Wilson Sons Limited

Condensed consolidated interim financial statements at March 31, 2014

KPDS 86911

Contents

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Independent Accountants' Review Report on the Quarterly Information

To
The Board of Directors and Shareholders of
Wilson Sons Limited
Hamilton – Bermuda

Introduction

We have reviewed the condensed consolidated interim financial accounting information of Wilson Sons Limited ("the Company"), contained in the quarterly information form for the quarter ended March 31, 2014, which comprises the condensed consolidated statement of financial position as of March 31, 2014 and the respective condensed consolidated statements of profit or loss and comprehensive income for the three -month periods ended at that date and changes in shareholders' equity and cash flows for the three-month periods ended at that date, as well as the explanatory notes.

Management is responsible for the preparation of the interim accounting information in accordance with IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), applicable to the preparation of quarterly information. Our responsibility is to express our conclusion on this condensed consolidated interim accounting information based on our review.

Scope of the review

We have conducted our review in accordance with international interim information review standards (ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim information consists of making inquiries primarily to persons responsible for financial and accounting matters and applying analytical and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with auditing standards and, accordingly, we were unable to obtain reasonable assurance that we were aware of all the material issues that would have been identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the condensed consolidated interim accounting information

Based on our review, we are not aware of any fact that might lead us to believe that the condensed consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with IAS 34 applicable to the preparation of the interim information.

Emphases

Restatement of corresponding figures
Without qualifying our review report further, we draw your attention that due to changes in accounting policies the corresponding figures related to the period ended March 31, 2013, presented for comparison purposes, were adjusted and restated as required by IAS 8 - Accounting Policies, changes in Accounting Estimates and Errors, as mentioned in Note 2.

Convenience translation
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 and does not purport to represent amounts in accordance with International Financial Reporting Standards.

Rio de Janeiro, Brazil, May 15, 2014

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Marcelo Luiz Ferreira
Accountant CRC RJ-087095/O-7

Wilson Sons Limited

Condensed consolidated interim statements of profit or loss and other comprehensive income

For the periods ended March 31, 2014 and 2013

(Amounts expressed in thousands of U.S. Dollars, unless otherwise stated - Brazilian Real amounts are the result of a convenience translation) – Unaudited

				Convenience translation	
	Notes	**March 31, 2014 US$**	**March 31, 2013 US$ (Restated)**	**March 31, 2014 R$**	**March 31, 2013 R$ (Restated)**
Revenue	4	147,728	148,314	334,308	298,675
Raw materials and consumables used		(22,036)	(18,991)	(49,867)	(38,244)
Employee benefits expense	5	(42,426)	(50,276)	(96,010)	(101,247)
Depreciation and amortization expenses		(15,777)	(13,780)	(35,703)	(27,751)
Other operating expenses	6	(42,828)	(44,093)	(96,920)	(88,793)
Profit (loss) on disposal of property, plant and equipment		(248)	1,022	(561)	2,059
Results from operating activities		24,413	22,196	55,247	44,699
Share of result of subsidiary		(816)	1,201	(1,847)	2,419
Finance income	7	1,711	1,940	3,872	3,907
Finance expenses	7	(400)	(2,925)	(905)	(5,890)
Foreign exchange gains on monetary items		6,128	4,277	13,868	8,611
Profit before tax		31,036	26,689	70,235	53,746
Income tax expense	8	(6,751)	(7,150)	(15,278)	(14,399)
Profit for the period		24,285	19,539	54,957	39,347
Profit for the period attributable to:					
Owners of the Company		23,631	18,755	53,477	37,768
Non controlling interests		654	784	1,480	1,579
		24,285	19,539	54,957	39,347
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Exchange differences on translation		3,138	2,386	7,102	4,806
Effective portion of changes in fair value of cash flow hedges		55	-	124	-
Total comprehensive income for the period		27,478	21,925	62,183	44,153
Total comprehensive income for the period attributable to:					
Owners of the Company		26,627	20,978	60,257	42,245
Non controlling interests		851	947	1,926	1,908
		27,478	21,925	62,183	44,153
Earnings per share from continuing operations					
Basic and diluted (cents per share)	21	37.43c	29.49c	84.70c	59.38c

Exchange rates
03/31/14 - R$2.2630/ US$1.00
12/31/13 - R$2.3426/ US$1.00
03/31/13 - R$2.0138/ US$1.00

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

Wilson Sons Limited

Condensed consolidated interim statements of financial position

For the periods ended March 31, 2014 and year ended December 31, 2013

(Amounts expressed in thousands of U.S. Dollars, unless otherwise stated - Brazilian Real amounts are the result of a convenience translation) - Unaudited

	Notes	March 31, 2014 US$ (Unaudited)	December 31, 2013 US$	Convenience translation March 31, 2014 R$ (Unaudited)	Convenience translation December 31, 2013 R$
ASSETS					
NON-CURRENT ASSETS					
Goodwill	9	38,396	37,622	86,890	88,134
Other intangible assets	10	46,309	46,650	104,797	109,280
Property, plant and equipment	11	636,990	616,912	1,441,508	1,445,179
Deferred tax assets	16	28,602	30,099	64,726	70,510
Investment	23	3,840	2,577	8,690	6,036
Trade and other receivables	13	56,967	66,198	128,916	155,076
Other non-current assets		11,062	10,209	25,034	23,915
Total non-current assets		822,166	810,267	1,860,561	1,898,130
CURRENT ASSETS					
Inventories	12	27,231	29,090	61,624	68,145
Trade and other receivables	13	107,238	108,487	242,680	254,143
Short-term investments	14	51,000	33,000	115,413	77,306
Cash and cash equivalents	14	87,755	97,946	198,590	229,448
Total current assets		273,224	268,523	618,307	629,042
TOTAL ASSETS		1,095,390	1,078,790	2,478,868	2,527,172
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	21	9,905	9,905	22,415	23,204
Capital reserves		94,324	94,324	213,455	220,964
Profit reserve		858	807	1,942	1,890
Share options	20	698	-	1,580	-
Retained earnings		432,946	409,315	979,757	958,862
Translation reserve		1,893	(1,052)	4,284	(2,470)
Equity attributable to owners of the Company		540,624	513,299	1,223,433	1,202,450
Non-controlling interests		4,550	3,699	10,297	8,670
Total equity		545,174	516,998	1,233,730	1,211,120
NON-CURRENT LIABILITIES					
Bank loans	15	335,668	334,394	759,619	783,351
Derivatives	25	1,080	1,130	2,445	2,648
Post-employment benefits	20	2,243	2,251	5,077	5,273
Deferred tax liabilities	16	29,880	33,761	67,618	79,088
Provisions for tax, labor and civil risks	17	11,725	10,262	26,534	24,039
Obligations under finance leases	18	4,707	4,812	10,652	11,273
Total non-current liabilities		385,303	386,610	871,945	905,672
CURRENT LIABILITIES					
Trade and other payables	19	123,304	135,317	279,032	316,995
Derivatives	25	144	110	325	257
Current tax liabilities		1,140	211	2,581	492
Obligations under finance leases	18	1,613	1,547	3,650	3,623
Bank overdrafts and loans	15	38,712	37,997	87,605	89,013
Total current liabilities		164,913	175,182	373,193	410,380
Total liabilities		550,216	561,792	1,245,138	1,316,052
TOTAL EQUITY AND LIABILITIES		1,095,390	1,078,790	2,478,868	2,527,172

Exchange rates
03/31/14 - R$2.2630/ US$1.00
12/31/13 - R$2.3426/ US$1.00
03/31/13 - R$2.0138/ US$1.00

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

Wilson Sons Limited

Condensed consolidated interim statements of changes in equity

For the periods ended March 31, 2014 and 2013

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

	Notes	Share capital US$	Capital reserves: Share premium US$	Capital reserves: Others US$	Capital reserves: Additional paid- in capital US$	Derivatives US$	Profit reserve US$	Contributed surplus US$	Share Options US$	Retained earnings US$	Translation Reserve US$	Attributable to owners of the Company US$	Non-controlling interests US$	Total US$
BALANCE AT JANUARY 01, 2013		9,905	67,951	28,383	(2,010)	223	1,981	9,379	-	379,894	2,412	498,118	3,734	501,852
Profit for the period		-	-	-	-	-	-	-	-	18,755	-	18,755	784	19,539
Derivatives		-	-	-	-	217	-	-	-	-	-	217	-	217
Other comprehensive income		-	-	-	-	-	-	-	-	-	2,223	2,223	163	2,386
Total comprehensive income for the period		-	-	-	-	217	-	-	-	18,755	2,223	21,194	947	22,141
BALANCE AT MARCH 31, 2013	21	9,905	67,951	28,383	(2,010)	439	1,981	9,379	-	398,649	4,635	519,312	4,681	523,993
BALANCE AT JANUARY 01, 2014	21	9,905	67,951	28,383	(2,010)	(1,174)	1,981	-	-	409,315	(1,052)	513,299	3,699	516,998
Profit for the period		-	-	-	-	-	-	-	-	23,631	-	23,631	654	24,285
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	51	-	-	-	-	-	51	4	55
Other comprehensive income		-	-	-	-	-	-	-	-	-	2,945	2,945	193	3,138
Total comprehensive income for the period		-	-	-	-	51	-	-	-	23,631	2,945	26,627	851	27,478
Share Options	20	-	-	-	-	-	-	-	698	-	-	698	-	698
BALANCE AT MARCH 31, 2014	21	9,905	67,951	28,383	(2,010)	(1,123)	1,981	-	698	432.946	1,893	540,624	4,550	545,174

(continue)

Wilson Sons Limited

Condensed consolidated interim statements of changes in equity

For the periods ended March 31, 2014 and 2013

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

	Notes	Share capital R$	Capital reserves: Share premium R$	Capital reserves: Others R$	Capital reserves: Additional paid- in capital R$	Derivatives R$	Profit Reserve R$	Contributed surplus R$	Share Options R$	Retained earnings R$	Translation reserve R$	Attributable to owners of the parent R$	Non-controlling interests R$	Total R$
BALANCE AT JANUARY 01, 2013		20,241	138,858	57,998	(4,107)	456	4,048	19,166	-	776,314	4,928	1,017,902	7,631	1,025,533
Profit for the period		-	-	-	-	-	-	-	-	37,768	-	37,768	1,579	39,347
Derivatives		-	-	-	-	435	-	-	-	-	-	435	-	435
Other comprehensive income		-	-	-	-	-	-	-	-	-	4,477	4,477	329	4,806
Total comprehensive income for the period		-	-	-	-	435	-	-	-	37,768	4,477	42,680	1,908	44,588
Translation adjustment to Real		(294)	(2,018)	(840)	59	(7)	(59)	(279)	-	(11,282)	(71)	(14,791)	(112)	(14,903)
BALANCE AT MARCH 31, 2013	21	19,947	136,840	57,158	(4,048)	884	3,989	18,887	-	802,800	9,334	1,045,791	9,427	1,055,218
BALANCE AT JANUARY 01, 2014		23,204	159,183	66,490	(4,709)	(2,751)	4,641	-	-	958,862	(2,470)	1,202,450	8,670	1,211,120
Profit for the period		-	-	-	-	-	-	-	-	53,477	-	53,477	1,480	54,957
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	115	-	-	-	-	-	115	9	124
Other comprehensive income		-	-	-	-	-	-	-	-	-	6,665	6,665	437	7,102
Total comprehensive income for the period		-	-	-	-	115	-	-	-	53,477	6,665	60,257	1,926	62,183
Share Options	20	-	-	-	-	-	-	-	1,580	-	-	1,580	-	1,580
Translation adjustment to Real		(789)	(5,410)	(2,258)	159	95	(158)	-	-	(32,582)	89	(40,854)	(299)	(41,153)
BALANCE AT MARCH 31, 2014	21	22,415	153,773	64,232	(4.550)	(2,541)	4,483	-	1,580	979,757	4,284	1,223,433	10,297	1,233,730

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

Exchange rates
03/31/14 - R$2.2630/ US$1.00
12/31/13 - R$2.3426/ US$1.00
03/31/13 - R$2.0138/ US$1.00

Wilson Sons Limited

Condensed consolidated statements of cash flows

For the periods ended March 31, 2014 and 2013

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

	Note	2014 US$	2013 US$	Convenience translation 2014 R$	Convenience translation 2013 R$
NET CASH GENERATED BY OPERATING ACTIVITIES	27	29,674	35,164	67,153	70,813
CASH FLOW FROM INVESTING ACTIVITIES					
Interest received		2,083	2,007	4,714	4,042
Proceeds on disposal of property, plant and equipment		(248)	2,193	(561)	4,416
Purchases of property, plant and equipment		(26,987)	(20,583)	(61,072)	(41,450)
Other intangible assets		(208)	(466)	(471)	(938)
Investment - short term and long term investment		(18,000)	-	(40,734)	-
Net cash used in investing activities		(43,360)	(16,849)	(98,124)	(33,930)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of borrowings		(12,646)	(11,194)	(28,618)	(22,542)
Repayments of obligation under finance leases		(339)	(632)	(767)	(1,273)
Derivative paid		(33)	-	(75)	-
New bank loans raised		14,483	5,351	32,775	10,776
Net cash used in financing activities		1,465	(6,475)	3,315	(13,039)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(12,221)	11,840	(27,656)	23,844
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		97,946	116,018	229,448	237,083
Effect of foreign exchange rate changes		2,030	3,809	4,594	7,669
Translation adjustment to Real		-	-	(7,796)	(3,445)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		87,755	131,667	198,590	265,151

(*) Exchange rates for convenience translation
03/31/14 - R$2.2630/ US$1.00
12/31/13 - R$2.3426/ US$1.00
03/31/13 - R$2.0138/ US$1.00

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

Notes to the condensed consolidated interim financial statements

(Amounts expressed in thousands of US dollars, unless otherwise noted - Brazilian real amounts are the result of a Convenience Translation - See Note 2) - Unaudited

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 176 years in the Brazilian market, the Company developed a nationwide network and also has provided a variety of services related to international trade, particularly in the port and maritime sectors. The Company's principal activities are divided into the following segments: operation of port terminals, towage services, logistics, shipping agency, support to offshore oil and natural gas platforms and shipyards.

2 Significant accounting policies and critical accounting judgments

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board - IASB.

Basis of preparation

The condensed consolidated interim financial statements are presented in US Dollars, which is the Company's functional currency, and also, 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 described below. All financial information presented in dollar has been rounded to the nearest thousand, except when otherwise indicated.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for derivatives that is measured at fair values, as explained in the accounting policies. The accounting policies and most significant judgments adopted by the Group's management were not modified in relation to those presented in the consolidated financial statements for the year ended December 31, 2013 approved on March 27, 2014.

Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the applications of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2013.

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 Brazilian Real, at such rates or at any other rate.

The exchange rates used for the purposes of this convenience translation were the PTAX exchange rates prevailing at the end of the reporting period, as disclosed by the *Banco Central do Brasil*. On March 31, 2014, December 31, 2013 and March 31, 2013 the applicable exchange rates were R$2.2630, R$2.3426 and R$2.0138, respectively. The difference between the applicable exchanges rates, on each of the closing dates, generates impacts of translation of the financial statements opening balances in Brazilian Real and the changes therein disclosed in the financial statements for the subsequent period. The effect of this difference is disclosed in the Brazilian Real Consolidated Statement of Changes in Equity and respective notes as "Translation adjustment to Real".

Reclassification

In order to improve the quality of the financial statements, the Company´s management has decided to reclassify gain/losses on translation recognized in statement of operations (resulting from the application of IAS 21), which was previously allocated to revenue, costs, and financial results, to a single line in the statement of operations, denominated “gain/losses on translation”.

Previous financial figures and those reclassified are as follows:

	As presented Mar, 31 2013 US$	**Reclassified Mar, 31 2013 US$**
Revenues	898	-
Costs	1,026	-
Financial results	2,353	4,277
Total Gain/Loss on translation	4,277	4,277

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.

Finance costs relating to liabilities were allocated to reporting segments based on the loans taken to finance the acquisition or the construction of fixed assets in that segment.

Finance income arising from bank balances held by Brazilian operating segments, including foreign exchange differences on such balances, were not allocated to the reporting segments as cash management is performed centrally by the corporate function. Administrative expenses are presented as non-segment activities.

Segment information relating to these businesses is presented below:

	2014								
March 31, 2014	**Towage US$**	**Port erminals US$**	**Ship agency US$**	**Offshore US$**	**Logistics US$**	**Shipyard US$**	**Non segment activities US$**	**Elimination US$**	**Consolidated US$**
(Three-month period ended)									
Revenue	48,112	55,304	4,233	-	20,461	31,148	-	(11,530)	147,728
Operating profit	15,329	12,298	502	-	754	243	(6,356)	1,643	24,413
Finance expenses	(1,452)	690	(11)	-	(217)	(253)	843	-	(400)
Operating profit adjusted by finance cost	13,877	12,988	491	-	537	(10)	(5,513)	1,643	24,013
Share of results of subsidiary	-	-	-	(816)	-	-	-	-	(816)
Finance income	-	-	-	-	-	-	-	-	1,711
Foreign exchange gains on monetary items	-	-	-	-	-	-	-	-	6,128
Profit before tax	-	-	-	-	-	-	-	-	31,036
Other information:									
Capital expenditures	(13,986)	(12,122)	(19)	-	(183)	(1,051)	(97)	-	(27,458)
Depreciation and amortization	(4,103)	(8,706)	(182)	-	(1,562)	(120)	(1,104)	-	(15,777)

March 31, 2013	Towage US$	Port terminals US$	Ship agency US$	Offshore US$	Logistics US$	Shipyard US$	Non segment activities US$	Elimination US$	Consolidated US$
	2013								
(Three-month period ended)									
Revenue	43,343	53,129	5,745	-	25,846	37,143	-	(16,892)	148,314
Operating profit	10,689	10,362	782	-	3,548	6,003	(8,260)	(928)	22,196
Finance expenses	(1,501)	(1,958)	(8)	-	(466)	(16)	1,004	20	(2,925)
Operating profit adjusted by finance cost	9,188	8,404	774	-	3,082	5,987	(7,256)	(908)	19,271
Share of results of subsidiary	-	-	-	1,201	-	-	-	-	1,201
Finance income	-	-	-	-	-	-	-	-	1,940
Foreign exchange gains on monetary items	-	-	-	-	-	-	-	-	4,277
Profit before tax	-	-	-	-	-	-	-	-	26,689
Other information:									
Capital expenditures	(4,380)	(11,226)	(2)	-	(388)	(3,455)	(2,095)	-	(21,546)
Depreciation and amortization	(3,665)	(7,099)	(182)	-	(1,855)	(91)	(888)	-	(13,780)

March 31, 2014	Towage R$	Port terminals R$	Ship agency R$	Offshore R$	Logistics R$	Shipyard R$	Non segment activities R$	Elimination R$	Consolidated R$
	2014								
(Three-month period ended)									
Revenue	108,877	125,153	9,579	-	46,303	70,488	-	(26,092)	334,308
Operating profit	34,690	27,830	1,136	-	1,706	551	(14,384)	3,718	55,247
Finance expenses	(3,286)	1,561	(25)	-	(491)	(572)	1,908	-	(905)
Operating profit adjusted by finance cost	31,404	29,391	1,111	-	1,215	(21)	(12,476)	3,718	54,342
Share of results of subsidiary	-	-	-	(1,847)	-	-	-	-	(1,847)
Finance income	-	-	-	-	-	-	-	-	3,872
Foreign exchange gains on monetary items	-	-	-	-	-	-	-	-	13,868
Profit before tax	-	-	-	-	-	-	-	-	70,235
Other information:									
Capital expenditures	(31,650)	(27,431)	(43)	-	(414)	(2,378)	(222)	-	(62,138)
Depreciation and amortization	(9,285)	(19,702)	(412)	-	(3,535)	(272)	(2,497)	-	(35,703)

	2013								
March 31, 2013	**Towage R$**	**Port terminals R$**	**Ship agency R$**	**Offshore R$**	**Logistics R$**	**Shipyard R$**	**Non segment activities R$**	**Elimination R$**	**Consolidated R$**
(Three-month period ended)									
Revenue	87,284	106,991	11,569	-	52,049	74,799	-	(34,017)	298,675
Operating profit	21,526	20,867	1,575	-	7,145	12,091	(16,636)	(1,869)	44,699
Finance expenses	(3,023)	(3,943)	(16)	-	(938)	(33)	2,022	41	(5,890)
Operating profit adjusted by finance cost	18,503	16,924	1,559	-	6,207	12,058	(14,614)	(1,828)	38,809
Share of results of Subsidiary	-	-	-	2,419	-	-	-	-	2,419
	-	-	-		-	-	-	-	
Finance income	-	-	-	-	-	-	-	-	3,907
Foreign exchange gains on monetary items	-	-	-	-	-	-	-	-	8,611
Profit before tax	-	-	-	-	-	-	-	-	53,746
Other information:									
Capital expenditures	(8,820)	(22,607)	(4)	-	(781)	(6,958)	(4,219)	-	(43,389)
Depreciation and amortization	(7,381)	(14,296)	(367)	-	(3,735)	(182)	(1,790)	-	(27,751)

Geographical information

The Group's operations are mainly located in Brazil. The Group earns income on cash and cash equivalents and investments in Bermuda and in Brazil and incurs revenues and expenses on its activities in the latter country.

4 Revenue

The following is an analysis of the Group's revenue from continuing operations for the period (excluding Finance income - Note 7).

	Mar 31, 2014 US$	Mar 31, 2013 Restated US$	Mar 31, 2014 R$	Mar 31, 2013 Restated R$
Sales of services	128,109	128,063	289,910	257,893
Revenue from construction contracts	19,619	20,251	44,398	40,782
Total	147,728	148,314	334,308	298,675

5 Employee benefits expense

	Mar 31, 2014 US$	Mar 31, 2013 US$	Mar 31, 2014 R$	Mar 31, 2013 R$
Salaries and benefits	39,983	44,303	90,482	89,218
Payroll taxes	5,283	7,385	11,955	14,872
Pension costs	357	363	808	731
Long-term incentive plan (Note 20)	(3,197)	(1,775)	(7,235)	(3,574)
Total	42,426	50,276	96,010	101,247

6 Other operating expenses

	Mar 31, 2014 US$	Mar 31, 2013 US$	Mar 31, 2014 R$	Mar 31, 2013 R$
Service cost	10,625	11,525	24,044	23,209
Rent of tugs	6,603	6,050	14,943	12,183
Freight	2,664	1,842	6,029	3,709
Other rentals	5,304	6,632	12,003	13,356
Energy, water and communication	5,468	5,837	3,250	11,755
Container handling	2,664	1,841	12,374	3,707
Insurance	1,674	1,497	6,029	3,015
Provisions for contingencies	1,436	346	3,788	697
Other taxes	3,019	3,976	6,832	8,007
Other expenses	3,371	4,547	7,628	9,155
Total	42,828	44,093	96,920	88,793

7 Finance income and finance costs

	Mar 31, 2014 US$	Mar 31, 2013 Restated US$	Mar 31, 2014 R$	Mar 31, 2013 Restated US$
Interest on investments	1,905	2,007	4,311	4,042
Exchange gain (loss) on investments	(578)	(466)	(1,308)	(938)
Other interest income	384	399	869	803
Total finance income	1,711	1,940	3,872	3,907
Interest on bank loans and overdrafts	(2,847)	(2,789)	(6,443)	(5,617)
Exchange gain on loans	2,554	(93)	5,780	(187)
Interest on obligations under finance leases	(279)	(131)	(631)	(264)
Total borrowing costs	(572)	(3,013)	(1,294)	(6,068)
Other interest	172	88	389	178
Total finance costs	(400)	(2,925)	(905)	(5,890)
Foreign exchange gains (losses) on monetary items	6,128	4,277	13,868	8,611

8 Income tax expense

Income tax recognized in profit or loss:

	Mar 31, 2014 US$	Mar 31, 2013 US$	Mar 31, 2014 R$	Mar 31, 2013 R$
Current				
Brazilian taxation				
Income tax	6,257	7,091	14,160	14,280
Social contribution	2,590	2,689	5,861	5,415
Total Brazilian current tax	8,847	9,780	20,021	19,695
Deferred tax				
Total deferred tax	(2,096)	(2,630)	(4,743)	(5,296)
Total income tax expense	6,751	7,150	15,278	14,399

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 income tax expense for the period can be reconciled to the accounting profit as follows:

	Mar 31, 2014 US$	Mar 31, 2013 US$
Profit before tax	31,036	26,689
Tax at statutory Brazilian tax rate (34%)	10,552	9,074
Effect of exchange differences arising on translation - IAS 21	(6,216)	(2,500)
Exchange differences on US Dollar loans	65	257
Effect of different tax rates in other jurisdictions	(1,131)	(920)
Others	3,481	1,239
Income tax expense	6,751	7,150
Effective rate for the period	22%	27%

	Mar 31, 2014 R$	Mar 31, 2013 R$
Profit before tax	70,235	53,747
Tax at statutory Brazilian tax rate (34%)	23,879	18,273
Effect of exchange differences arising on translation - IAS 21	(14,067)	(5,035)
Exchange differences on US Dollar loans	147	518
Effect of different tax rates in other jurisdictions	(2,559)	(1,853)
Others	7,878	2,496
Income tax expense	15,278	14,399
Effective rate for the period	22%	27%

The tax rate used for the 2014 and 2013 reconciliations above is the corporate tax rate of 34% payable by entities in Brazil under the tax law in that jurisdiction.

New tax legislation to be applied as from January 1, 2015

Management performed an initial evaluation of the provisions contained in Provisional Measure (MP) 627 of November 11, 2013 and Normative Instruction 1397, published on September 16, 2013, amended by the Normative Instruction 1422, of December 19, 2013 ("IN 1397") .

The Provisional Measure has the main objective of harmonizing the rules governing federal taxes with accounting procedures (IFRS), thus extinguishing the Transitional Tax Regime (RTT).

Although the MP 627 comes into force from January 1, 2015, there is the possibility of an option (irreversible) for its implementation from January 1, 2014. The Administration did not opt for early adoption.

The Federal Revenue of Brazil will further regulate several issues listed in MP 627, including the way in which companies formalize their option for early adoption, and there are already a large number of proposed amendments to the regulations.

9 Goodwill

	Mar 31, 2014	Dec 31, 2013
	US$	US$
Cost and carrying amount attributed to:		
Tecon Rio Grande	13,132	13,132
Tecon Salvador	2,480	2,480
Brazilian Intermodal Complex (Briclog)	22,784	22,010
Total	38,396	37,622

	Mar 31, 2014	Dec 31, 2013
	R$	R$
Cost and carrying amount attributed to:		
Tecon Rio Grande	29,718	30,763
Tecon Salvador	5,612	5,810
Brazilian Intermodal Complex (Briclog)	51,560	51,561
Total	86,890	88,134

For the purposes of testing goodwill for impairment losses, the Group makes use its updated valuation model, for the relevant cash-generating units (Tecon Rio Grande and Tecon Salvador) derived from the most recent financial budget for the following year, extrapolates cash flows for the remaining life of the concession based on an estimated average growth rate of about 6% for Tecon Rio Grande and 6% for Tecon Salvador annually, and a discount rate of 10.07% for both business units. This rate does not exceed the average long-term historical growth rate for the relevant market. After testing goodwill as mentioned above, no impairment losses were recognised for the periods presented.

Briclog’s goodwill arose from the acquisition of Briclog and is composed partly of expectation for future profitability and partially for deferred tax on intangibles. This goodwill´s historical value is equivalent to US$ 23,272 (R$ 51,561), with negative foreign exchange impact of US$488 (2013:US$ 1,263) due to the translation effect. The goodwill will be tested for impairment annually, more details regarding this operation are presented in note 22.

10 Other intangible assets

	US$	R$
Cost		
At January 1, 2013	44,056	90,030
Additions	26,028	60,973
Additions Briclog	266	623
Disposals	(30)	(70)
Exchange differences	(3,469)	(8,126)
Foreign currency gains in respect of translation into Brazilian Real	-	13,175
At December 31, 2013	66,851	156,605
Additions	208	471
Disposals	(87)	(197)
Exchange differences	1,368	3,096
Foreign currency gains in respect of translation into Brazilian Real	-	(5,322)
At March 31, 2014	68,340	154,653
Accumulated amortization		
At January 1, 2013	14,711	30,063
Additions	6,302	14,763
Additions Briclog	206	483
Disposals	(23)	(54)
Exchange differences	(995)	(2,331)
Foreign currency gain in respect of translation into Brazilian Real	-	4,401
At December 31, 2013	20,201	47,325
Additions	1,761	3,985
Disposals	(86)	(195)
Exchange differences	155	351
Foreign currency gains in respect of translation into Brazilian Real	-	(1,610)
At March 31, 2014	22,031	49,856
Carrying amount		
March 31, 2014	46,309	104,797
December 31, 2013	46,650	109,280

The breakdown of intangibles by type is as follows:

	Mar 31, 2014	**Dec 31, 2013**
	US$	**US$**
Lease right - Briclog	22,020	21,454
Lease right - Tecon Salvador	9,387	9,263
Computer software - SAP	7,069	7,613
Other	7,833	8,320
Total	46,309	46,650

	Mar 31, 2014 R$	Dec 31, 2013 R$
Lease right - Briclog	49,832	50,258
Lease right - Tecon Salvador	21,243	21,698
Computer software - SAP	15,997	17,835
Other	17,725	19,489
Total	104,797	109,280

11 Property, plant and equipment

	Land and buildings US$	Vessels US$	Vehicles, plant and equipment US$	Assets under construction US$	Total US$
Cost or valuation					
At January 1, 2013	272,359	313,861	243,447	15,876	845,543
Additions	38,153	7,197	30,234	19,091	94,675
Additions - Briclog	12,687	-	3,291	-	15,978
Transfers	(5,033)	11,913	5,033	(11,913)	-
Exchange differences	(16,663)	-	(14,104)	-	(30,767)
Disposals	(2,006)	(11,809)	(16,282)	-	(30,097)
At December 31, 2013	299,497	321,162	251,619	23,054	895,332
Additions	11,127	2,331	2,302	11,490	27,250
Transfers	(813)	8,706	813	(8,706)	-
Exchange differences	5,129	-	4,346	-	9,475
Disposals	(2)	(80)	(1,599)	-	(1,681)
At March 31, 2014	314,938	332,119	257,481	25,838	930,376
Accumulated depreciation					
At January 1, 2013	45,932	115,758	88,990	-	250,680
Additions	17,584	11,523	23,264	-	52,371
Additions - Briclog	530	-	1,489	-	2,019
Elimination on construction contracts	-	3,744	-	-	3,744
Exchange differences	(3,188)	-	(6,012)	-	(9,200)
Disposals	(649)	(11,355)	(9,190)	-	(21,194)
At December 31, 2013	60,195	119,684	98,541	-	278,420
Additions	4,895	2,991	6,130	-	14,016
Elimination on construction contracts	-	521	-	-	521
Exchange differences	281	-	1,147	-	1,428
Disposals	(2)	-	(997)	-	(999)
At March 31, 2014	65,369	123,196	104,821	-	293,386
Carrying amount					
March 31, 2014	249,569	208,923	152,660	25,838	636,990
December 31, 2013	239,302	201,478	153,078	23,054	616,912

	Land and buildings R$	Vessels R$	Vehicles, plant and equipment R$	Assets under construction R$	Total R$
Cost or valuation					
At January 1, 2013	556,566	641,375	497,484	32,442	1,727,867
Additions	89,377	16,860	70,826	44,723	221,786
Additions - Briclog	29,721	-	7,709	-	37,430
Transfers	(11,790)	27,907	11,790	(27,907)	-
Exchange differences	(39,035)	-	(33,040)	-	(72,075)
Disposals	(4,699)	(27,664)	(38,142)	-	(70,505)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	81,462	93,876	72,816	4,748	252,902
At December 31, 2013	701,602	752,354	589,443	54,006	2,097,405
Additions	25,180	5,275	5,209	26,003	61,667
Transfers	(1,840)	19,702	1,840	(19,702)	-
Exchange differences	11,607	-	9,835	-	21,442
Disposals	(5)	(181)	(3,619)	-	(3,805)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	(23,840)	(25,565)	(20,028)	(1,834)	(71,267)
At March 31, 2014	712,704	751,585	582,680	58,473	2,105,442
Accumulated depreciation					
At January 1, 2013	93,833	236,580	181,251	-	512,264
Charge for the year	41,192	26,994	54,498	-	122,684
Additions - Briclog	1,242	-	3,488	-	4,730
Elimination on construction contracts	-	8,771	-	-	8,771
Exchange differences	(7,468)	-	(14,084)	-	(21,552)
Disposals	(1,520)	(26,600)	(21,528)	-	(49,648)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	13,733	34,627	26,617	-	74,977
At December 31, 2013	141,012	280,372	230,842	-	652,226
Additions	11,077	6,769	13,872	-	31,718
Elimination on construction contracts	-	1,179	-	-	1,179
Exchange differences	636	-	2,596	-	3,232
Disposals	(5)	-	(2,254)	-	(2,259)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	(4,791)	(9,527)	(7,844)	-	(22,162)
At March 31, 2014	147,929	278,793	237,212	-	663,934
Carrying amount					
March 31, 2014	564,775	472,792	345,468	58,473	1,441,508
December 31, 2013	560,590	471,982	358,601	54,006	1,445,179

The cost balance of the Group's vehicles, plant and equipment includes an amount of US$22.5 million (R$50.9 million) (2013: US$22.3 million (R$52.2 million)) in respect of assets held under finance leases.

Land and buildings with a net carrying amount of US$0.2 million (R$0.5 million) (2013: US$0.2 million (R$0.5 million)) and tugboats with a net carrying amount of US$1.9 million (R$4.3 million) (2013: US$2.0 million (R$4.7 million) have been pledged as guarantee of various lawsuits (tax cases).

The Group has pledged assets with a carrying amount of approximately US$229.0 million (R$518.2 million) (2013: US$234.1 million (R$548.3 million)) to secure loans granted to the Group (please refer to note 15).

The amount of borrowing costs capitalized in 2014 is US$0.3 million (R$0.7 million) 2013: US$1.5 million (R$4.0 million)), at an average interest rate of 2.98% (2013: 3.05%).

On March 31, 2014, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US$4.1 million (R$9.4 million) (2013: US$5.5 million (R$12.8 million)). The amount mainly refers to the expansion of Tecon Salvador and Tecon Rio Grande.

12 Inventories

	Mar 31, 2014 US$	Dec 31, 2013 US$
Operating materials	13,240	13,433
Raw materials for construction contracts (external customers)	13,991	15,657
Total	27,231	29,090

	Mar 31, 2014 R$	Dec 31, 2013 R$
Operating materials	29,962	31,467
Raw materials for construction contracts (external customers)	31,662	36,678
Total	61,624	68,145

13 Trade and other receivables

	Mar 31, 2014 US$	Dec 31, 2013 US$
Receivables for services rendered	64,274	65,541
Allowance for doubtful debts	(1,639)	(1,718)
Income tax recoverable (IT and SC)	13,174	14,956
Recoverable taxes and levies	33,614	32,755
Prepayment	8,201	7,089
Intergroup Loans	33,634	42,200
Other	12,947	13,862
Total	164,205	174,685
Total current	107,238	108,487
Total non-current	56,967	66,198

	Mar 31, 2014 R$	Dec 31, 2013 R$
Receivables for services rendered	145,452	153,536
Allowance for doubtful debts	(3,709)	(4,025)
Income tax recoverable (IT and SC)	29,813	35,036
Recoverable taxes and levies	76,068	76,732
Prepayment	18,559	16,607
Intergroup Loans	76,113	98,857
Other	29,300	32,476
Total	371,596	409,219
Total current	242,680	254,143
Total non-current	128,916	155,076

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

Non-current trade receivables with maturities over 365 days refer principally to: (i) recoverable taxes related to PIS, COFINS, ISS and INSS; and (ii) receivables from Intermarítima. There is no impairment evidence related to these receivables.

As a matter of routine, the Group reviews taxes and levies impacting its business to ensure that payments of such amounts are correctly made and that no amounts are paid unnecessarily. The Administration is developing a plan to use its tax credits, respecting the legal term for use of tax credits from prior years and, if the inability to recover by compensation is evidenced, requesting reimbursement of these values from the Receita Federal do Brasil.

The aging list of receivables for services rendered is as follows:

	Mar 31, 2014 US$	Dec 31, 2013 US$
Current	50,653	50,991
Overdue but not impaired:		
01 to 30 days	7,793	9,046
31 to 90 days	2,355	3,015
91 to 180 days	1,834	771
Impaired:		
More than 180 days	1,639	1,718
Total	64,274	65,541

	Mar 31, 2014 R$	Dec 31, 2013 R$
Current	114,628	119,452
Overdue but not impaired:		
01 to 30 days	17,636	21,190
31 to 90 days	5,329	7,063
91 to 180 days	4,150	1,806
Impaired:		
More than 180 days	3,709	4,025
Total	145,452	153,536

Generally, interest of one percent per month plus a two-percent penalty is charged on overdue balances. The Group has recognized an allowance for doubtful debts of 100% against all receivables over 180 days because historical experience shows that receivables that are past due beyond 180 days have low possibilities of recovery. Allowances for doubtful debts are recognized as a reduction of receivables, and are recognized whenever a loss is identified, based on estimated unrecoverable amounts determined by reference to past default experience of the counterparty and based on an analysis of the counterparty's current financial position.

Changes in allowance for doubtful debts are as follows:

	US$	R$
At January 01, 2013	2,506	5,122
Decrease in allowance	(650)	(1,523)
Exchange difference	(138)	(326)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	752
At December 31, 2013	1,718	4,025
Decrease in allowance	(131)	(296)
Exchange difference	52	118
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	(138)
At March 31, 2014	1,639	3,709

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 comprise cash on hand, bank accounts and short-term investments that are highly liquid and readily convertible to known amounts of cash, and which are subject to an immaterial risk of changes in value.

US dollar-denominated cash and cash equivalents refer principally to investments in deposit certificates placed with major financial institutions, Real-denominated cash and cash equivalents refer principally to investments in deposit certificates and Brazilian treasury bonds.

Short-term investments

Short-term investments comprise 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:

	Mar 31, 2014	**Dec 31, 2013**
	US$	**US$**
Denominated in US dollar:		
Cash and cash equivalents	3,790	13,943
Short-term investments	51,000	33,000
Total	54,790	46,943
Denominated in Brazilian Real:		
Cash and cash equivalents	83,965	84,003
Total	138,755	130,945
Total cash and cash equivalents	87,755	97,946
Total short-term investments	51,000	33,000

	Mar 31, 2014	**Dec 31, 2013**
	R$	**R$**
Denominated in US dollar:		
Cash and cash equivalents	8,577	32,663
Short-term investments	115,413	77,306
Total	123,990	109,969
Denominated in Brazilian Real:		
Cash and cash equivalents	190,013	196,785
Total	314,003	306,754
Total cash and cash equivalents	198,590	229,448
Total short-term investments	115,413	77,306

Private investment fund

The Group has investments in a private investment fund called Hydrus Fixed Income Private Credit Investment Fund that are consolidated in these interim financial statements. This private investment fund comprises deposit certificates, financial notes and debentures, with final maturities ranging from March 2014 to January 2019. About 61.40%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 - %	Mar 31, 2014 US$	Dec 31, 2013 US$
Secured borrowings			
BNDES - FINAME Real [1]	3.50% - 12.00%	9,422	10,366
BNDES - FMM linked to US Dollar [2]	2.07% - 6.00%	211,723	214,826
BNDES - FMM Real [2]	5.90% - 9.71%	3,353	3,247
BNDES – Real [3]	6.76% - 6.89%	10,635	9,849
BNDES - linked to US Dollar [3]	5.07% -5.36%	11,043	11,591
Total BNDES		246,176	249,879
BB - FMM linked to US Dollar [4]	2.00% - 3.00%	37,595	24,387
IFC – US Dollar [5]	3.08%	70,885	75,296
IFC – Real [5]	14.09%	1,447	1,738
Eximbank - US Dollar[6]	2.10%	10,455	11,563
Finimp - US Dollar[7]	1.96% - 4.29%	7,822	9,528
Total others		128,204	122,512
Total		374,380	372,391

	Interest rate - %	Mar 31, 2014 R$	Dec 31, 2013 R$
Secured borrowings			
BNDES - FINAME Real [1]	3.50% - 12.00%	21,322	24,283
BNDES - FMM linked to US Dollar [2]	2.07% - 6.00%	479,129	503,251
BNDES - FMM Real [2]	5.90% - 9.71%	7,588	7,606
BNDES – Real [3]	6.76% - 6.89%	24,067	23,072
BNDES - linked to US Dollar [3]	5.07% -5.36%	24,990	27,153
Total BNDES		557,096	585,365
BB - FMM linked to US Dollar [4]	2.00% - 3.00%	85,077	57,133
IFC – US Dollar [5]	3.08%	160,413	176,388
IFC – Real [5]	14.09%	3,275	4,071
Eximbank - US Dollar[6]	2.10%	23,660	27,087
Finimp - US Dollar[7]	1.96% - 4.29%	17,703	22,320
Total others		290,128	286,999
Total secured borrowings		847,224	872,364
Total		847,224	872,364

1. FINAME credit line, through a variety of financial agents, finances Logistics and Port Operation equipment.

2. As an agent of Fundo da Marinha Mercante’s (FMM), BNDES finances the construction of tugboats and shipyard facilities

3. Through FINEM credit line, BNDES is also financing improvements in Tecon Rio Grande, modernization of support bases of Brasco in Niterói and Guaxindiba, Logistics equipment, implementation of Wilport’s yard and enlargement of the container storehouse in Salvador Depot. The debt amount is repayable over different periods up to 18 years.

4. Banco do Brasil (“BB”) as a Fundo da Marinha Mercante’s (FMM) agent, finances the construction of tugboats. The contract shall be repaid over 18 years starting in March, 2015, with monthly amortization and interest payment.

5. International Finance Corporation (IFC) finances projects in container terminal -Tecon Salvador. The amortization and interest payment are semiannual.

6. The Export-Import Bank of China (Eximbank) finances Tecon Rio Grande’s equipment acquisition. As per the loan agreement principal shall be repaid in 9 years (4.8 years on March 31, 2014), with semiannual amortization and interest payment.

7. Banco Itaú BBA S.A finances Tecon Rio Grande’s equipment acquisition through an Import Finance Facility (“FINIMP”). As per loan agreement principal shall be repaid in 5.5 years (1.0 years on March 31, 2014) with semiannual amortization and interest payment. The other loan was signed on January 06, 2012. As per the loan agreement principal shall be repaid in 5 years (2.8 years on March 31, 2014) with semiannual amortization and interest payment.

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

	Mar 31, 2014 US$	**Dec 31,2013 US$**
Within one year	38,712	37,997
In the second year	37,677	37,370
In the third to fifth years (including)	112,504	110,115
After five years	185,487	186,909
Total	374,380	372,391
Total current	38,712	37,997
Total non-current	335,668	334,394

	Mar 31, 2014 R$	Dec 31, 2013 R$
Within one year	87,605	89,013
In the second year	85,263	87,543
In the third to fifth years (including)	254,597	257,955
After five years	419,759	437,853
Total	847,224	872,364
Total current	87,605	89,013
Total non-current	759,619	783,351

The analysis of borrowings by currency is as follows:

	Real US$	Real linked to US Dollars US$	US Dollars US$	Total US$	Real R$	Real linked to US Dollars R$	US Dollars R$	Total R$
March 31, 2014								
Bank loans	24,857	260,361	89,162	374,380	56,252	589,196	201,776	847,224
Total	24,857	260,361	89,162	374,380	56,252	589,196	201,776	847,224
December 31, 2013								
Bank loans	25,200	250,804	96,387	372,391	59,032	587,537	225,795	872,364
Total	25,200	250,804	96,387	372,391	59,032	587,537	225,795	872,364

Guarantees

Loans with BNDES rely on a corporate guarantee from Wilson Sons de Administração e Comércio Ltda. For some contracts, the corporate guarantee is additional to: (i) pledge of the respective financed tug boat or platform supply vessel, (ii) lien of logistics and port operations equipment financed.

Loans with BB rely on a corporate guarantee from Wilson, Sons de Administração e Comércio Ltda. and pledge of the respective financed tug boat.

The loans that Tecon Salvador holds with IFC are guaranteed by shares of the company, projects' cash flows, equipment and buildings.

The loan with "The Export-Import Bank of China" is guaranteed by a "Standby Letter of Credit" issued for Tecon Rio Grande by Itaú BBA S.A., with the financing bank as beneficiary, as counter-guarantee, Tecon Rio Grande pledged the equipment funded by "The Export-Import Bank of China" to Itaú BBA S.A.

Loan with Itaú BBA S.A. is guaranteed by the corporate guarantee from Wilson Sons de Administração e Comércio Ltda and the pledge of the respective financed equipment. One contract is additionally guaranteed by a promissory note.

Undrawn credit facilities

At March 31, 2014, the Group had available US$ 230.6 million (R$ 521.8 million) of undrawn borrowing facilities. For each disbursement, there is a set of precedent conditions that must be satisfied.

Fair value

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

	Mar 31, 2014 US$	Dec 31, 2013 US$
Bank loans		
BNDES	246,176	249,879
BB	37,595	24,387
IFC	72,332	77,034
Eximbank	10,455	11,563
Finimp	7,822	9,528
Total	374,380	372,391

	Mar 31, 2014 R$	Dec 31, 2013 R$
Bank loans		
BNDES	557,096	585,365
BB	85,077	57,133
IFC	163,688	180,459
Eximbank	23,660	27,087
Finimp	17,703	22,320
Total	847,224	872,364

Covenants

According to BNDES loans, the holding Wilson, Sons de Administração e Comércio Ltda. (“WSAC”) has to comply with specific financial covenants.

According to IFC loans, the subsidiary Tecon Salvador has specific restrictive clauses. These covenants are mainly related to the maintenance of specific liquidity ratios.

On March 31, 2014 and December 31, 2013, these subsidiaries were in compliance with all clauses in these loans contracts.

16 Deferred taxes

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

	Accelerated depreciation US$	Exchange Differences on loans US$	Timing differences US$	Non-monetary items US$	Total US$
At January 01, 2013	(17,873)	5,405	34,145	(7,073)	14,604
(Charge)/credit to income	(1,320)	11,768	(416)	(18,740)	(8,708)
Deferred tax booked in acquired investment	-	-	(7,793)	-	(7,793)
Exchange differences	-	(166)	(1,599)	-	(1,765)
At December 31, 2013	(19,193)	17,007	24,337	(25,813)	(3,662)
(Charge)/credit to income	(1,252)	(2,850)	(18)	6,216	2,096
Exchange differences	-	156	132	-	288
At March 31, 2014	(20,445)	14,313	24,451	(19,597)	(1,278)

	Accelerated depreciation R$	Exchange Differences on loans R$	Timing differences R$	Non-monetary items R$	Total R$
At January 01, 2013	(36,523)	11,046	69,774	(14,454)	29,843
(Charge)/credit to income	(3,092)	27,568	(975)	(43,900)	(20,399)
Deferred tax booked in acquired investment	-	-	(18,257)	-	(18,257)
Exchange differences	-	(389)	(3,751)	-	(4,140)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	(5,346)	1,617	10,220	(2,116)	4,375
At December 31, 2013	(44,961)	39,842	57,011	(60,470)	(8,578)
(Charge)/credit to income	(2,834)	(6,450)	(40)	14,067	4,743
Exchange differences	-	353	298	-	651
Foreign currency gains/(loss) in respect of translation into Brazilian Real	1,529	(1,354)	(1,938)	2,055	292
At March 31, 2014	(46,266)	32,391	55,331	(44,348)	(2,892)

Certain tax assets and liabilities have been offset on an entity-by-entity basis. After offset, deferred tax balances are disclosed in the balance sheet as follows:

	Mar 31, 2014 US$	**Dec 31, 2013 US$**
Deferred tax liabilities	(29,880)	(33,761)
Deferred tax assets	28,602	30,099
Total	(1,278)	(3,662)

	Mar 31, 2014 R$	**Dec 31, 2013 R$**
Deferred tax liabilities	(67,618)	(79,088)
Deferred tax assets	64,726	70,510
Total	(2,892)	(8,578)

At the end of the reporting period, the Group has unutilized tax loss carry forwards of US$50,247 (R$113,710) (2013: US$42,013 (R$98,420)) available for offset against future taxable income.

Also a deferred tax asset in the amount of US$5,541 (R$12,538) (2013: US$7,218 (R$16,909)) has not been recognized due to the unpredictability of this portion of future flows of related taxable income. Part of this amount, US$382 (R$863) (2013: US$724 (R$1,696)), refers to unutilized tax loss carry forwards generated by the holding entities of the group, the remaining amount of US$5,159 (R$11,675) (2013: US$6,494 (R$15,213) refers to operational entities.

Deferred tax assets and liabilities arise on Brazilian property, plant and equipment, inventories and prepaid expense held in US Dollar functional currency businesses. Deferred taxes are 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-denominated borrowings and the real-denominated loans pegged to the US dollar that are taxable when settled and not in the period in which the gains arise.

Due to a timing difference arisen from the amortization of the intangible asset from the Briclog acquisition (Notes 10 and 22), the Group recognized a deferred tax liability in the amount of US$7,418 (R$ 17,377), in accordance to IFRS 3.

17 Provisions for tax, labor and civil risks

	US$	R$
At January 1, 2013	10,966	22,409
Addition to provision	3,968	9,295
Reversal of provision	(1,342)	(3,144)
Exchange difference	(3,330)	(7,801)
Foreign currency gains in respect of translation into Brazilian Real	-	3,280
At December 31, 2013	10,262	24,039
Addition to provision	4,459	10,090
Reversal of provision	(3,197)	(7,235)
Exchange difference	201	456
Foreign currency gains in respect of translation into Brazilian Real	-	(816)
At March 31, 2014	11,725	26,534

The breakdown of the provision by type of risk is as follows:

	Mar 31, 2014 US$	Dec 31, 2013 US$
Civil cases	2,713	2,078
Tax cases	1,935	1,822
Labor claims	7,077	6,362
Total	11,725	10,262

	Mar 31, 2014 R$	Dec 31, 2013 R$
Civil cases	6,140	4,868
Tax cases	4,379	4,268
Labor claims	16,015	14,903
Total	26,534	24,039

In the normal course of business in Brazil, the Group remains 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 counsel.

In addition to the cases for which the Group booked the provision, there are other tax, civil and labor disputes amounting to US$161,218 (R$364,837) (2013: US$133,389 (R$312,476)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described as follows:

	Mar 31, 2014 US$	Dec 31, 2013 US$
Civil cases	10,661	10,174
Tax cases	76,532	56,799
Labor claims	74,025	66,416
Total	161,218	133,389

	Mar 31, 2014 R$	Dec 31, 2013 R$
Civil cases	24,126	23,833
Tax cases	173,192	133,057
Labor claims	167,519	155,586
Total	364,837	312,476

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

- **Civil and environmental cases -** Indemnification claims involving material damages, environmental and shipping claims and other contractual disputes.

- **Labor claims-** Main claims involve payment of health risks additional, overtime and other allowances.

- **Tax cases-** The Group litigates against governments in respect of assessments considered inappropriate.

Procedure for classification of legal liabilities as probable, possible or remote loss by the external lawyers:

Upon receipt of the notification of a new judicial lawsuit, the external lawyer, in general, classify it as a possible claim, recording the total amount involved, not the amount at risk which is not known at this stage. Exceptionally, if there is sufficient knowledge from the beginning that there is very high or very low risk of loss, the lawyer may classify the claim as probable loss or remote loss.

During the course of the lawsuit and considering, for instance, its first judicial decision, legal precedents, arguments of the claimant, thesis under discussion, applicable laws, documentation for the defense and other variables, the lawyer may re-classify the claim as probable loss or remote loss.

When classifying the claim as probable loss, the lawyer estimates the Amount at Risk for such claim.

The Group considers as relevant causes involving amounts, assets or rights over US$2.2 million (R$5 million).

18 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	Mar 31, 2014 US$	Dec 31, 2013 US$	Mar 31, 2014 US$	Dec 31, 2013 US$
Amounts payable under finance leases:				
Within one year	2,109	2,018	1,613	1,547
From second to fifth years (including)	6,416	6,463	4,707	4,812
	8,525	8,481	6,320	6,359
Less future finance charges	(2,205)	(2,122)		-
Present value of lease obligations	6,320	6,359		-
Total current	1,613	1,547		-
Total non-current	4,707	4,812		-

	Minimum lease payments		Present value of minimum lease payments	
	Mar 31, 2014 R$	Dec 31, 2013 R$	Mar 31, 2014 R$	Dec 31, 2013 R$
Amounts payable under finance leases:				
Within one year	4,773	4,727	3,650	3,623
From second to fifth years (including)	14,519	15,140	10,652	11,273
	19,292	19,867	14,302	14,896
Less future finance charges	(4,990)	(4,971)		-
Present value of lease obligations	14,302	14,896		-
Total current	3,650	3,623		-
Total non-current	10,652	11,273		-

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The average lease term is 58 months, of which, at the end of March 2014, only 36 months on average remained.

For the period ended March 31, 2014, the average effective leasing interest rate was 14.13 percent per annum (2013: 13.61 percent), Interest rates are set 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 12.89 to 17.44 percent per annum. Leases are denominated in Reais.

There is a non significant difference between the fair value and the present value of the Group's lease obligations. The present value is calculated with its own interest rate over the future instalments of each contract.

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

19 Trade and other payables

	Mar 31, 2014 US$	Dec 31, 2013 US$
Trade payables	103,714	102,242
Taxes	8,412	12,437
Share – based payment (provision)	354	10,898
Accruals and other payables	10,824	9,740
Total	123,304	135,317
Total current	123,304	135,317

	Mar 31, 2014 R$	Dec 31, 2013 R$
Trade payables	234,705	239,513
Taxes	19,036	29,135
Share – based payment (provision)	801	25,530
Accruals and other payables	24,490	22,817
Total	279,032	316,995
Total current	279,032	316,995

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:

	Mar 31, 2014 US$	Dec 31, 2013 US$
Contract costs incurred plus recognized revenues less recognized losses to date	61,703	81,995
Less unbilled services	(86,843)	(110,540)
Net liability included in suppliers	(25,140)	(28,545)

	Mar 31, 2014 R$	Dec 31, 2013 R$
Contract costs incurred plus recognized revenues less recognized losses to date	139,634	192,081
Less unbilled services	(196,526)	(258,952)
Net liability included in suppliers	(56,892)	(66,871)

20 Cash-settled share-based payments, stock option plan and post - employment benefits

20.1 Cash-settled share-based payments

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

	US$	R$
Liability at January 1, 2013	12,328	25,192
Charge for the year	(1,430)	(3,350)
Foreign currency gains in respect of translation into Brazilian Real	-	3,688
Liability at December 31, 2013	10,898	25,530
Charge/Reversal for the period	(3,895)	(8,814)
Payment for the period	(6,649)	(15,047)
Foreign currency gains in respect of translation into Brazilian Real	-	(868)
Liability at March 31, 2014	354	801

The liability above is included in ‘Share-Based Payment’ presented in Note 19.

	Number of Share options
Outstanding at December 31, 2013	2,541,260
Exercised during the period	(2,338,750)
Cancelled	(87,750)
Outstanding at March 31, 2014	114,760

The fair value of the recorded liability in the amount of US$354 (R$801) (Dec 31, 2013: US$10,898 (R$25,530)) was determined using a Black and Scholes model in 2014 calibrated to the Binomial model used in 2013 based on the assumptions mentioned below:

	Mar 31, 2014	**Dec 31, 2013**
Closing share price (in Real)	R$ 28.00	R$ 30.92
Expected volatility	28%	26-29%
Expected life	10 years	10 years
Risk free rate	10.40%	10.40%

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 behavioural considerations.

Options series	**Number**	**Grant date**	**Vesting date**	**Expiry date**	**Exercise price (R$)**
07 ESO – 2 Year	28,690	05/05/2007	05/05/2009	05/05/2017	23.77
07 ESO – 3 Year	28,690	05/05/2007	05/05/2010	05/05/2017	23.77
07 ESO – 4 Year	28,690	05/05/2007	05/05/2011	05/05/2017	23.77
07 ESO – 5 Year	28,690	05/05/2007	05/05/2012	05/05/2017	23.77

The options terminate on the expiry date or immediately on resignation of the director or senior employee, whichever is earlier.

Share options outstanding at the end of the period had a weighted average exercise price of R$23.77 (Dec 31, 2013: R$23.56).

On the January 10, 2014 eligible participants exercised a total of 2,338,750 options at a price of R$ 30.23 generating a payment liability of R$15.0 million (US$ 6.6 million).

20.2 Stock option plan

On November 13, 2013, the board of Wilson Sons Limited approved a Stock Option Plan, which allowed for the grant of options to eligible participants to be selected by the board. The shareholders in special general meeting approved such plan on the January 8, 2014 including increase in the authorized capital of the company through the creation of up to 4,410,927 new shares. The options provide participants with the right to acquire shares via Brazilian Depositary Receipts (“BDR”) in Wilson Sons Limited at a predetermined fixed price not less than the three day average mid price for the days preceding the date of option issuance.

On January 10, 2014 options for the acquistion 2,914,100 were granted under the Stock Option Plan with an exercise price of R$31.23 as detailed below:

Options series	**Number**	**Grant date**	**Vesting date**	**Expiry date**	**Exercise price (R$)**
07 ESO - 3 Year	961,653	10/1/2014	10/1/2017	10/1/2022	31.23
07 ESO - 4 Year	961,653	10/1/2014	10/1/2018	10/1/2023	31.23
07 ESO - 5 Year	990,794	10/1/2014	10/1/2019	10/1/2024	31.23

The options terminate on the expiry date or immediately on the resignation of the director or senior employee, whichever is earlier.

The following Fair Value expense of the grant to be recorded liability in the respective accounting periods was determined using the Binomial model based on the assumptions detailed below:

Period	**Projected IFRS2 Fair Value expense R$**	**Projected IFRS2 Fair Value expense US$ (*)**
2014	7,507	3,317
2015	7,506	3,317
2016	7,506	3,317
2017	4,408	1,948
2018	2,011	889
Total	28,938	12,788

(*) Amounts in Dollars converted at R$2.2630/US$ 1.00

	Jan 10, 2014
Closing share price (in Real)	R$30.05
Expected volatility	28%
Expected life	10 years
Risk free rate	10.8%
Expected dividend yield	1.7%

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.

20.3 Post-employment benefits

The Brazilian Group operates a private medical insurance scheme for its employees which requires eligible employees to pay fixed monthly contributions. In accordance with regulation of the Brazilian law, eligible employees acquire the right to remain in the plan following retirement or termination of employment, generating a post-employment commitment for the Group. Ex-employees remaining in the plan will be liable for paying the full cost of their continued scheme membership. The future actuarial liability for the Group relates to the potential increase in plan costs resulting from additional claims as a result of the expanded membership of the scheme:

	Mar 31, 2014 US$	**Dec 31, 2013 US$**
Present value of actuarial liabilities	2,243	2,251
Total	2,243	2,251

	Mar 31, 2014 R$	Dec 31, 2013 R$
Present value of actuarial liabilities	5,077	5,273
Total	5,077	5,273

The calculation of the benefit expense for the period:

	Mar 31, 2014 US$	Mar 31, 2013 US$
Post-employment benefit expense	87	-
Total	87	-

	Mar 31, 2014 R$	Mar 31, 2013 R$
Post-employment benefit expense	196	-
Total	196	-

Actuarial assumptions

The calculation of the liability generated by the post-employment commitment involves actuarial assumptions. The following are the principal actuarial assumptions at the reporting date:

Economic and Financial Assumptions

	Mar 31, 2014
Annual interest rate	12.38%
Estimated inflation rate in the long-term	5.50%
Aging Factor	2.50% a.a
Medical cost trend rate	2.50% a.a

Biometric and Demographic Assumptions

	Mar 31, 2014
Employee turnover	22%
Mortality table	AT-2000
Mortality table for disabled	IAPB-1957
Disability table	Álvaro Vindas
Retirement Age	100% at 62
Employees who opt to keep the health plan after retirement and termination	23%
Family composition before retirement	
Probability of marriage	90% of the participants
Age difference for active participants	Man 4 years older than the woman
Family composition after retirement	Composition of the family group

Sensitivity analysis
The present value of future liabilities may change depending on market conditions and actuarial assumptions. Changes on a relevant actuarial assumption, keeping the other assumptions constant, would have affected the defined benefit obligation as shown below:

	Mar 31, 2014	Dec 31, 2013
	US$	US$
Change in projected benefit obligation – discount rate + 0.5%	(273)	(273)
Change in projected benefit obligation – discount rate - 0.5%	325	325
Change in projected benefit obligation – Health Care Cost Trend Rate + 1.0%	732	732
Change in projected benefit obligation – Health Care Cost Trend Rate - 1.0%	(520)	(520)

	Mar 31, 2014	Dec 31, 2013
	R$	R$
Change in projected benefit obligation – discount rate + 0.5%	(618)	(640)
Change in projected benefit obligation – discount rate - 0.5%	735	763
Change in projected benefit obligation – Health Care Cost Trend Rate + 1.0%	1,657	1,714
Change in projected benefit obligation – Health Care Cost Trend Rate - 1.0%	(1,177)	(1,219)

21 Equity

Share capital

	Mar 31, 2014	Dec 31, 2013
	US$	US$
71,144,000 common shares issued and fully paid	9,905	9,905

	Mar 31, 2014	Dec 31, 2013
	R$	R$
71,144,000 common shares issued and fully paid	22,415	23,204

Dividends
At the meeting on the 27 and 28 March the Board of Directors approved a new dividend policy of an amount of approximately 50% of the Company’s net profit, provided that:

- The dividend policy will be reevaluated annually so as to not compromise the policy for growth of the Company whether it be, through acquisition of other companies, or by reason of development of new business; and
- The Board of Directors considers that the payment of such dividend would be in the interests of the Company and in compliance with the laws to which the Company is subject.

Earnings per share

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

	Mar 31, 2014 US$	Mar 31, 2013 US$	Mar 31, 2014 R$	Mar 31, 2013 R$
Profit for the period attributable to owners of the Company	26,627	20,978	60,257	42,245
Weighted average number of common shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic and diluted earnings per share (cents per share)	37.43	29.49	84.70	59.38

Capital reserves

The capital reserves arise principally from transfers from revenue which in prior periods were required by law to be transferred to capital reserves and other profits not available for distribution, share premium on incoming IPO issues and gains/losses on purchase and sale of non-controlling interest.

Profit reserve

An amount equal to 5% of the Company's net profit for the current year is to be credited to a retained earnings account to be called "Profit Reserve" until such account equals 20% of the Company's paid up share capital. The Company does not recognize any further profit reserve, because it has already reached the limit of 20% of share capital.

Additional paid in capital

The additional paid in capital arise from purchase of non-controlling interests in Brasco and sales of shares to non-controlling interests of Tecon Salvador.

Translation reserve

The translation reserve arises from exchange differences on the translation of operations with a functional currency other than the US Dollar.

22 Subsidiaries

Details of the Company's subsidiaries, and other entities and operations under its control, at the end of the reporting period are as follows:

	Place of incorporation and operation	Proportion of ownership interest	
		Mar 31, 2014	**Dec 31, 2013**
Holding company			
Wilson, Sons de Administração e Comércio Ltda.	Brazil	100%	100%
Vis Limited	Guernsey	100%	100%
WS Participações S.A.	Brazil	100%	100%
WS Participaciones S.A.	Uruguay	100%	100%
Towage			
Saveiros Camuyrano Serviços Marítimos S.A.	Brazil	100%	100%
Sobrare-ServemarLtda.	Brazil	100%	100%
Wilson, Sons Operações Marítimas Especiais Ltda.	Brazil	100%	100%
Shipyard			
Wilson, Sons Comércio, Indústria, e Agência de Navegação Ltda.	Brazil	100%	100%
Wilson, Sons Estaleiro Ltda.	Brazil	100%	100%
Ship Agency			
Wilson, Sons Agência Marítima Ltda.	Brazil	100%	100%
Transamérica Visas Serviços de Despachos Ltda.	Brazil	100%	100%
Logistics			
Wilson, Sons Logística Ltda.	Brazil	100%	100%
EADI Santo André Terminal de Carga Ltda.	Brazil	100%	100%
Allink Transportes Internacionais Ltda (*)	Brazil	50%	50%
Consórcio EADI Santo André.	Brazil	100%	100%
Port terminal			
Brasco Logística Offshore Ltda.	Brazil	100%	100%
Tecon Rio Grande S.A.	Brazil	100%	100%
Tecon Salvador S.A.	Brazil	92.5%	92.5%
Wilport Operadores Portuários Ltda.	Brazil	100%	100%
Wilson, Sons Operadores Portuários Ltda.	Brazil	100%	100%
Brazilian Intermodal Complex S.A	Brazil	100%	100%
Non- Segmented Activities			
Wilson, Sons Administração de Bens Ltda.	Brazil	100%	100%

(*) Considers having control of the Subsidiary, despite having 50% of shares.

The Group also holds 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).

Acquisition of subsidiaries and non-controlling interests

Business combinations

Brasco Logística Offshore Ltda ("Brasco"), completed the acquisition of all the shares representing the capital of Brazilian Intermodal Complex S/A (“Briclog”), concluding the acquisition on July 1, 2013. The closing price of the acquisition of shares was R$ 89.8 million (equivalent to US$ 40.5 million at the transaction date) with debt of R$ 32.1 million (equivalent to US$ 14.5 million at transaction date) assumed on acquisition these values were subsequently adjusted to R$ 89.2 million regarding the acquisition of shares (equivalent to US$ 40.2 million at the transaction date) with debt of R$ 32.7 million (equivalent to US$ 14.8 million at transaction date) due to an update of the commercial agreement.

The acquisition of shares is payable in three amounts, including R$ 10 million (equivalent to US$ 4.5 million at transaction date) paid in June, 2011, R$ 22.5 million (US$ 10.2 million at transaction date) paid on the closing and R$ 57.3 million (equivalent to US$ 25.9 million at transaction date) that will be paid 300 days from the closing adjusted for movement in the Brazilian index of consumer prices (IPCA) from the date of closing.

The major asset of the acquisition relates to a 30-year lease right to operate a sheltered area at Guanabara Bay, Rio de Janeiro, Brazil with privileged location to attend Campos and Santos oil producing basins.

Accounts payable relating to this acquisition as of March 31, 2014 amounts to R$ 59,971 (US$ 26,501).

Contingent consideration

There is no contingent consideration involved in the purchase agreement.

Identifiable assets acquired and liabilities assumed

	Jun 30, 2013	
Assets	**R$**	**US$**
Cash and cash equivalents	41	19
Trade and other receivables	962	434
Recoverable taxes	791	357
Other assets	608	274
Property, plant and equipment	30,997	13,990
Intangible	133	60
Total assets	33,532	15,134
Liabilities		
Trade and other payables	13,639	6,156
Advances	3,956	1,785
Tax payable	7,931	3,580
Provisions for tax, labor and civil risks	2,296	1,036
Other payables	1,875	846
Total liabilities	29,697	13,403
Total net identifiable assets	3,835	1,733

Exchange rate: 06/30/2013 – R$2.2156 / US$1.00

The following fair values were determined on a provisional basis:

- Lease operations were recognized at fair value on the acquisition date

- Management understands that no post acquisition adjustments related to the acquisition will be necessary. If any new information is obtained within one year from the date of purchase regarding facts and circumstances that existed at the acquisition date which indicate adjustments to the amounts described above or any additional provision that existed at the acquisition date, the accounting for the acquisition will be reviewed

- The accounts receivable is comprised of the gross contractual amount of R$ 962 and there is no impairment indication at the acquisition date.

Goodwill and other intangible assets

Goodwill and other intangible assets recognized as a result of the acquisition are as follows:

	Jun 30, 2013		
	R$	**US$**	
Lease intangible asset	51,744	23,353	(i)
Goodwill for expected future profitability	51,561	23,272	(ii)
Deferred tax	(17,377)	(7,843)	(ii)
	85,928	38,782	

(i) Intangible asset is attributable mainly to the 30-year lease right to operate in a sheltered area of Guanabara Bay, Rio de Janeiro, Brazil with privileged location to attend the Campos and Santos oil producing basins and is supported by an independent evaluation And to the fair value of costumer portfolio is supported by an independent evaluation.

(ii) All Group's goodwill for expected future profitability, including the above mentioned, is disclosed in the consolidated balance sheet and assessed for impairment (see note 9).

Acquisition costs

There are no material acquisition costs incurred by the Group including legal fees and due diligence costs.

23 Joint arrangements

The Group holds the following significant interests in joint operations and joint ventures at the end of the reporting period:

	Place of incorporation and operation	Proportion of ownership interest Mar 31, 2014	Proportion of ownership interest Dec 31, 2013
Towage			
Consórcio de Rebocadores Barra de Coqueiros (***)	Brazil	50%	50%
Consórcio de Rebocadores Baia de São Marcos (***)	Brazil	50%	50%
Logistics			
Porto Campinas, Logística e Intermodal Ltda (***)	Brazil	50%	50%
Offshore			
Wilson, Sons Ultratug Participações S.A.(*)	Brazil	50%	50%
Atlantic Offshore S.A.(**)	Panama	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.
(**) Atlantic Offshore S.A. controls South Patagonia S.A. This company is indirect joint venture of the company.
(***) Joint Operations.

23.1 Joint operations

The following amounts are included in the Group's financial statements as a result of proportionate consolidation of joint operations listed in the previous table:

	Mar 31, 2014 US$	Dec 31, 2013 US$	Mar 31, 2014 R$	Dec 31, 2013 R$
Inventories	477	413	1,079	967
Trade and Other Receivables	2,812	2,808	6,364	6,578
Cash and Cash equivalents	912	898	2,064	2,104
Other intangible Assets	1	2	2	5
Property, Plant & Equipment	2,094	2,018	4,739	4,727
Total assets	6,296	6,139	14,248	14,381
Trade and Other payables	(6,186)	(6,035)	(13,998)	(14,137)
Deferred tax liabilities	(110)	(104)	(250)	(244)
Total liabilities	(6,296)	(6,139)	(14,248)	(14,381)

	Mar 31, 2014 US$	Mar 31, 2013 (Restated) US$	Mar 31, 2014 R$	Mar 31, 2013 (Restated) R$
Income	3,187	3,067	7,212	6,176
Expenses	(3,187)	(3,067)	(7,212)	(6,176)

23.2 Joint ventures

The following amounts are not consolidated in the Group's financial statements as they are considered as joint ventures. The Groups´s interest on joint ventures are equity accounted.

	Mar, 2014 US$	Mar, 2013 (Restated) US$	Mar, 2014 R$	Mar, 2013 (Restated) R$
Revenue	31,732	23,855	71,810	48,039
Raw materials and consumable used	(1,491)	(1,559)	(3,374)	(3,140)
Employee benefits expense	(11,115)	(10,310)	(25,153)	(20,763)
Depreciation and amortization expenses	(8,292)	(5,872)	(18,765)	(11,826)
Other operating expenses	(4,459)	(3,139)	(10,091)	(6,321)
Results from operating activities	6,375	2,975	14,427	5,989
Finance income	(240)	358	(543)	722
Finance expenses	(4,620)	(4,034)	(10,455)	(8,124)
Foreign exchange gains on monetary items	2,326	7,919	5,264	15,947
Profit before tax	3,841	7,218	8,693	14,534
Income tax expense	(5,473)	(4,719)	(12,387)	(9,503)
Profit for the period	(1,632)	2,499	(3,694)	5,031
Participation	50%	50%	50%	50%
Equity result	(816)	1,201	(1,847)	2,419

	Mar, 2014 US$	Dec, 2013 US$	Mar, 2014 R$	Dec, 2013 R$
Other non-current Assets	1,119	465	2,544	1,090
Property, plant and equipment	598,643	603,137	1,354,729	1,412,909
Long-term investment	2,136	2,131	4,822	4,992
Other current assets	908	864	2,055	2,024
Trade and other receivables	30,202	33,607	68,347	78,728
Cash and cash equivalents	17,781	23,401	40,238	54,819
Total assets	650,789	663,605	1,472,735	1,554,562
Bank overdrafts and loans	502,580	501,713	1,137,339	1,175,313
Other non-current liabilities	13,894	8,878	31,441	20,798
Trade and other payables	85,714	102,782	193,971	240,778
Equity	48,601	50,232	109,984	117,673
Total liabilities	650,789	663,605	1,472,735	1,554,562

Guarantees

Loans with BNDES are guaranteed by a pledge over the financed supply vessels and corporate guarantee from Wilson Sons Adminisração e Comércio and/or Remolcadores Ultratug Ltda.

Loans with Banco do Brasil are guaranteed by a pledge over the financed supply vessels, “Standby Letter of Credit”, fiduciary assignment of Petrobras long-term contracts and corporate guarantee from Remolcadores Ultratug Ltda. The Magallanes Navegação Brasileira S.A. subsidiary, in accordance to this Financing Agreement with Banco do Brasil, constituted a restricted cash account, accounted for under Long term investments, in the amount of US$2.1 million (R$4.8 million). This reserve will be retained until financing settlement, with minimum remuneration as savings account or by other financial instrument with similar risk, at the financial institution’s discretion, and operated exclusively by the financial institution.

Covenants

The joint venture Magallanes Navegação Brasileira S.A. has to comply with specific financial covenants.

Provisions for tax, labor and civil risks

The breakdown of the provision by type of risk is as follows:

	Mar 31, 2014 US$	Dec 31, 2013 US$
Labor claims	3	5
Total	3	5

	Mar 31, 2014	**Dec 31, 2013**
	R$	**R$**
Labor claims	7	12
Total	7	12

In the normal course of business in Brazil, the Group remains 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 counsel.

In addition to the cases for which the Group booked the provision, there are other tax, civil and labor disputes amounting to US$11,038 (R$24,979) (2013: US$1,879 (R$4,402)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described as follows:

	Mar 31, 2014	**Dec 31, 2013**
	US$	**US$**
Civil cases	9	9
Tax cases	9,715	639
Labor claims	1,314	1,231
Total	11,038	1,879

	Mar 31, 2014	**Dec 31, 2013**
	R$	**R$**
Civil cases	20	20
Tax cases	21,986	1,498
Labor claims	2,973	2,884
Total	24,979	4,402

23.3 Investments

The investments valued by using the equity accounting method are shown as follows:

March 31, 2014

	Currency	Number of shares	Ownership interest - %	Share capital	Investee's adjusted shareholders' equity	Elimination of profit on Construction Contracts	Investee's adjusted profit or loss	Equity in subsidiaries	Book value of investment
Wilson, Sons Ultratug Participações S.A.	USD	45,816,550	50.00	25,131	42,092	(40,922)	(1,952)	(976)	585
Atlantic Offshore S.A.	USD	10,000	50.00	8,010	6,509	-	320	160	3,255
Total					48,601	(40,922)	(1,632)	(816)	3,840
Wilson, Sons Ultratug Participações S.A.	BRL	45,816,550	50.00	56,871	95,254	(92,606)	(4,417)	(2,209)	1,324
Atlantic Offshore S.A.	BRL	10,000	50.00	18,127	14,730	-	724	362	7,366
Total					109,984	(92,606)	(3,693)	(1,847)	8,690

December 31, 2013

	Currency	Number of shares	Ownership interest - %	Share capital	Investee's adjusted shareholders' equity	Elimination of profit on Construction Contracts	Investee's adjusted profit or loss	Equity in subsidiaries	Book value of investment
Wilson, Sons Ultratug Participações S.A.	USD	45,816,550	50.00	25,131	44,043	(45,080)	6,605	3,302	(518)
Atlantic Offshore S.A.	USD	10,000	50.00	8,010	6,189	-	(1,821)	(910)	3,095
Total					50,232	(45,080)	4,784	2,392	2,577
Wilson, Sons Ultratug Participações S.A.	BRL	45,816,550	50.00	58,872	103,175	(105,605)	15,473	7,735	(1,214)
Atlantic Offshore S.A.	BRL	10,000	50.00	18,764	14,498	-	(4,266)	(2,132)	7,250
Total					117,673	(105,605)	11,207	5,603	6,036

The reconciliation of the investments in joint ventures balance, including the impact of profit recognized by Wilson, Sons Ultratug Participações S.A:

	Investment	
	US$	**R$**
At January 1,2013	27	56
Share of result of joint ventures	2,392	5,603
Capital Increase through material agreement - Atlantic Offshore	4,000	9,370
Elimination of profit on Construction Contracts	(3,619)	(8,478)
Derivatives	(223)	(522)
Foreign currency gains/(loss) in respect of translation into Brazilian Reais	-	7
At December 31, 2013	2,577	6,036
Share of result of subsidiary	(816)	(1,847)
Elimination on Construction Contracts	2,079	4,705
Foreign currency gains/(loss) in respect of translation into Brazilian Reais	-	(204)
At March 31, 2014	3,840	8,690

24 Operating lease arrangements and other obligations

The Group as lessee

	Mar 31, 2014 US$	**Dec 31, 2013 US$**	**Mar 31, 2014 R$**	**Dec 31, 2013 R$**
Minimum lease payments under operating leases recognized in income for the period	10,957	13,966	24,796	32,693

On March 31, 2014, the minimum amount due by the Group for future lease payments under cancellable operating leases was US$13,110 (R$29,668) (2013: US$12,546 (R$29,391)).

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 entered into between Tecon Rio Grande and the Rio Grande port authority, and between Tecon Salvador and the Salvador port authority. The Tecon Rio Grande minimum period extends to 2022 and the Tecon Salvador minimum period extends to 2025. Both have an option to renew the concession for a maximum period of 25 years.

The Tecon Rio Grande guaranteed payments consist of two elements: a fixed rental, and fee per 1,000 containers moved based on minimum forecast volumes.

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

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Mar 31, 2014 US$	Dec 31, 2013 US$	Mar 31, 2014 R$	Dec 31, 2013 R$
Within one year	27,103	25,223	61,334	59,087
In the second to fifth year inclusive	96,821	90,634	219,106	212,319
Greater than five years	110,439	108,516	249,923	254,210
Total	234,363	224,373	530,363	525,616

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 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, 2014 is 4 years and 2 months. 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 its entities will be able to continue as going concerns, while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group’s capital structure 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	
	Mar 31, 2014 US$	**Dec 31, 2013 US$**	**Mar 31, 2014 US$**	**Dec 31, 2013 US$**
Financial instruments classified as loans and receivables				
Cash and cash equivalents	87,755	97,946	87,755	97,946
Short Term Investments	51,000	33,000	51,000	33,000
Trade and other receivables	164,205	174,685	164,205	174,685
	302,960	305,631	302,960	305,631
Financial instruments classified as amortized cost				
Bank loans and overdrafts	374,380	372,391	374,380	372,391
Trade and other payables	123,304	135,317	123,304	135,317
Total Financial instruments - amortized cost	497,684	507,708	497,684	507,708
Financial instruments classified as cashflow hedge				
Derivatives	1,224	1,240	1,224	1,240
	498,908	508,948	498,908	508,948

	Fair value		Book value	
	Mar 31, 2014 R$	**Dec 31, 2013 R$**	**Mar 31, 2014 R$**	**Dec 31, 2013 R$**
Financial instruments classified as loans and receivables				
Cash and cash equivalents	198,590	229,448	198,590	229,448
Short Term Investments	115,413	77,306	115,413	77,306
Trade and other receivables	371,596	409,219	371,596	409,219
	685,599	715,973	685,599	715,973
Financial instruments classified as amortized cost				
Bank loans and overdrafts	847,224	872,364	847,224	872,364
Trade and other payables	279,032	316,995	279,032	316,995
Total Financial instruments - amortized cost	1,126,256	1,189,359	1,126,256	1,189,359
Financial instruments classified as cash flow hedge				
Derivatives	2,770	2,905	2,770	2,905
	1,129,026	1,192,264	1,129,026	1,192,264

c. Financial risk management objectives

The Group's Structured Finance Department monitors and manages financial risks related to the operations. These risks include market risk, credit risk and liquidity risk and coordinate access to the national and international financial markets. The primary objective is to keep a minimum exposure to those risks by using financial instruments and by assessing and controlling the credit and liquidity risks according to the rules and procedures established by management. The Group does not operate financial instruments with different goals than protection (hedging).

d. Foreign currency risk management

The operating cash flows are exposed to currency fluctuations because they are denominated part in Brazilian Real and part in US Dollars. These proportions vary according to the characteristics of each business.

Cash flows from investments in fixed assets are denominated in Brazilian Real and US Dollars. These investments are subject to currency fluctuations between the time that price of goods or services are settled and the actual payment date. The resources and their application are monitored with purpose of matching the currency cash flows and due dates.

The Group has contracted US Dollar-denominated and Brazilian Real-denominated debt, and the cash and cash equivalents balances are also US Dollar-denominated and Brazilian Real-denominated.

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.

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

	Assets		**Liabilities**	
	Mar 31, 2014 US$	**Dec 31, 2013 US$**	**Mar 31, 2014 US$**	**Dec 31, 2013 US$**
Amounts denominated in dollar	258,840	259,404	167,060	172,404

	Assets		**Liabilities**	
	Mar 31, 2014 R$	**Dec 31, 2013 R$**	**Mar 31, 2014 R$**	**Dec 31, 2013 R$**
Amounts denominated in Real	585,754	607,680	378,057	403,874

Foreign currency sensitivity analysis

The sensitivity analysis presented in the following sections, which refer to the position on March 31, 2014, seeks to simulate how a stress on the risk variability may impact the Group. The first step was to identify the main factors that have potential to generate losses in the results, which in the case of the Group, summed up the exchange rate. The analysis commenced with a baseline scenario, represented by the carrying value of the operations, considering the PTAX ruling at March 31, 2014. Additionally, three scenarios were drawn: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate. The Group uses Focus report published by the Brazilian Central Bank (BACEN) to parameterize the probable scenario.

March 31, 2014

Exchange rates (i)

Probable scenario	**Possible scenario (25%)**	**Remote scenario (50%)**
R$2.450 / US$1.00	R$3.062 / US$1.00	R$3.675/ US$1.00

Operation	**Risk**	**Amount US Dollars**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Total Assets	BRL	258,840	Exchange Effects	(19,756)	(67,573)	(99,451)
Total Liabilites	BRL	167,060	Exchange Effects	12,751	43,613	64,187
			Net Effect	(7,005)	(23,960)	(35,264)

Operation	**Risk**	**Amount R$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Total Assets	BRL	585,754	Exchange Effects	(44,709)	(152,918)	(225,057)
Total Liabilites	BRL	378,057	Exchange Effects	28,856	98,696	145,256
			Net Effect	(15,853)	(54,222)	(79,801)

(i) Information source: Focus BACEN, report from April 25, 2014

December 31, 2013

Exchange rates (i)

Probable scenario	**Possible scenario (25%)**	**Remote scenario (50%)**
R$2.450 / US$1.00	R$3.062 / US$1.00	R$3.675/ US$1.00

Operation	**Risk**	**Amount US Dollars**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Total Assets	BRL	259,404	Exchange Effects	(11,371)	(60,978)	(94,049)
Total Liabilites	BRL	172,404	Exchange Effects	7,558	40,527	62,506
			Net Effect	(3,813)	(20,451)	(31,543)

Operation	**Risk**	**Amount R$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Total Assets	BRL	607,680	Exchange Effects	(26,639)	(142,847)	(220,319)
Total Liabilites	BRL	403,874	Exchange Effects	17,705	94,938	146,428
			Net Effect	(8,934)	(47,909)	(73,891)

(i) Information source: Focus BACEN, report from January 24, 2014

e. Interest rate risk management

The Group holds most of its debts linked to fixed rates. Most of the Group's fixed rates loans are with the FMM.

Other loans exposed to floating rates are as follows:

- TJLP (Brazilian Long Term Interest Rate) for Brazilian Real-denominated funding through FINAME credit line to Port Operations and Logistics operations.
- DI (Brazilian Interbank Interest Rate) for Brazilian Real-denominated funding in Logistics operations.
- 6-month Libor (London Interbank Offered Rate) for US Dollar-denominated funding for Port Operations.

The Brazilian Real-denominated investments yield interest rates corresponding to the DI daily fluctuation for privately-issued securities and/or “Selic-Over” government-issued bonds. The US Dollar-denominated investments are part in time deposits, with short-term maturities.

Interest rate sensitivity analysis

The Group does not account for any financial asset or liability interest rate at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not change the result. The Group uses two important information sources to estimate the probable scenario, BM&F (*Bolsa de Mercadorias e Futuros*) and Bloomberg.

The following analysis concerns a possible fluctuation of revenue or expenses linked to the transactions and scenarios shown, without considering their fair value.

March 31, 2014

Libor(i)

Transaction	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Loans	0.55%	0.69%	0.82%
Investments	0.33%	0.41%	0.49%

Transaction	**Risk**	**Amount US Dollars**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
IFC loan	Libor	70,885	Interest	(80)	(130)	(180)
Eximbank loan	Libor	10,455	Interest	(10)	(18)	(27)
Finimp loan	Libor	7,822	Interest	(8)	(14)	(20)
Investments	Libor	54,790	Income	(118)	(45)	27
			Net effect	(216)	(207)	(200)

Transaction	**Risk**	**Amount R$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
IFC loan	Libor	160,143	Interest	(181)	(294)	(407)
Eximbank loan	Libor	23,660	Interest	(23)	(41)	(61)
Finimp loan	Libor	17,703	Interest	(18)	(32)	(45)
Investments	Libor	123,990	Income	(267)	(102)	61
			Net effect	(489)	(469)	(452)

			March 31, 2014			
			CDI (ii)			
Transaction				**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Investments				11.17%	13.96%	16.76%

Transaction	**Risk**	**Principal US Dollars**	**Result**	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Investments	CDI	73,103	Income	1,468	3,429	5,390

Transaction	**Risk**	**Principal R$**	**Result**	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Investments	CDI	165,432	Income	3,322	7,759	12,199

(i) Information source: Bloomberg

(ii) Information source: BM&F (Bolsa de Mercadorias e Futuros)

The net effect was obtained by assuming a 12 month period starting March 31, 2014 in which interest rates vary and all other variables are held constant.

Other loans have fixed rates and represent a total of 71.56%.

The investment rate risk mix is 42.84% Libor, 57.16% CDI.

December 31, 2013

Libor(i)

Transaction	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Loans	0.57%	0.72%	0.86%
Investments	0.33%	0.42%	0.50%

Transaction	**Risk**	**Amount US Dollars**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
IFC loan	Libor	73,658	Interest	146	107	69
Eximbank loan	Libor	11,663	Interest	13	6	(1)
Finimp loan	Libor	9,799	Interest	23	18	13
Investments	Libor	46,944	Income	(105)	(45)	14
			Net Income	77	86	95

Transaction	**Risk**	**Amount R$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
IFCloanr	Libor	172,551	Interest	342	251	162
Eximbank loan	Libor	27,322	Interest	30	14	(2)
Finimp loan	Libor	22,955	Interest	54	42	30
Investmentsr	Libor	109,971	Income	(246)	(105)	33
			Net Income	180	202	223

December 31, 2013

CDI (ii)

Transaction	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Investments	10.95%	13.69%	16.43%

Transaction	**Risk**	**Principal US Dollars**	**Result**	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Investments CDI	CDI	79,125	Income	2,590	5,178	7,766

Transaction	**Risk**	**Principal R$**	**Result**	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Investments CDI	CDI	185,357	Income	6,067	12,129	18,194

(i) Information source: Bloomberg
(ii) Information source: BM&F (Bolsa de Mercadorias e Futuros)

The net effect was obtained by assuming a 12 month period starting December 31, 2013 in which interest rates vary and all other variables are held constant.

Other loans have fixed interest rates and represent a total of 81.50% .

The investment rate risk mix is 37.24% Libor, 62.76% CDI.

Derivative financial instruments
The Group may enter into derivatives contracts to manage risks arising from interest rate fluctuations. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

The Group uses cash flow hedges to limit its exposure that may result from the variability of floating interest rates. On September 16, 2013, its subsidiary, Tecon Salvador, entered into an interest rate swap agreement with a notional amount of $74.4 million to hedge a portion of its outstanding floating-rate debt with IFC. This swap converts floating interest rate based on the London Interbank Offered Rate, or LIBOR, into fixed-rate interest and expires in March 2020.The derivatives were entered into with Santader Brasil as counterparty, whose credit rating was AAA, as of March 31, 2014, according to Standard& Poor’s Brazilian local rating scale.

Tecon Salvador is required to pay the counterparty a stream of fixed interest payments at rates fixed from 0.553% to 4.250%, according to the schedule agreement, and in turn, receives variable interest payments based on 6-month LIBOR. The net receipts or payments from the swap are recorded as financial expense.

	Outflows	**Inflows**	**Net effect**
Within one year	(144)	-	(144)
In the second year	(403)	23	(380)
In the third to fifth years (including)	(674)	18	(656)
After five years	(44)	-	(44)
	(1,265)	41	(1,224)
Fair value			(1,224)

The fair value of the swap was estimated based on the yield curve as of March 31, 2014, and represents its carrying value. As of March 31, 2014, the interest rate swap balance in other non-current liabilities was US$1.2 million; and the balance in accumulated other comprehensive income on the consolidated balance sheets was $1.2 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the year ended March 31, 2014 was an after-tax loss of US$1.2 million.

March 31, 2014	Notional Amount US$	Maturity	US$ Fair Value	R$ Fair Value
Financial Assets				
Interest Rates Swap	70,800	Mar/2020	(1,224)	(2,770)
Total			(1,224)	(2,770)

Derivative Sensitivity Analysis
This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. Three scenarios were simulated: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate, the risk in buying an options contracts is that the Group pays a premium whether or not the option is exercised. In this case in both scenarios the risk associated on March 31, 2014 is US$ 1,224 (R$2,770).

Cash Flow Hedge
The Group applies hedge accounting for transactions in order to manage the volatility in earnings. The swap is designated and qualifies as a cash flow hedge. As such, the swap is accounted for as an asset or a liability in the accompanying consolidated balance sheets at fair value. The effective portion of changes in fair value of the derivative is recognized in other comprehensive income and presented as an asset revaluation reserve in equity. Any ineffective portion of changes in fair value of the derivative is recognized immediately in the profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting operations, expires or is sold, terminated or exercised, or the designation is revoked, the model accounting hedges (hedge accounting) is discontinued prospectively when there is no more expectation for the forecasted transaction, and then the amount stated in the equity is reclassified to the profit or loss.

On the initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged transaction, including the risk management objective and strategy on the implementation of the hedge and the hedged risk, together with the methods that will be used to evaluate the effectiveness of the hedging relationship. The Group is utilizing the dollar offset method to assess the effectiveness of the swap, analyzing whether the hedging instruments are highly effective in offsetting changes in fair values or cash flows of the respective hedged items attributable to the hedged risk, and if the actual results for each coverage are within the range from 80 - 125 percent.

Under this methodology, the swap was deemed to be highly effective for the period ended March 31, 2014. There was no hedge ineffectiveness recognized in profit or loss for the year ended March 31, 2014.

f. Liquidity risk management

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

Liquidity risk is the risk that the Group will encounter difficulty in fulfilling obligations associated with its financial liabilities that are settled with cash payments or other financial asset. The Group's approach in managing liquidity is to ensure that the Group always has sufficient liquidity to fulfill the obligations that expire, under normal and stress conditions, without causing unacceptable losses or risk damage to the reputation of the Group.

The Group uses costing based on activities to price the products and services, which assist in monitoring cash flow requirements and optimizing there turn on cash investments.

Normally, the Group ensures it has sufficient cash reserves to meet the expected operational expenses, including financial obligations. This practice excludes the potential impact of extreme circumstances that cannot be reasonably foreseen, such as natural disasters.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

March, 31 2014	**Weighted average effective interest rate %**	**Less than 12 months US$**	**1-5 years US$**	**More than 5 years US$**	**Total US$**
Variable interest rate instruments	2.88%	16,617	69,345	17,763	103,725
Fixed interest rate instruments	3.01%	22,097	80,836	167,726	270,659
		38,714	150,181	185,489	374,384

March, 31 2014	**Weighted Average effective interest rate %**	**Less than 12 months R$**	**1-5 years R$**	**More than 5 years R$**	**Total R$**
Variable interest rate instruments	2.88%	37,604	156,928	40,198	234,730
Fixed interest rate instruments	3.01%	50,006	182,932	379,564	612,502
		87,610	339,860	419,762	847,232

December 31, 2013	**Weighted average effective interest rate %**	**Less than 12 months US$**	**1-5 years US$**	**More than 5 years US$**	**Total US$**
Variable interest rate instruments	3.02%	16,354	68,708	25,518	110,580
Fixed interest rate instruments	3.06%	21,646	78,775	161,391	261,813
		38,000	147,483	186,909	372,393

December 31, 2013	Weighted Average effective interest rate %	Less than 12 months R$	1-5 years R$	More than 5 years R$	Total R$
Variable interest rate instruments	3.02%	38,311	160,955	59,778	259,044
Fixed interest rate instruments	3.06%	50,708	184,538	378,075	613,321
		89,019	345,493	437,853	872,365

g. Credit risk

The Group's credit risk can be attributed mainly to balances such as cash and cash equivalents and trade receivables. Trade and other receivables disclosed in the balance sheet are shown net of the allowance for doubtful debts.

The allowance is booked whenever a loss is identified, which based on past experience is an indication of impaired cash flows.

The Group invests temporary cash surpluses in government and private bonds, according to regulations approved by management, which follow the Group policy on credit risk concentration. Credit risk on investments in non-government backed bonds is mitigated by investing only in assets issued by leading financial institutions.

The Group's sales policy follows the criteria for credit sales set by management, which seeks to mitigate any loss due to customer default.

		US$		R$	
	Note	Mar 31, 2014	Dec 31, 2013	Mar 31, 2014	Dec 31, 2013
Cash and cash equivalents	14	87,755	97,946	198,590	229,448
Short term investments	14	51,000	33,000	115,413	77,306
Trade and other receivables	13	164,205	174,686	371,596	409,219
Exposed to credit risk		302,960	305,632	685,599	715,973

h. Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at March 31, 2014 and December 31, 2013 at amounts similar to the fair value at those dates. These instruments are managed though operating strategies aimed to obtain liquidity, profitability and security. The control policy consists of ongoing monitoring of rates agreed versus those in force in the market, and confirmation of 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 is required when interpreting market data to derive the most adequate estimated realization value.

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no amounts related to levels 1 and 3 at March 31, 2014 and December 31, 2013. The table below analyses financial instruments carried at fair value.

	Financial instruments hierarchy			
	Level 2 US$	**Total US$**	**Level 2 R$**	**Total R$**
March 31, 2014				
Short term investments	51,000	51,000	115,413	115,413
Derivatives	1,224	1,224	2,770	2,770
Post-employment benefits	2,243	2,243	5,077	5,077
Bank Loans	374,380	374,380	847,224	847,224
	428,847	428,847	970,484	970,484
December 31, 2013				
Short term investments	33,000	33,000	77,306	77,306
Derivatives	1,240	1,240	2,905	2,905
Post-employment benefits	2,251	2,251	5,273	5,273
Bank Loans	372,391	372,391	872,364	872,364
	408,882	408,882	975,848	975,848

i. 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.

Investments
The carrying amounts of short-term investments approximate their fair value.

Trade and other receivables/payables
According to the Group's management the book balances of trade and other receivables and payables approximate fair values.

Bank Overdrafts and Loans
Fair value of loan 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 measurements recognized in the consolidated interim financial statements are grouped into levels based on the degree to which the fair value is observable.

The fair values of BNDES, Finimp, and Eximbank financing arrangements are similar to their carrying amounts since there are no similar instruments, with comparable maturity dates and interest rates.

As for 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, joint operatons, other investments, and other related parties are disclosed below.

	Current Assets (liabilities) US$	Revenues US$	Expenses US$
Joint ventures/Joint operations:			
1. Allink Transportes Internacionais Ltda,	3	7	-
2. Consórcio de Rebocadores Barra de Coqueiros	159	77	-
3. Consórcio de Rebocadores Baía de São Marcos	2,446	87	26
4. Wilson Sons Ultratug and subsidiaries	15,204	304	904
Other:			
5. Gouvêa Vieira Advogados Associados	-	-	32
6. CMMR Intermediação Comercial Ltda.	-	-	58
At March 31, 2014	17,812	475	1,020
At December 31, 2013	22,649	56,043	1,613
At March 31, 2013	(7,417)	17,434	874

	Current Assets (liabilities) R$	Revenues R$	Expenses R$
Joint ventures/Joint operations			
1. Allink Transportes Internacionais Ltda,	7	16	-
2. Consórcio de Rebocadores Barra de Coqueiros	360	174	-
3. Consórcio de Rebocadores Baía de São Marcos	5,535	197	59
4. Wilson Sons Ultratug and subsidiaries	34,407	688	2,046
Other:			
5. Gouvêa Vieira Advogados Associados	-	-	73
6. CMMR Intermediação Comercial Ltda,	-	-	131
At March 31, 2013	40,309	1,075	2,309
At December 31, 2013	53,058	131,286	3,779
At March 31, 2013	(14,936)	35,108	1,760

1. Allink Transportes Internacionais Ltda. is 50% owned by the Group and rents office space and terminal warehousing from the Group.

2-3. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation.

4. Intergroup loans with Wilson, Sons Ultratug (interest – 0.3% per month; with no maturity) and trade payables from Wilson, Sons Offshore and Magallanes to Wilson, Sons shipyards relate to proportionate amounts of vessel construction not eliminated on consolidation.

5. Mr. J.F. Gouvea Vieira is a partner with 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 Ltda. Fees were paid to CMMR Intermediação Comercial Ltda. for consultancy services to the Wilson, Sons towage segment.

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

27 Notes to the consolidated statement of cash flows

	Mar 31, 2014 US$	Mar 31, 2013 US$	Mar 31, 2014 R$	Mar 31, 2013 R$
Profit before tax	31,036	26,689	70,235	53,746
Less: Finance Income	(1,711)	(1,940)	(3,872)	(3,907)
Less/Add: Share of result of subsidiary	816	(1,201)	1,847	(2,419)
Add: Finance costs	400	2,925	905	5,890
Add: Foreign exchange gain/loss on translation	(6,128)	(4,277)	(13,868)	(8,611)
Operating profit from operations	24,413	22,196	55,247	44,699
Adjustments for:				
Depreciation and amortization expenses	15,777	13,780	35,704	27,751
Payment for the period (phantom)	(6,649)	-	(15,047)	-
Gain on disposal of property, plant and equipment and investments	248	(1,022)	560	(2,059)
Provision (reversal) for cash-settled share-based payment	(3,197)	(1,775)	(7,235)	(3,574)
Increase in provisions	1,384	412	3,132	830
	31,976	33,591	72,361	67,647
Decrease in inventories	1,859	639	4,207	1,287
(Increase)/Decrease in trade and other receivables	12,138	(3,045)	27,468	(6,132)
(Increase)/Decrease in trade and other payables	(6,844)	15,872	(15,488)	31,963
Increase in other non-current assets	(853)	(1,055)	(1,930)	(2,125)
Cash generated by operations	38,276	46,002	86,618	92,640
Income taxes paid	(4,593)	(6,839)	(10,393)	(13,773)
Interest paid – borrowings	(3,803)	(3,969)	(8,606)	(7,993)
Interest paid – leasing	(118)	(118)	(267)	(238)
Interest paid – others	(88)	88	(199)	177
Net cash from operating activities	29,674	35,164	67,153	70,183

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:

	Mar 31, 2014 US$	Mar 31, 2013 US$	Mar 31, 2014 R$	Mar 31, 2013 R$
Additions to fixed assets				
Capitalized interest	263	517	595	1,041
Taxes settlement				
Income tax compensation	3,269		7,398	

28 Compensation of key management personnel

Compensation, of the Group's key management personnel, is set out below in aggregate for each of the categories:

	Mar 31, 2014 US$	Mar 31, 2013 US$	Mar 31, 2014 R$	Mar 31, 2013 R$
Short-term employee benefits	1,825	1,666	4,131	3,355
Post-employment benefits and social charges	378	401	855	808
Share-based payment	6,649	-	15,047	-
Stock option (provision)	698	-	1,580	-
Share-based provision/reversion	(3,895)	1,775	(8,814)	3,574
Total	5,655	3,842	12,799	7,737

29 Subsequent Event

In Board Meeting held on April 30, 2014 the Board Directors declared the payment of dividends in the amount of US$0.380 per share (R$0.849 cents per share) in the total amount of US$27,035 (R$61,180) to Shareholders of record as at April 30, 2014 and the payment of such dividend on May 2, 2014.

30 Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the board of directors and authorized for issue on May 15, 2014.

Directors Declaration

In compliance with article 25, section V of CVM Instruction 480 of December 7, 2009, the Directors of WILSON SONS LTD, a publicly traded company, registered at the Brazilian Ministry of Finance under the CNPJ 05.721.735/0001-28, based in Clarendon House, 2 Church Street, Hamilton HM 11 - Bermuda, declare that they have reviewed, discussed and agreed with the Financial Statements and the views expressed in the review report of the independent auditors.