733)</u>	<u>(28,447)</u>

20. CASH-SETTLED SHARE-BASED PAYMENTS

On April 9, 2007, the board of Wilson Sons Limited approved a stock option plan (the "Share-Based Payment" or "Long-Term Incentive Scheme"), which allows for the grant of phantom options to eligible employees to be selected by the board over the next five years. The options will provide cash payments, on exercise, based on the number of options multiplied by the growth in the price of a Brazilian Depositary Receipts ("BDR") of Wilson Sons Limited between the date of grant (the Base Price) and the date of exercise (the "Exercise Price"). The plan is regulated by the laws of Bermuda.

The changes on the accrual for the plan are as follows:

	<u>2011</u> <u>US\$</u>	<u>2010</u> <u>US\$</u>	<u>2011</u> <u>R\$</u>	<u>2010</u> <u>R\$</u>
At January 1	23,795	10,591	39,647	18,889
Charge (reversal) for the period	(5,838)	1,449	(9,508)	2,581
Translation adjustment to Real	-	-	(892)	(25)
At March 31	<u>17,957</u>	<u>12,040</u>	<u>29,247</u>	<u>21,445</u>

The liability above is included in “Share-Based Payment” presented in Note 19.

As March 31, 2011 the number of share options was 3,814,760 (2010: 3,897,760), and none of them was exercised during the first quarter of 2011.

The fair value of the recorded liability in the amount of US\$17,957 (R\$29,247) (2010: US\$23,795 (R\$39,647)) was determined using the Binomial model based on the assumptions mentioned below:

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Closing share price (in real)	R\$26.52	R\$23.35
Expected volatility	27-31%	32-33%
Expected life	10 years	10 years
Risk free rate	8.80%	9.30%
Expected dividend yield	2.10%	2.00 %

Expected volatility was determined by calculating the historical volatility of the Group’s share price. The expected life used in the model has been adjusted based on management’s best estimate for exercise restrictions and behavioral considerations.

<u>Options series</u>	<u>Number</u>	<u>Grant date</u>	<u>Vesting date</u>	<u>Expiry date</u>	<u>Exercise price</u> <u>(R\$)</u>
07 ESO – 2 Year	919,940	5/5/2007	5/5/2009	5/5/2017	23.77
07 ESO – 3 Year	919,940	5/5/2007	5/5/2010	5/5/2017	23.77
07 ESO – 4 Year	919,940	5/5/2007	5/5/2011	5/5/2017	23.77
07 ESO – 5 Year	919,940	5/5/2007	5/5/2012	5/5/2017	23.77
08 ESO – 2 Year	33,750	15/8/2008	17/8/2010	17/8/2019	18.70
08 ESO – 3 Year	33,750	15/8/2008	17/8/2011	17/8/2019	18.70
08 ESO – 4 Year	33,750	15/8/2008	17/8/2012	17/8/2019	18.70
08 ESO – 5 Year	33,750	15/8/2008	17/8/2013	17/8/2019	18.70

The options terminate on the Expiry date or within one month of the resignation of the director or senior employee, whichever is earlier.

Share options outstanding at the end of the year had a weighted average exercise price of R\$23.60 (2010: R\$23.59) and a weighted average remaining contractual life of 2,257 days (2010: 2,346 days).

The Group, to show the sensitivity of the charge to changes in the share price, considered a 10% increase/decrease in the share price. In each case, the dividend yield was adjusted in line with the change in share price, but all other assumptions were kept unchanged, including the volatility of the share price.

	<u>Actual</u>	<u>(+10%)</u>	<u>(-10%)</u>
Share price at March 31, 2011 - R\$	26.52	29.17	23.87
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Balance sheet liability at March 31, 2011	17,957	21,625	15,026
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Balance sheet liability at March 31, 2011	29,247	35,220	24,473

The sensitivities here are notional and purely for information as the share price on the reporting date is a known fact.

21. EQUITY

Share Capital

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
71,144,000 ordinary shares issued and fully paid	<u>9,905</u>	<u>9,905</u>	<u>16,132</u>	<u>16,504</u>

Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Profit for the period attributable to owners of the company	19,485	5,974	31,735	10,640
Weighted average number of ordinary shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic and diluted earnings per share (cents per share)	27.39	8.40	44.61	14.96

22. SUBSIDIARIES

The Group acquired the minority 25% share participation in Brasco Logística Offshore Ltda. As a result of this transaction, the Group became the sole owner of 100% of Brasco's total share capital.

The transaction was completed on June 16, 2010, with a consideration of US\$9.0 million (R\$14.7 million) measured by reference to the fair value, for the acquisition of shares equivalent to 25% of the total Brasco share capital. This transaction resulted in additional paid in capital of US\$4.9 million (R\$8.0 million) reported in the consolidated statement of changes in equity.

During the period, the Group disposed of 7,5% share participation in Tecon Salvador S.A., reducing its continuing interest to 92,5%.

This transaction proceeds US\$6,723 (R\$11,202) were received part in cash and other will receive in the next years. An amount of US\$2,408 (R\$3,922) (being the proportionate share of the carrying amount of the net assets of Tecon Salvador S.A.) has been transferred to non-controlling interests. The difference of US\$2,840 (R\$4,625), net of tax, between the increase in the non-controlling interests and the consideration received has been credit in the consolidated statement of changes in equity.

Details of the Company's subsidiaries at the end of the reporting period are as follows:

	Place of incorporation and operation	Proportion of ownership interest	
		March 31, 2011	December 31, 2010
<u>Holding company</u>			
Wilson Sons de Administração e Comércio Ltda.	Brazil	100%	100%
Vis Limited	Guernsey	100%	100%
WS Participações S.A.	Brazil	100%	100%
<u>Towage</u>			
Saveiros Camuyrano Serviços Marítimos S.A.	Brazil	100%	100%
Sobrare-Servemar Ltda.	Brazil	100%	100%
Wilson Sons Apoio Marítimo Ltda.	Brazil	100%	100%
Wilson Sons Operações Marítimas Especiais Ltda.	Brazil	100%	100%
<u>Shipyard</u>			
Wilson, Sons S.A. Comércio, Indústria, e Agência de Navegação Ltda.	Brazil	100%	100%
Wilson Sons Estaleiro Ltda.	Brazil	100%	100%
<u>Ship Agency</u>			
Wilson Sons Agência Marítima Ltda.	Brazil	100%	100%
Wilson Sons Navegação Ltda.	Brazil	100%	100%
Transamérica Visas Serviços de Despachos Ltda.	Brazil	100%	100%
<u>Logistics</u>			
Wilson, Sons Logística Ltda.	Brazil	100%	100%
EADI Santo André Terminal de Carga Ltda.	Brazil	100%	100%
<u>Port terminal</u>			
Brasco Logística Offshore Ltda	Brazil	100%	100%
Tecon Rio Grande S.A.	Brazil	100%	100%
Tecon Salvador S.A.	Brazil	92.5%	100%
Wilport Operadores Portuários Ltda.	Brazil	100%	100%
Wilson, Sons Operadores Portuários Ltda.	Brazil	100%	100%
Wilson, Sons Terminais de Cargas Ltda.	Brazil	100%	100%

The Group also has 100% of ownership interest in a Brazilian Private Investment Fund called the Hydrus Fixed Income Private Credit Investment Fund. This fund is managed by Itaú bank and its policies and objectives are determined by the Group's treasury (Note 14).

23. JOINT VENTURES

On 28 May 2010 the Group finalised the offshore joint venture "Wilson, Sons Ultratug Participacoes S.A." with Remolcadores Ultratug Ltda., a subsidiary of Ultratug Ltda., a Chilean Group.

The Group contributed its 50% participation of the joint venture with the issued shares of Wilson, Sons Offshore S.A., the company that owns and operates the Group's offshore supply vessels. The Ultratug Group contributed its 50% participation of the joint venture with the issued shares of Magallanes Navegacao Brasileira S.A., the owner of the Ultratug Group's offshore operations in Brazil and US\$14.3 million in cash.

Consolidation elimination of intercompany profit represents profits on the construction of PSVs in the Groups shipyards previously eliminated on consolidation.

The Group has the following significant interests in joint ventures at March 31, 2011:

	Place of incorporation and operation	Proportion of ownership interest	
		March 31, 2011	December 31, 2010
<u>Towage</u>			
Consórcio de Rebocadores Barra de Coqueiros	Brazil	50%	50%
Consórcio de Rebocadores Baia de São Marcos	Brazil	50%	50%
<u>Logistics</u>			
Allink Transportes Internacionais Limitada	Brazil	50%	50%
<u>Offshore</u>			
Wilson, Sons Ultratug Participações S.A.*	Brazil	50%	50%

* Wilson, Sons Ultratug Participações S.A. controls Wilson, Sons Offshore S.A. and Magallanes Navegação Brasileira S.A. These latter two companies are indirect joint ventures of the Company.

The following amounts are included in the Group's financial statements as a result of proportionate consolidation of joint ventures.

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Current assets	15,384	17,991	25,056	29,977
Non-current assets	133,686	127,213	217,734	211,963
Current liabilities	(33,315)	(31,976)	(54,260)	(53,278)
Non-current liabilities	(109,463)	(109,242)	(178,282)	(182,020)
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Income	11,994	4,175	19,535	7,436
Expenses	(9,809)	(3,827)	(15,976)	(6,816)

24. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Minimum lease payments under operating leases recognized in income for the year	14,863	14,528	24,207	24,207

At March 31, 2011, the minimum amount due by the Group for future minimum lease payments under cancellable operating leases was US\$13,983 (R\$22,774) (2010: US\$13,668 (R\$22,774)).

Lease commitments for land and buildings with a term of over 5 years are recognized as an expense on a straight-line basis over the lease term. These operating lease arrangements are between Tecon Rio Grande and the Rio Grande port authority, and between Tecon Salvador and the Salvador port authority. The Tecon Rio Grande concession expires in 2022 and the Tecon Salvador concession in 2025.

The Tecon Rio Grande guaranteed payments consist of two elements; a fixed rental, and fee per 1,000 containers moved based on forecast volumes made by the consortium. The amount shown in the accounts is based on the minimum volume forecast. Volumes are forecast to rise in future years. If container volumes moved through the terminal exceed forecast volumes in any given year additional payments will be required.

Tecon Salvador guaranteed payments consists of three elements; a fixed rental, a fee per container moved based on minimum forecast volumes and a fee per ton of non-containerized cargo moved based on minimum forecast volumes.

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Within one year	2,262	2,211	3,684	3,684
In the second to fifth year inclusive	<u>18,294</u>	<u>18,425</u>	<u>29,779</u>	<u>30,700</u>
Total	<u>20,556</u>	<u>20,636</u>	<u>33,463</u>	<u>34,384</u>

Non-cancellable lease payments represent rental payments by the Group for the bonded warehouse used by EADI Santo Andre.

In November, 2008 the Group's renewed the concession to operate the EADI Santo Andre (a bonded warehouse) for a further ten years. With this, the Group's management renewed the rental agreement contract of the bonded warehouse used by EADI Santo Andre for the same period. The unexpired lease period at March 31, 2011 is 9 years and 1 month. These rental payments are updated by a Brazilian general inflation index (IGPM - General Market Price Index).

25. FINANCIAL INSTRUMENTS AND RISK ASSESSMENT

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowing disclosed in Note 15, cash and cash equivalents, and short term investments disclosed in Note 14, and equity attributable to owners of the parent comprising issued capital, reserves and retained earnings as disclosed in Note 21.

b) Categories of financial instruments:

	Fair value		Book value	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Financial assets:				
Loans and receivables (includes: cash and cash equivalents, short term investments and trade and other receivables)	270,537	289,862	270,537	289,862
Financial liabilities:				
Other financial liabilities (includes: bank loans and overdrafts, obligations under finance leases and trade and other payables)	440,274	443,406	439,297	443,011

	Fair value		Book value	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Financial assets:				
Loans and receivables (includes: cash and cash equivalents, short term investments and trade and other receivables)	440,624	482,967	440,624	482,967
Financial liabilities:				
Other financial liabilities (includes: bank loans and overdrafts, obligations under finance leases and trade and other payables)	717,070	738,799	715,482	738,144

c) Financial risk management objectives

The Group's Structured Operations Department monitors and manages financial risks related to the operations and coordinates access to domestic and international financial markets. These risks include market risk (currency and interest rate variation), credit risk and liquidity risk. The primary objective is to keep a minimum exposure to those risks by using non-derivative financial instruments and by assessing and controlling the credit and liquidity risks.

d) Foreign currency risk management

The operating cash flows are subject to fluctuation in currency, because they are denominated part in Real and part in US Dollars, the proportions of which vary according to the characteristics of each business. In general terms, for operating cash flows, the Group seeks to neutralize the currency risk by matching assets (receivables) and liabilities (payments). Furthermore, the Group seeks to generate an operating cash surplus in the same currency in which the debt service of each business is denominated.

Cash flows from investments in fixed assets are mostly denominated in Real and US Dollars. These investments are subject to currency fluctuations within the period between when goods or services are contracted and the price is determined and the actual date of payment of those goods and services. These flows are monitored with the purpose of matching the currencies of sources and uses of funds and their due dates.

The Group has contracted debt that is US Dollar-denominated and Real-denominated, and the cash and cash equivalents balances are also invested in US Dollar-denominated and Real-denominated vehicles.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

	Assets		Liabilities	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	US\$	US\$	US\$	US\$
Amounts denominated in Real	258,416	255,565	161,307	159,567

	Assets		Liabilities	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
	R\$	R\$	R\$	R\$
Amounts denominated in Real	420,882	425,822	262,720	265,871

Foreign currency sensitivity analysis

Exchange rates	
Probable Scenario	Possible Scenario (25%)
R\$1.65/US\$1.00	R\$2.0625/US\$1.00

<u>Operation</u>	<u>Risk</u>	<u>Amount in USD</u>	<u>Result</u>	<u>Probable Scenario</u>	<u>Possible Scenario (25%)</u>
Total assets	BRL	258,416	Exchange effects	(3,336)	(54,352)
Total liabilities	BRL	161,307	Exchange effects	<u>2,082</u>	<u>33,927</u>
			Net effect on results	<u>(1,254)</u>	<u>(20,425)</u>

e) Interest rate risk management

The Group is exposed to interest rate risk as entities within the Group borrow funds at both fixed and floating interest rates. BNDES and Banco do Brasil ("BB"), providing funds from the Brazilian Merchant Maritime Fund ("FMM"), charge fixed interest rates on loans for vessel construction. Since these rates are fixed and they are below market interest rates, the Group understands that the risk for these contracts is low.

As for the financing of Port Operations, the Group's strategy for interest rate management has been to maintain a balanced portfolio of fixed and floating interest rates depending on market conditions and yield curves. The Company's interest rate risk management strategy may use derivative instruments to reduce debt cost attributable to interest rate volatility.

The BNDES's FINAME product and the financial leasing provide financing for equipment in our Logistics Operations. The interest rate for BNDES's FINAME product is the Long Term Interest Rate ("TJLP") and there are no instruments on the market to mitigate fluctuations of this rate. However, the risk is considered low because the rate is determined below market rates, it is lower than the interest rate of the economy (Selic), and has the inflation target as one of the components of its calculation (as well as the Selic).

The Real-linked investments yield interest rates that follow the "DI" (Brazilian Interbank interest rates) daily variation for privately-issued securities and/or "Selic-Over" government-issued bonds. The US Dollar-linked investments are time deposits, with short-term maturities.

f) Liquidity risk management

The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

g) Credit Risk

The Group's credit risk can be attributed mainly to balances such as cash and cash equivalents and trade accounts receivable. The accounts receivable in the balance sheet are shown net of the provision for doubtful receivables. The valuation provision is booked whenever a loss is detected, which, based on past experience, evidences impaired possibility of recovering cash flows.

The Group invests surplus temporarily cash in government bonds and in private investment funds with regulations approved by Management which follow Group policy on concentration of credit risk. Credit risk on investments is non-government backed paper is mitigated by investing only in leading financial institutions.

The Group's sales policy follow the criteria for credit sales set by Management, which seeks to mitigate any loss from customers' delinquency.

h) Derivatives

The Group may enter into derivatives contracts to hedge risks arising from exchange rate fluctuations and interest. In 2010, the Group entered into futures contracts for one-day interbank deposits at notional average one day interest rate for the period between the trade date and the final day of the contracted trading period, marked to market against the effective average one day interest rate for the period, as calculated and published daily by CETIP. As of March 31, 2011 there were no such contracts.

i) Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at March 31, 2011 and December 31, 2010 at amounts similar to the fair value at those dates. These instruments are managed through operating strategies aimed to obtain liquidity, profitability and security. The control policy consists of an ongoing monitoring of rates agreed versus those in force in the market and confirmation as to whether its short-term financial investments are being properly marked to market by the institutions dealing with its funds.

The Group does not make speculative investments in derivatives or in any other risk assets. The determination of estimated realization values of Company's financial assets and liabilities relies on information available in the market and relevant assessment methodologies. Nevertheless, considerable judgment was required when interpreting market data to derive the most adequate estimated realization value.

j) Criteria, assumptions and limitations used when computing market values

Cash and cash equivalents

The market values of the bank current account balances are consistent with book balances.

Short term investments

The book value of short-term financial investments approximates its fair value.

Trade and other receivables/payables

In the Group management's view, the book balance of trade and other accounts receivable and payables approximates fair value.

Bank Overdrafts and Loans

Fair value of loans arrangements were calculated at their present value determined by future cash flows and at interest rates applicable to instruments of similar nature, terms and risks or at market quotations of these securities.

Fair value of BNDES, BB, Finimp and Eximbank financing arrangements is similar to book balances since there are no similar instruments, with comparable maturity dates and interest rates.

In the loan arrangement with IFC, fair value was obtained using the same spread as in the most recent agreement plus Libor.

26. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associates, joint ventures, other investments and other parties are disclosed below.

	Current <u>Liabilities</u> <u>US\$</u>	<u>Revenues</u> <u>US\$</u>	<u>Expenses</u> <u>US\$</u>
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	(4)	9	385
2. Consórcio de Rebocadores Barra de Coqueiros	21	99	-
3. Consórcio de Rebocadores Baía de São Marcos	(1,710)	8	245
4. Wilson Sons Ultratug and subsidiaries	21,952	11,450	245
Other:			
5. Gouvêa Vieira Advogados	-	-	85
6. CMMR Intermediação Comercial Ltda.	-	-	99
7. Transamérica Ag. Marítima	1,714	-	50
At March 31, 2011	<u>21,973</u>	<u>11,566</u>	<u>1,109</u>
At December 31, 2010	<u>7,651</u>	<u>40,964</u>	<u>5,218</u>
At March 31, 2010	<u>(4,668)</u>	<u>790</u>	<u>82</u>

	Current <u>liabilities</u> <u>R\$</u>	<u>Revenues</u> <u>R\$</u>	<u>Expenses</u> <u>R\$</u>
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	(7)	15	627
2. Consórcio de Rebocadores Barra de Coqueiros	34	162	-
3. Consórcio de Rebocadores Baía de São Marcos	(2,786)	13	399
4. Wilson Sons Ultratug and subsidiaries	35,754	18,650	399
Other:			
5. Gouvêa Vieira Advogados	-	-	139
6.. CMMR Intermediação Comercial Ltda.	-	-	162
7. Transamérica Ag. Marítima	2,792	-	82
At March 31, 2011	<u>35,787</u>	<u>18,840</u>	<u>1,808</u>
At December 31, 2010	<u>12,746</u>	<u>68,256</u>	<u>8,696</u>
At March 31, 2010	<u>(8,315)</u>	<u>1,409</u>	<u>146</u>

1. Allink Transportes Internacionais Limitada is 50% owned by the Group and rents office space from the Group.
- 2-3. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation.
4. Intercompany loan receivable with Wilson Sons Ultratug (Interest – 0.3% per month; with no maturity) and Trade payable with Wilson Sons Offshore and Magallanes for Wilson Sons shipyards in respect of vessel construction are disclosed as a result of proportionate amounts not eliminated on consolidation.

5. Dr. J.F. Gouvea Vieira is a managing partner in the law firm Gouvea Vieira Advogados. Fees were paid to Gouvea Vieira Advogados for legal services.
6. Mr. C. M. Marote is a shareholder and Director of CMMR Intermediação Comercial Limitada, Fees were paid to CMMR Intermediação Comercial Limitada for consultancy services.
7. Trade and other payables with Transamérica (Interest – 1% per month; with no maturity).

The Company adopted the policy of netting the assets and liabilities of the group related party transactions.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	March 31, 2011 US\$	March 31, 2010 US\$	March 31, 2011 R\$	March 31, 2010 R\$
Profit before tax		27,857	10,273	45,371	18,296
Less: Investment revenues	7	(4,172)	1,068	(6,795)	1,902
Add: Finance costs	7	<u>3,360</u>	<u>2,936</u>	<u>5,472</u>	<u>5,229</u>
Operating profit from operations		27,045	14,277	44,048	25,427
Adjustments for:					
Depreciation and amortization expenses		12,871	9,545	20,963	17,000
Gain on disposal of property, plant and equipment		(30)	(15)	(49)	(27)
Provision (reversal) for cash-settled share-based payment	20	(5,838)	1,449	(9,508)	2,581
Increase in provisions		<u>879</u>	<u>2,351</u>	<u>1,432</u>	<u>4,189</u>
		34,927	27,607	56,886	49,170
Decrease in inventories		1,103	2,259	1,796	4,023
Increase in trade and other receivables		(6,656)	(8,424)	(10,841)	(15,003)
Decrease in trade and other payables		5,522	15,440	8,994	27,499
Decrease in other non-current assets		<u>(591)</u>	<u>1,166</u>	<u>(963)</u>	<u>2,077</u>
Cash generated by operations		34,305	38,048	55,872	67,766
Income taxes paid		(10,842)	(5,865)	(17,658)	(10,447)
Interest paid		<u>(2,708)</u>	<u>(2,390)</u>	<u>(4,410)</u>	<u>(4,257)</u>
Net cash from operating activities		<u>20,755</u>	<u>29,793</u>	<u>33,804</u>	<u>53,062</u>

Non-cash transactions:

During the current period, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- Equipment acquisition under finance leasing of US\$1,374 (R\$2,238);
- Fixed Assets suppliers US\$2,861 (R\$4,659);
- Capitalized interest US\$239 (R\$389);
- Taxes settlement US\$273 (R\$444);
- Receiving from Intermarítima US\$6.405 (R\$10.431).

28. SUBSEQUENT EVENT

In Board Meeting held on May 6, 2011 the Board Directors declared the payment of dividends in the amount of USD0.254 per share (R\$0.412 cents per share) in the total amount of US\$18,071 (R\$29,295) to Shareholders of record as at May 6, 2011 and the payment of such dividend on May 13,2011.

29. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information were approved by the board of directors and authorized for issue on May 12, 2011.
