Wilson Sons Limited

Condensed consolidated interim financial information at 31 March 2016

KPDS 148274

Contents

KPMG Auditores Independentes
Av. Almirante Barroso, 52 - 4º andar
20031-000 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brasil
Telefone 55 (21) 3515-9400, Fax 55 (21) 3515-9000
www.kpmg.com.br

Independent accountants' review report on the condensed consolidated interim financial information

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

Introduction
We have reviewed the condensed consolidated interim financial information of Wilson Sons Limited ("the Company"), contained in the quarterly information form for the quarter ended March 31, 2016, which comprises the condensed consolidated statement of financial position as at March, 31, 2016 and the respective condensed consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the explanatory notes.

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

Scope of the review
We have conducted our review in accordance with the 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 International Standards on Auditing 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 financial information
Based on our review, we are not aware of any fact that might lead us to believe that the condensed consolidated interim financial 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.

Rio de Janeiro, May 10, 2016

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 period ended 31 March 2016 and 2015 (*Unaudited*)

(Amounts expressed in thousands of U.S. Dollars and Brazilian Reais, unless otherwise noted)

	Notes	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Revenue	4	101,710	139,163	396,756	398,835
Raw materials and consumables used		(8,963)	(18,671)	(34,864)	(53,173)
Employee benefits expense	5	(30,305)	(41,074)	(118,064)	(117,080)
Depreciation and amortization expenses		(11,374)	(16,042)	(44,400)	(45,781)
Other operating expenses	6	(27,931)	(33,490)	(108,887)	(95,945)
Profit (loss) on disposal of property, plant and equipment		(142)	45	(590)	143
Results from operating activities		22,995	29,931	89,951	86,999
Share of result of joint ventures	23.2	251	(1,124)	430	(3,168)
Finance income	7	8,679	2,802	32,225	7,923
Finance costs	7	(2,871)	(20,138)	(11,203)	(59,926)
Exchange gain/loss on translation	7	4,180	(10,787)	14,980	(25,423)
Profit before tax		33,234	684	126,383	6,405
Income tax expense	8	(11,282)	(8,806)	(43,915)	(25,531)
Profit (loss) for the period		21,952	(8,122)	82,468	(19,126)
Profit (loss) for the period attributable to:					
Owners of the Company		21,927	(8,381)	82,365	(19,798)
Non-controlling interests		25	259	103	672
		21,952	(8,122)	82,468	(19,126)
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Exchange differences on translating		15,283	(41,979)	(96,337)	141,616
Effective portion of changes in fair value of cash flow hedges		328	(934)	1,009	(2,666)
Total comprehensive income for the period		37,563	(51,035)	(12,860)	119,824
Total comprehensive income for the period attributable to:					
Owners of the Company		37,474	(50,688)	(12,925)	119,349
Non-controlling interests		89	(347)	65	475
		37,563	(51,035)	(12,860)	119,824
Earnings (loss) per share from continuing operations					
Basic (cents per share)	21	30.82c	(11.78c)	115.77c	(27.83c)
Diluted (cents per share)	21	29.71c	(11.33c)	111.62c	(26.77c)

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

Wilson Sons Limited

Condensed consolidated interim statements of financial position

For the period ended 31 March 2016 and year ended 31 December 2015

(Amounts expressed in thousands of U.S. Dollars and Brazilian Reais, unless otherwise noted)

	Notes	31 March 2016 US$ (Unaudited)	31 December 2015 US$	31 March 2016 R$ (Unaudited)	31 December 2015 R$
Assets					
Non-current assets					
Goodwill	9	28,968	27,389	103,094	106,950
Other intangible assets	10	28,772	26,274	102,397	102,595
Property, plant and equipment	11	605,651	557,185	2,155,451	2,175,696
Deferred tax assets	16	30,018	32,128	106,831	125,453
Investment in joint ventures	23	19,245	18,301	68,491	71,462
Other receivables	13	44,852	44,328	159,624	173,092
Other non-current assets		8,934	8,018	31,795	31,309
Total non-current assets		766,440	713,623	2,727,683	2,786,557
Current assets					
Inventories	12	27,657	28,285	98,429	110,447
Operational trade receivables	13	47,089	43,540	167,585	170,016
Other receivables	13	31,207	36,660	111,063	143,150
Short-term investments	14	54,758	40,723	194,878	159,015
Cash and cash equivalents	14	76,754	90,401	273,160	352,998
Total current assets		237,465	239,609	845,115	935,626
Total assets		1,003,905	953,232	3,572,798	3,722,183
Equity and liabilities					
Capital and reserves					
Share capital	21	9,905	9,905	26,815	26,815
Capital reserves		89,196	94,324	187,817	208,550
Profit reserve and derivatives		(1,124)	(1,490)	(4,805)	(5,852)
Share Options		7,205	6,380	17,307	15,346
Retained earnings		434,571	412,644	973,966	891,601
Translation reserve		(73,670)	(88,851)	457,640	553,977
Equity attributable to owners of the Company		466,083	432,912	1,658,740	1,690,437
Non-controlling interests		914	1,096	3,254	4,279
Total equity		466,997	434,008	1,661,994	1,694,716
Non-current liabilities					
Bank loans	15	309,681	322,265	1,102,124	1,258,380
Deferred tax liabilities	16	52,340	52,631	186,273	205,513
Derivatives	25	1,750	1,547	6,229	6,040
Post-employment benefits	20.2	1,484	1,308	5,280	5,108
Provisions for tax, labour and civil risks	17	15,480	13,922	55,092	54,363
Obligations under finance leases	18	1,640	1,536	5,837	5,998
Total non-current liabilities		382,375	393,209	1,360,835	1,535,402
Current liabilities					
Operational trade payables	19	83,566	57,631	297,404	225,038
Other payables	19	21,773	20,631	77,488	80,560
Derivatives	25	832	1,339	2,961	5,228
Current tax liabilities		3,931	3,732	13,990	14,574
Obligations under finance leases	18	1,116	1,192	3,972	4,655
Bank loans	15	43,315	41,490	154,154	162,010
Total current liabilities		154,533	126,015	549,969	492,065
Total liabilities		536,908	519,224	1,910,804	2,027,467
Total equity and liabilities		1,003,905	953,232	3,572,798	3,722,183

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

Wilson Sons Limited

Condensed consolidated interim statements of changes in equity

For the period ended 31 March 2016 and 2015*(Unaudited)*

(Amounts expressed in thousands of U.S. Dollars and Brazilian Reais, unless otherwise noted)

	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$	Share Options US$	Retained earnings US$	Translation Reserve US$	Attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1 January 2015	21	9,905	67,951	28,383	(2,010)	(2,574)	1,981	3,066	411,595	(7,845)	510,452	2,880	513,332
Profit and loss for the period		-	-	-	-	-	-	-	(8,381)	-	(8,381)	259	(8,122)
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(864)	-	-	-	-	(864)	(70)	(934)
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	(41,443)	(41,443)	(536)	(41,979)
Total comprehensive income (loss) for the period		-	-	-	-	(864)	-	-	(8,381)	(41,443)	(50,688)	(347)	(51,035)
Share Options		-	-	-	-	-	-	777	-	-	777	-	777
Derivatives		-	-	-	-	48	-	-	-	-	48	-	48
Balance at 31 March 2015	21	9,905	67,951	28,383	(2,010)	(3,390)	1,981	3,843	403,214	(49,288)	460,589	2,533	463,122
Balance at 1 January 2016	21	9,905	67,951	28,383	(2,010)	(3,471)	1,981	6,380	412,644	(88,851)	432,912	1,096	434,008
Profit for the period		-	-	-	-	-	-	-	21,927	-	21,927	25	21,952
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	366	-	-	-	-	366	(38)	328
Other comprehensive income		-	-	-	-	-	-	-	-	15,181	15,181	102	15,283
Total comprehensive income for the period		-	-	-	-	366	-	-	21,927	15,181	37,474	89	37,563
Share Options		-	-	-	-	-	-	825	-	-	825	-	825
Purchase of non-controlling interest (Tecon SSA)	22	-	-	-	(5,128)	-	-	-	-	-	(5,128)	(271)	(5,399)
Balance at 31 March 2016	21	9,905	67,951	28,383	(7,138)	(3,105)	1,981	7,205	434,571	(73,670)	466,083	914	466,997

(continues)

Wilson Sons Limited

Condensed consolidated interim statements of changes in equity

For the period ended 31 March 2016 and 2015 *(Unaudited)*

(Amounts expressed in thousands of U.S. Dollars and Brazilian Reais, unless otherwise noted)

			Capital reserves										
	Notes	Share capital R$	Share premium R$	Others R$	Additional paid- in capital R$	Derivatives R$	Profit reserve R$	Share Options R$	Retained earnings R$	Translation Reserve R$	Attributable to owners of the Company R$	Non-controlling interests R$	Total R$
Balance at 1 January 2015	21	26,815	136,396	76,018	(3,864)	(5,994)	3,342	7,453	874,651	241,044	1,355,861	7,650	1,363,511
Profit and loss for the period		-	-	-	-	-	-	-	(19,798)	-	(19,798)	672	(19,126)
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(2,469)	-	-	-	-	(2,469)	(197)	(2,666)
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	141,616	141,616	-	141,616
Total comprehensive income (loss) for the period		-	-	-	-	(2,469)	-	-	(19,798)	141,616	119,349	475	119,824
Share Options		-	-	-	-	-	-	2,227	-	-	2,227	-	2,227
Derivatives		-	-	-	-	134	-	-	-	-	134	-	134
Balance at 31 March 2015	21	26,815	136,396	76,018	(3,864)	(8,329)	3,342	9,680	854,853	382,660	1,477,571	8,125	1,485,696
Balance at 1 January 2016	21	26,815	136,396	76,018	(3,864)	(9,194)	3,342	15,346	891,601	553,977	1,690,437	4,279	1,694,716
Profit for the period		-	-	-	-	-	-	-	82,365	-	82,365	103	82,468
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	1,047	-	-	-	-	1,047	(38)	1,009
Other comprehensive income		-	-	-	-	-	-	-	-	(96,337)	(96,337)	-	(96,337)
Total comprehensive income for the period		-	-	-	-	1,047	-	-	82,365	(96,337)	(12,925)	65	(12,860)
Share Options		-	-	-	-	-	-	1,961	-	-	1,961	-	1,961
Purchase of non-controlling interest (Tecon SSA)	22	-	-	-	(20,733)	-	-	-	-	-	(20,733)	(1,090)	(21,823)
Balance at 31 March 2016	21	26,815	136,396	76,018	(24,597)	(8,147)	3,342	17,307	973,966	457,640	1,658,740	3,254	1,661,994

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

Wilson Sons Limited

Condensed consolidated interim statements of cash flows

For the period ended 31 March 2016 and 2015 *(Unaudited)*

(Amounts expressed in thousands of U.S. Dollars and Brazilian Reais, unless otherwise noted)

	Note	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Net cash generated by operating activities	27	28,149	50,054	117,529	143,176
Cash flow from investing activities					
Acquisition of non-controlling interest		(1,855)	-	(7,500)	-
Interest received		1,907	1,963	7,575	5,634
Proceeds on disposal of property, plant and equipment		794	90	3,188	281
Purchases of property, plant and equipment		(21,520)	(20,167)	(81,531)	(56,095)
Other intangible assets		(1,733)	(97)	(6,934)	(282)
Short-term investment		(14,035)	(10,000)	(54,767)	(28,702)
Net cash used in investing activities		(36,442)	(28,211)	(139,969)	(79,164)
Cash flow from financing activities					
Repayments of borrowings		(13,101)	(13,157)	(49,795)	(38,916)
Repayments of obligation under finance leases		(434)	(306)	(1,601)	(891)
Derivative paid		(229)	(48)	(911)	(139)
New bank loans raised		31	9,804	126	30,613
Net cash used in financing activities		(13,733)	(3,707)	(52,181)	(9,333)
Net increase (decrease) in cash and cash equivalents		(22,026)	18,136	(74,621)	54,679
Cash and cash equivalents at beginning of the period		90,401	85,533	352,998	227,193
Effect of foreign exchange rate changes in cash and cash equivalent		8,379	(11,833)	(5,217)	12,738
Cash and cash equivalents at the end of the period		76,754	91,836	273,160	294,610

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

Notes to the condensed consolidated interim financial information

(Amounts expressed in thousands of U.S. Dollars and Brazilian Reais, unless otherwise noted) - 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 179 years in the Brazilian market, the Company has developed a nation-wide network and provides a variety of services related to international trade and the oil and gas industry, particularly in the port and maritime sectors. The Company's principal activities are divided into the following segments: operation of port terminals, towage and agency services, logistics, support to offshore oil and natural gas platforms through bases and vessels, and shipyards.

2 Significant accounting policies and critical accounting judgements

Statement of compliance

The condensed consolidated interim financial information has 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 information is presented in US Dollars, which is the Company's functional currency, 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 thousands, except when otherwise indicated.

The condensed consolidated interim financial information has been prepared on the historical cost basis except for derivatives that are 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 31 December 2015 approved on 20 March 2016.

As allowed by IAS 21 - The Effects of Changes in Foreign Exchange Rates, the Company also presents condensed consolidated interim financial information considering the Brazilian Real (R$) as presentation currency. The following procedures have been applied:

- Assets and liabilities for each statement of financial position presented have been translated at the closing, exchange rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or separate income statement presented have been translated at average rate for the period, and
- All resulting exchange differences have been recognized as foreign currency translation in other comprehensive income.

Estimates
The preparation of condensed consolidated interim financial information 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 information, 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 31 December 2015.

Reclassification
In order to improve the quality of the financial statements, Company´s management has decided to reclassify contingencies to revenue, employee benefits expense and income tax expense, according to the nature of the legal claims. They were previously allocated in other operating expenses.

Previous financial figures and those reclassified are as follows:

	As presented 31 March 2015 US$	**Reclassified 31 March 2015 US$**
Revenue	-	(27)
Employee benefits expense	-	(585)
Other operating expenses	(1,609)	(220)
Income tax expense	-	(777)
Total	(1,609)	(1,609)

The previous condensed consolidated interim statements of cash flows were also reclassified to reflect the nature of the legal claims according to the figure above-mentioned.

3 Segment information

Reportable segments
For management purposes, the Group is currently organized into five reportable segments: towage and agency services, port terminals, offshore vessels, logistics and shipyards. These divisions are reported to the Group's chief operating decision maker for the purposes of resource 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:

	2016							
31 March 2016	**Towage and agency services US$**	**Port terminals US$**	**Offshore US$**	**Logistics US$**	**Shipyard US$**	**Non segmented activities US$**	**Elimination US$**	**Consolidated US$**
(Three-month period ended)								
Revenue	51,930	34,334	-	10,582	14,948	-	(10,084)	101,710
Operating profit	19,786	8,482	-	620	(731)	(5,704)	542	22,995
Finance costs	(1,513)	(1,519)	-	(70)	(223)	454	-	(2,871)
Operating profit adjusted by finance cost	18,273	6,963	-	550	(954)	(5,250)	542	20,124
Share of result of joint ventures	-	-	251	-	-	-	-	251
Finance income	-	-	-	-	-	-	-	8,679
Exchange gain on translation								4,180
Profit before tax	-	-	-	-	-	-	-	33,234
Other information:								
Capital expenditures	(30,674)	(10,291)	-	(54)	(75)	(226)	-	(41,320)
Depreciation and amortisation	(5,164)	(4,439)	-	(332)	(27)	(1,412)	-	(11,374)

	2015							
31 March 2015	**Towage and agency services US$**	**Port terminals US$**	**Offshore US$**	**Logistics US$**	**Shipyard US$**	**Non segmented activities US$**	**Elimination US$**	**Consolidated US$**
(Three-month period ended)								
Revenue	54,870	47,981	-	15,680	31,981	-	(11,349)	139,163
Operating profit	18,859	11,651	-	1,161	4,301	(6,583)	542	29,931
Finance costs	(1,583)	(18,930)	-	(260)	(244)	879	-	(20,138)
Operating profit adjusted by finance cost	17,276	(7,279)	-	901	4,057	(5,704)	542	9,793
Share of result of joint ventures	-	-	(1,124)	-	- -	-	-	(1,124)
Finance income	-	-	-	-	- -	-	-	2,802
Exchange loss on translation								(10,787)
Profit before tax	-	-	-	-	- -	-	-	684
Other information:								
Capital expenditures	(16,438)	(3,662)	-	(458)	(227)	(33)	-	(20,818)
Depreciation and amortisation	(5,334)	(8,132)	-	(811)	(73)	(1,692)	-	(16,042)

31 March 2016	Towage and agency services R$	Port terminals R$	Offshore R$	Logistics R$	Shipyard R$	Non segmented activities R$	Elimination R$	Consolidated R$
	2016							
(Three-month period ended)								
Revenue	202,602	133,820	-	41,426	57,187	-	(38,279)	396,756
Operating profit	77,200	33,100	-	2,588	(3,257)	(22,174)	2,494	89,951
Finance costs	(5,919)	(5,888)	-	(274)	(872)	1,750	-	(11,203)
Operating profit adjusted by finance cost	71,281	27,212	-	2,314	(4,129)	(20,424)	2,494	78,748
Share of result of joint ventures	-	-	430	-	- -	-	-	430
Finance income	-	-	-	-	- -	-	-	32,225
Exchange gain on translation								14,980
Profit before tax	-	-	-	-	- -	-	-	126,383
Other information:								
Capital expenditures	(111,729)	(40,854)	-	(248)	(204)	(891)	-	(153,926)
Depreciation and amortisation	(20,185)	(17,308)	-	(1,299)	(89)	(5,519)	-	(44,400)

31 March 2015	Towage and agency services R$	Port terminals R$	Offshore R$	Logistics R$	Shipyard R$	Non segmented activities R$	Elimination R$	Consolidated R$
	2015							
(Three-month period ended)								
Revenue	157,566	137,361	-	44,483	92,442	-	(33,017)	398,835
Operating profit	54,469	33,681	-	3,236	12,187	(19,068)	1,032	86,999
Finance costs	(4,531)	(56,458)	-	(742)	(699)	2,504	-	(59,926)
Operating profit adjusted by finance cost	49,938	(22,777)	-	2,494	11,488	(16,564)	1,032	27,073
Share of result of joint ventures	-	-	(3,168)	-	-	-	-	(3,168)
Finance income	-	-	-	-	-	-	-	7,923
Exchange gain / loss on translation	-	-	-	-	-	-	-	(25,423)
Profit before tax	-	-	-	-	-	-	-	6,405
Other information:								
Capital expenditures	(45,539)	(10,387)	-	(1,268)	(644)	(102)	-	(57,940)
Depreciation and amortisation	(15,375)	(23,076)	-	(2,292)	(91)	(4,947)	-	(45,781)

Geographical information

The Group's operations are mainly located in Brazil. The Group earns income on cash and cash equivalents and short-term investments in Bermuda and in Brazil and incurs expenses on its activities in the latter country. The Group, through its participation in an Offshore Vessel Joint Venture in Panama, earns income in that country and in Uruguay.

4 Revenue

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

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Sales of services	96,846	118,531	377,848	339,410
Revenue from construction contracts	4,864	20,632	18,908	59,425
Total	101,710	139,163	396,756	398,835

5 Employee charges and benefits expenses

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Salaries and benefits	24,849	33,542	96,923	95,415
Payroll taxes	4,417	6,429	17,082	18,491
Pension costs	214	256	836	727
Long-term incentive plan	825	847	3,223	2,447
Total	30,305	41,074	118,064	117,080

6 Other operating expenses

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Service cost	6,858	9,785	26,715	28,131
Rents of tugs	6,693	6,713	26,174	19,221
Energy, water and communication	3,391	4,268	13,217	12,183
Container handling	3,149	2,075	12,248	5,983
Other rentals	2,964	4,520	11,464	12,962
Freight	1,873	1,450	7,339	4,130
Insurance	848	1,265	3,313	3,619
Other taxes	1,519	2,629	5,952	7,392
Other expenses	636	785	2,465	2,324
Total	27,931	33,490	108,887	95,945

7 Finance income and finance costs

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Interest on investments	1,744	1,865	6,940	5,360
Exchange gain (loss) on investments	(367)	8	(1,255)	(219)
Exchange gain on loans	6,938	-	25,104	-
Other interest income	364	929	1,436	2,782
Total finance income	8,679	2,802	32,225	7,923
Interest on bank loans	(2,661)	(3,387)	(10,364)	(9,705)
Exchange loss on loans	-	(16,666)	-	(49,974)
Interest on obligations under finance leases	(107)	(168)	(417)	(484)
Total borrowing costs	(2,768)	(20,221)	(10,781)	(60,163)
Other interest	(103)	83	(422)	237
Total finance costs	(2,871)	(20,138)	(11,203)	(59,926)
Exchange gain (loss) on translation	4,180	(10,787)	14,980	(25,423)

8 Income tax expense

Income tax recognized in profit or loss:

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Current				
Brazilian taxation				
Income tax	6,949	7,145	27,002	21,054
Social contribution	2,568	2,701	9,965	7,905
Total Brazilian current tax	9,517	9,846	36,967	28,959
Deferred tax				
Total deferred tax	1,765	(1,040)	6,948	(3,428)
Total income tax expense	11,282	8,806	43,915	25,531

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

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

	31 March 2016 US$	**31 March 2015 US$**	**31 March 2016 R$**	**31 March 2015 R$**
Profit before tax	33,234	684	126,383	6,405
Tax at statutory Brazilian tax rate (34%)	11,300	233	42,970	2,178
Effect of exchange differences arising on translation - IAS 21	(9,749)	16,867	(35,978)	50,607
Reversal of exchange variation in loans on US Dollar	5,845	(9,908)	21,464	(30,869)
Long-term incentive plan	280	264	1,095	757
Effect of different tax rates in other jurisdictions	416	274	1,499	883
Effect of tax losses unrecognized in deferred tax assets	1,828	(291)	6,507	(675)
Equity in subsidiaries	(85)	382	(146)	1,077
Others	1,447	985	6,504	1,573
Income tax expense	11,282	8,806	43,915	25,531

The tax rate used for the 2016 and 2015 reconciliations above is the corporate tax rate of 34% payable by entities in Brazil under the tax law in that jurisdiction.

9 Goodwill

	31 March 2016 US$	**31 December 2015 US$**
Cost and carrying amount attributed to:		
Tecon Rio Grande	12,000	11,704
Tecon Salvador	2,480	2,480
Brazilian Intermodal Complex (Brasco Caju)	14,488	13,205
Total	28,968	27,389

	31 March 2016 R$	**31 December 2015 R$**
Cost and carrying amount attributed to:		
Tecon Rio Grande	42,707	45,703
Tecon Salvador	8,826	9,686
Brazilian Intermodal Complex (Brasco Caju)	51,561	51,561
Total	103,094	106,950

The goodwill associated with each cash-generating unit (Brasco, Tecon Salvador and Tecon Rio Grande) is attributed to the Terminals segment.

As part of the annual impairment test, the carrying value of goodwill has been assessed with reference to its value in use reflecting the projected discounted cash flows of each cash-generating unit to which goodwill has been allocated. The cash-flows are based on the remaining life of the concession. Future cash flows are derived from the most recent financial budget and for the period of concession remaining.

The key assumptions used in determining value in use relate to growth rate, discount rate, inflation and interest rate. Further projections include sales and operating margins, which are based on past experience, taking into account the effect of known or likely changes in market or operating conditions.

Each cash-generating unit is assessed for impairment annually and whenever there is an indication of impairment.

The estimated average growth rate used does not exceed the historical average for Tecon Rio Grande and Tecon Salvador. Growth rate of 5.5% has been estimated for Brasco, and a discount rate of 9.5% for all business units has been used. These growth rates reflect the products, industries and countries in which the businesses operate. These medium to long-term growth rates have been reviewed by management during the annual impairment test for 2015 and are considered to be appropriate for the period.

The goodwill of Tecon Rio Grande is separated into the goodwill on the acquisition of Tecon and the goodwill incorporated upon acquisition. With the change in the functional currency of Tecon Rio Grande, the incorporated goodwill is subject to an exchange rate effect.

10 Other intangible assets

	US$	**R$**
Cost		
At 1 January 2015	64,348	170,921
Additions	2,238	8,404
Disposals	(58)	(215)
Exchange differences	(12,579)	-
Foreign currency gain in respect of translation into Brazilian Real	-	31,550
At 31 December 2015	53,949	210,660
Additions	1,733	6,934
Disposals	(12)	(47)
Exchange differences	2,942	-
Foreign currency gain/(loss) in respect of translation into Brazilian Real	-	(8,952)
At 31 March 2016	58,612	208,595
Accumulated amortization		
At 1 January 2015	25,783	68,485
Charge for the year	5,651	18,667
Disposals	(52)	(191)
Exchange differences	(3,707)	-
Foreign currency gain/(loss) in respect of translation into Brazilian Real	-	21,104
At 31 December 2015	27,675	108,065
Charge for the period	1,286	5,027
Disposals	(11)	(44)
Exchange differences	890	-
Foreign currency gain/(loss) in respect of translation into Brazilian Real	-	(6,850)
At 31 March 2016	29,840	106,198
Carrying amount		
31 March 2016	28,772	102,397
31 December 2015	26,274	102,595

The breakdown of intangibles by type is as follows:

	31 March 2016 US$	**31 December 2015 US$**
Lease right - Brasco Caju	13,045	11,998
Lease right - Tecon Salvador	4,946	4,624
Computer software - SAP	2,614	3,025
Other	8,167	6,627
Total	28,772	26,274

	31 March 2016 R$	**31 December 2015 R$**
Lease right - Brasco Caju	46,426	46,850
Lease right - Tecon Salvador	17,602	18,056
Computer software - SAP	9,303	11,814
Other	29,066	25,875
Total	102,397	102,595

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 1 January 2015	326,663	369,587	241,961	11,470	949,681
Additions	15,296	12,394	8,665	31,296	67,651
Transfers	59	13,440	(59)	(13,440)	-
Exchange differences	(86,226)	-	(68,686)	-	(154,912)
Disposals and impairment	(98)	(3,264)	(4,694)	-	(8,056)
At 31 December 2015	255,694	392,157	177,187	29,326	854,364
Additions	925	23,274	8,198	7,190	39,587
Transfers	(40)	7,114	40	(7,114)	-
Exchange differences	18,874	-	14,409	-	33,283
Disposals	(56)	(189)	(7,502)	-	(7,747)
At 31 March 2016	275,397	422,356	192,332	29,402	919,487
Accumulated depreciation					
At 1 January 2015	75,344	124,499	110,368	-	310,211
Charge for the year	12,095	15,434	20,033	-	47,562
Elimination on construction contracts	-	2,553	-	-	2,553
Exchange differences	(23,755)	-	(33,750)	-	(57,505)
Disposals and impairment	(88)	(2,655)	(2,899)	-	(5,642)
At 31 December 2015	63,596	139,831	93,752	-	297,179
Charge for the period	2,416	3,980	3,692	-	10,088
Elimination on construction contracts	-	624	-	-	624
Exchange differences	5,479	-	7,064	-	12,543
Disposals	(19)	62	(6,641)	-	(6,598)
At 31 March 2016	71,472	144,497	97,867	-	313,836
Carrying amount					
31 March 2016	203,925	277,859	94,465	29,402	605,651
31 December 2015	192,098	252,326	83,435	29,326	557,185

	Land and buildings R$	Vessels R$	Vehicles, plant and equipment R$	Assets under construction R$	Total R$
Cost or valuation					
At 1 January 2015	867,683	981,697	642,697	30,467	2,522,544
Additions	53,125	38,388	29,021	100,930	221,464
Transfers	144	51,115	(144)	(51,115)	-
Disposals and impairment	(371)	(11,415)	(17,385)	-	(29,171)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	77,853	471,508	37,695	34,230	621,286
At 31 December 2015	998,434	1,531,293	691,884	114,512	3,336,123
Additions	3,661	82,265	32,420	28,646	146,992
Transfers	(157)	29,451	157	(29,451)	-
Disposals	(226)	(766)	(29,201)	-	(30,193)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	(21,602)	(139,120)	(10,770)	(9,068)	(180,560)
At 31 March 2016	980,110	1,503,123	684,490	104,639	3,272,362
Accumulated depreciation					
At 1 January 2015	200,130	330,694	293,160	-	823,984
Charge for the year	39,053	50,423	66,644	-	156,120
Elimination on construction contracts	-	8,601	-	-	8,601
Disposals and impairment	(332)	(9,435)	(10,492)	-	(20,259)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	9,481	165,726	16,774	-	191,981
At 31 December 2015	248,332	546,009	366,086	-	1,160,427
Charge for the period	9,414	15,538	14,421	-	39,373
Elimination on construction contracts	-	2,443	-	-	2,443
Disposals	(163)	(249)	(26,620)	-	(27,032)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	(3,221)	(49,491)	(5,588)	-	(58,300)
At 31 March 2016	254,362	514,250	348,299	-	1,116,911
Carrying amount					
31 March 2016	725,748	988,873	336,191	104,639	2,155,451
31 December 2015	750,102	985,284	325,798	114,512	2,175,696

The cost balance of the Group's vehicles, plant and equipment includes an amount of US$10.7 million (R$38.1 million) (2015: US$12.9 million (R$50.2 million)) in respect of assets held under finance leases.

Land and buildings with a net carrying amount of US$ 0.2 million (R$0.7 million) (2015: US$0.2 million (R$0.8 million)) and Plant and Equipment with a net carrying amount of US$0.3 million (R$1.1 million) (2015: US$0.5 million (R$2.0 million)) have been pledged as guarantee for various tax lawsuits.

The Group has pledged assets with a carrying amount of approximately US$258.9 million (R$921.4 million) (2015: US$254.1 million (R$992.2 million)) to secure loans granted to the Group.

The amount of borrowing costs capitalized in 2016 is US$0.5 million (R$1.9 million) (2015: US$1.5 million (R$5.2 million)), at an average interest rate of 3.03% (2015: 3.00%).

As part of the continuing review the economic useful life of its assets, the Group concluded the research of the economic useful life of the quay and the improvements to the buildings of Tecon Rio Grande in 2015. Based on the management experience and supported by technical evidence presented in a report prepared by a specialized engineer, the original useful life of the quay (25 years), estimated in the outset of the concession contract, was adjusted to 30 years (berth 1), 35 years (berth 2) and 40 years (berth 3) from 2015 up forward, due to the modernization and maintenance performed by local management, and the improvements related to the concession buildings was adjusted to 25 years. As a result of this change in estimated useful lives, the depreciation expense of Tecon Rio Grande, on 31 December 2015, was US$4.4 million (R$14.3 million) (against US$7.2 million(R$23.5 million) that would have been recorded if the change had not occurred).

In 2015 the Group also reviewed the economic useful life of the dry docking of tugboats in accordance with the frequency conducted by the Company, and supported by the technical rules issued by the Brazilian Navy. On 1 July 2015 the management adjusted the useful life of the docking costs of its tugboats (from 2.5 years to 5 years), and as result of this change the depreciation expense, on 31 December 2015, was US$1.7 million (R$4.0 million) (against US$4.4 million (R$9.9 million) that would have been recorded if there were no change).

On 31 March 2016, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US$12.4 million (R$44.0 million) (2015: US$13.5 million (R$52.9 million)). The amount mainly refers to the expansion of Brasco Caju, investments in Tecon Salvador and Tecon Rio Grande and purchase of raw materials for shipyard's production.

In December 2015, management considered a number of pieces of property, plant and equipment to be discontinued in the logistics segment. Local management hired an independent firm to measure the market value of the remaining asset related to dedicated operations amounting US$0.9 million (R$3.4 million), and an impairment loss of US$0.7 million (R$2.8 million) was recognized for write-downs to the lower of its carrying amount and its fair value less cost to sell. The impairment loss had been applied to reduce the carrying amount of property, plant and equipment, and it had been included in Profit (loss) on disposal and impairment of property, plant and equipment.

12 Inventories

	31 March 2016 US$	31 December 2015 US$
Operating materials	9,099	8,657
Raw materials for construction contracts (external customers)	18,558	19,628
Total	27,657	28,285

	31 March 2016 R$	31 December 2015 R$
Operating materials	32,383	33,804
Raw materials for construction contracts (external customers)	66,046	76,643
Total	98,429	110,447

13 Trade and other receivables

	31 March 2016 US$	31 December 2015 US$
Operational trade receivables		
Receivable for services rendered	48,030	44,386
Allowance for doubtful debts	(941)	(846)
Total operational trade and other receivables	47,089	43,540
Other receivables		
Income tax recoverable	6,469	5,728
Recoverable taxes and levies	27,587	25,340
Intergroup loans	28,551	28,392
Prepayment	7,004	11,360
Other receivables	6,448	10,168
Total other receivables	76,059	80,988
Total	123,148	124,528
Total Operational trade receivables current	47,089	43,540
Total Other receivables current	31,207	36,660
Total Other receivables non-current	44,852	44,328

	31 March 2016 R$	31 December 2015 R$
Operational trade receivables		
Receivable for services rendered	170,934	173,319
Allowance for doubtful debts	(3,349)	(3,303)
Total operational other receivables	167,585	170,016
Other receivables		
Income tax recoverable	23,023	22,366
Recoverable taxes and levies	98,179	98,948
Intergroup loans	101,610	110,865
Prepayment	24,927	44,359
Other receivables	22,948	39,704
Total other receivables	270,687	316,242
Total	438,272	486,258
Total Operational trade receivables current	167,585	170,016
Total Other receivables current	111,063	143,150
Total Other receivables non-current	159,624	173,092

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, ICMS and INSS; and (ii) Intergroup loans. 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 Group 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* (Brazilian Revenue Service).

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

	31 March 2016 US$	**31 December 2015 US$**
Current	37,613	34,522
Overdue but not impaired:		
01 to 30 days	5,726	6,004
31 to 90 days	1,915	1,491
91 to 180 days	1,835	1,523
Impaired:		
More than 180 days	941	846
Total	48,030	44,386

	31 March 2016 R$	**31 December 2015 R$**
Current	133,862	134,803
Overdue but not impaired:		
01 to 30 days	20,377	23,444
31 to 90 days	6,816	5,821
91 to 180 days	6,530	5,948
Impaired:		
More than 180 days	3,349	3,303
Total	170,934	173,319

Generally, interest of one percent per month plus a two-percent penalty is charged on overdue balances. The Group has recognised 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 are not recoverable. 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 1 January 2015	1,154	3,065
Increase in allowance	76	238
Exchange difference	(384)	-
At 31 December 2015	846	3,303
Increase in allowance	13	46
Exchange difference	82	-
At 31 March 2016	941	3,349

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:

	31 March 2016 US$	**31 December 2015 US$**
Denominated in US dollar:		
Cash and cash equivalents	7,897	7,059
Short-term investments	54,758	40,723
Total	62,655	47,782
Denominated in Brazilian Real:		
Cash and cash equivalents	68,857	83,342
Total	131,512	131,124
Total cash and cash equivalents	76,754	90,401
Total short-term investments	54,758	40,723

	31 March 2016 R$	31 December 2015 R$
Denominated in US dollar:		
Cash and cash equivalents	28,105	27,564
Short-term investments	194,878	159,015
Total	222,983	186,579
Denominated in Brazilian Real:		
Cash and cash equivalents	245,055	325,434
Total	468,038	512,013
Total cash and cash equivalents	273,160	352,998
Total short-term investments	194,878	159,015

Private investment fund

The Group has investments in a private investment fund called the Hydrus Fixed Income Private Credit Investment Fund that is consolidated in these financial information. This fund comprises deposit certificates, financial notes and debentures, with final maturities ranging from March 2016 to January 2025. The fund portfolio is marked to fair value on a daily basis against current earnings. These fund´s financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses. The fund´s investments are highly liquid which are readily convertible to known amounts of cash and which is subjected to as insignificant risk of changes in value.

Additionally, US Dollar linked investments are made through Itaú Cambial FICFI, whose purpose is to preserve the US dollar value of the investment.

15 Bank loans

	Interest rate - % p.a.	31 March 2016 US$	31 December 2015 US$
Secured borrowings			
BNDES - FMM linked to US Dollar[1]	2.07% - 4.13%	173,160	176,792
BNDES - FMM linked to US Dollar[1]	5.00% - 6.00%	6,963	7,291
BNDES - Real	7.50% - 9.69%	25,434	23,232
BNDES - linked to US Dollar	5.07% - 5.36%	6,697	7,239
BNDES - FINAME Real	3.50% - 13.50%	1,951	1,952
BNDES - FMM Real[1]	8.90% - 11.21%	1,807	1,684
Total BNDES		216,012	218,190
BB - FMM linked to US Dollar[1]	2.00% - 3.00%	74,924	75,387
IFC - US Dollar	5.25%	53,286	58,971
Eximbank - US Dollar	2.56%	6,279	7,356
Finimp - US Dollar	4.65%	2,311	3,503
IFC – Real	14.09%	184	348
Total others		136,984	145,565
Total		352,996	363,755

(1) As agents of Fundo da Marinha Mercante (FMM), BNDES and BB finance the construction of tugboats and shipyard facilities.

	Interest rate - % p.a.	31 March 2016 R$	31 December 2015 R$
Secured borrowings			
BNDES - FMM linked to US Dollar[1]	2.07% - 4.13%	616,260	690,337
BNDES - FMM linked to US Dollar[1]	5.00% - 6.00%	24,780	28,470
BNDES - Real	7.50% - 9.69%	90,517	90,718
BNDES - linked to US Dollar	5.07% - 5.36%	23,834	28,265
BNDES - FINAME Real	3.50% - 13.50%	6,944	7,620
BNDES - FMM Real[1]	8.90% - 11.21%	6,431	6,576
Total BNDES		768,766	851,986
BB - FMM linked to US Dollar[1]	2.00% - 3.00%	266,644	294,373
IFC - US Dollar	5.25%	189,641	230,270
Eximbank - US Dollar	2.56%	22,345	28,725
Finimp - US Dollar	4.65%	8,226	13,678
IFC – Real	14.09%	656	1,358
Total others		487,512	568,404
Total		1,256,278	1,420,390

(1) As agents of Fundo da Marinha Mercante (FMM), BNDES and BB finance the construction of tugboats and shipyard facilities.

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

	31 March 2016 US$	31 December 2015 US$
Within one year	43,315	41,490
In the second year	40,103	40,231
In the third to fifth years (including)	107,334	107,996
After five years	162,244	174,038
Total	352,996	363,755
Total current	43,315	41,490
Total non-current	309,681	322,265

	31 March 2016 R$	31 December 2015 R$
Within one year	154,154	162,010
In the second year	142,722	157,094
In the third to fifth years (including)	381,991	421,701
After five years	577,411	679,585
Total	1,256,278	1,420,390
Total current	154,154	162,010
Total non-current	1,102,124	1,258,380

The analysis of borrowings by currency is as follows:

	Real	Real linked to US Dollars	US Dollars	Total
	US$	**US$**	**US$**	**US$**
31 March 2016				
Bank loans	29,376	261,744	61,876	352,996
Total	29,376	261,744	61,876	352,996
31 December 2015				
Bank loans	27,216	266,709	69,830	363,755
Total	27,216	266,709	69,830	363,755

	Real	Real linked to US Dollars	US Dollars	Total
	R$	**R$**	**R$**	**R$**
31 March 2016				
Bank loans	104,548	931,518	220,212	1,256,278
Total	104,548	931,518	220,212	1,256,278
31 December 2015				
Bank loans	106,272	1,041,445	272,673	1,420,390
Total	106,272	1,041,445	272,673	1,420,390

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, (ii) lien of the logistics and port operations equipment financed.

Loans with Banco do Brasil rely on a corporate guarantee from Wilson, Sons de Administração e Comércio Ltda. and pledge of the respective financed boats.

Loan agreements Tecon Salvador has with IFC are guaranteed by the totality of its shares, along with receivables, plant and equipment.

The loan agreement between Tecon Rio Grande has and the Export-Import Bank of China for equipment acquisition is guaranteed by a standby letter of credit issued by Itaú BBA S.A, which in turn has a the pledge on the financed equipment.

Undrawn credit facilities

At 31 March 2016, the Group had available US$52.2 million (R$185.6 million) of undrawn borrowing facilities. For each disbursement, there is a set of conditions precedent that must be satisfied.

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

	31 March 2016 US$	31 December 2015 US$
Bank loans		
BNDES	216,012	218,190
BB	74,924	75,387
IFC	53,470	59,319
Eximbank	6,279	7,356
Finimp	2,311	3,503
Total	352,996	363,755

	31 March 2016 R$	31 December 2015 R$
Bank loans		
BNDES	768,766	851,986
BB	266,644	294,373
IFC	190,297	231,628
Eximbank	22,345	28,725
Finimp	8,226	13,678
Total	1,256,278	1,420,390

Covenants
The Wilson, Sons de Administração e Comércio Ltda. (“WSAC”) holding company, as corporate guarantor, has to comply with financial covenants in both Wilson Sons Estaleiros and Brasco Logística Offshore loan agreements signed with BNDES.

The subsidiary Tecon Rio Grande has to comply with financial covenants in its loan agreement with BNDES, such as a minimum liquidity ratio and capital structure.

The subsidiary Tecon Salvador has to observe affirmative and negative covenants stated in its loan agreement with the International Finance Corporation – IFC, including the maintenance of specific liquidity and capital structure ratios.

As a result of the devaluation of the Brazilian Real against the US Dollar at 30 September 2015 Tecon Salvador S.A. was in excess of the maximum covenant of financial debt to tangible net worth ratio in Brazilian Real for its loan agreement with IFC. Tecon Salvador S.A. was granted a waiver for compliance valid until 30 September 2016. The value of the Loan amounted to US$53.3 million (R$189.6 million) at 31 March 2016.

At 31 March 2016, the Company was in compliance with all clauses in the above mentioned loan contracts.

16 Deferred taxes

The following deferred tax assets and liabilities were 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 1 January 2015	(19,910)	24,600	23,463	(41,685)	(13,532)
(Charge) credit to income	4,070	24,999	(3,711)	(27,003)	(1,645)
Deferred tax transferred to current taxes	-	(3,859)	-	-	(3,859)
Exchange differences	43	(4,693)	3,183	-	(1,467)
At 31 December 2015	(15,797)	41,047	22,935	(68,688)	(20,503)
(Charge) credit to income	(2,229)	(7,155)	(2,130)	9,749	(1,765)
Exchange differences	-	845	(899)	-	(54)
At 31 March 2016	(18,026)	34,737	19,906	(58,939)	(22,322)

	Accelerated depreciation R$	**Exchange Differences on loans R$**	**Timing differences R$**	**Non-monetary items R$**	**Total R$**
At 1 January 2015	(52,885)	65,342	62,324	(110,724)	(35,943)
(Charge) credit to income	13,303	80,789	(12,107)	(86,999)	(5,014)
Deferred tax transferred to current taxes	-	(12,115)	-	-	(12,115)
Translation adjustment to real	(22,103)	26,265	22,266	(53,416)	(26,988)
At 31 December 2015	(61,685)	160,281	72,483	(251,139)	(80,060)
(Charge) credit to income	(8,264)	(26,085)	(8,577)	35,978	(6,948)
Translation adjustment to real	5,794	(10,571)	(7,005)	19,348	7,566
At 31 March 2016	(64,155)	123,625	56,901	(195,813)	(79,442)

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:

	31 March 2016 US$	**31 December 2015 US$**
Deferred tax liabilities	(52,340)	(52,631)
Deferred tax assets	30,018	32,128
Total	(22,322)	(20,503)

	31 March 2016 R$	**31 December 2015 R$**
Deferred tax liabilities	(186,273)	(205,513)
Deferred tax assets	106,831	125,453
Total	(79,442)	(80,060)

At the end of the reporting period, the Group has unutilized tax loss carry forwards of US$25.2 million (R$89.8 million) (2015: US$17.9 million (R$69.9 million)) available for offset against future taxable income.

Also, a deferred tax asset in the amount of US$8.6 million (R$30.5 million) (2015: US$6.1 million (R$23.8 million)) has not been recognized due to the unpredictability of this portion of future flows of related taxable income.

Deferred tax assets and liabilities arise on Brazilian property, plant and equipment, inventories and prepaid expense held in US Dollar functional currency businesses. Deferred 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.

17 Provisions for tax, labour and civil risks

	US$	**R$**
At 1 January 2015	15,702	41,708
Addition to provision	3,706	12,655
Exchange difference	(5,486)	-
At 31 December 2015	13,922	54,363
Addition to provision	199	729
Exchange difference	1,359	-
At 31 March 2016	15,480	55,092

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

	31 March 2016 US$	**31 December 2015 US$**
Civil cases	2,521	2,219
Tax cases	2,682	2,492
Labour claims	10,277	9,211
Total	15,480	13,922

	31 March 2016 R$	31 December 2015 R$
Civil cases	8,973	8,666
Tax cases	9,546	9,731
Labour claims	36,573	35,966
Total	55,092	54,363

In the normal course of business in Brazil, the Group is 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 or merit, and to manage such claims through its lawyers.

In addition to the cases for which the Group booked the provision there are other tax, civil and labour disputes amounting to US$97.7 million (R$347.8 million) (2015: US$84.1 million (R$328.5 million)) with probability of loss estimated by the legal counsels as possible.

The breakdown of possible claims is described as follows:

	31 March 2016 US$	31 December 2015 US$
Civil cases	7,966	4,453
Tax cases	69,712	63,056
Labour claims	20,036	16,609
Total	97,714	84,118

	31 March 2016 R$	31 December 2015 R$
Civil cases	28,351	17,388
Tax cases	248,099	246,220
Labour claims	71,304	64,856
Total	347,754	328,464

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.

Labour claims – Most 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 identifies claims as probable, possible or remote through evaluation by the external lawyers:

Upon receipt of the notification of a new judicial lawsuit, the external lawyer generally classifies it as a possible claim, recorded at the total amount involved. Wilson Sons uses the criteria of the estimated value at risk and not the total order value involved in each process.

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 a 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 a probable loss or remote loss.

When classifying the claim as a 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$1.4 million (R$5.0 million).

18 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2016 US$	**31 December 2015 US$**	**31 March 2016 US$**	**31 December 2015 US$**
Amounts payable under finance leases:				
Within one year	1,509	1,517	1,116	1,192
From second to fifth years (including)	2,546	2,399	1,640	1,536
	4,055	3,916	2,756	2,728
Less future finance charges	(1,299)	(1,188)	-	-
Present value of lease obligations	2,756	2,728	-	-
Total current	1,116	1,192	-	-
Total non-current	1,640	1,536	-	-

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2016 R$	**31 December 2015 R$**	**31 March 2016 R$**	**31 December 2015 R$**
Amounts payable under finance leases:				
Within one year	5,369	5,924	3,972	4,655
From second to fifth years (including)	9,061	9,368	5,837	5,998
	14,430	15,292	9,809	10,653
Less future finance charges	(4,621)	(4,639)	-	-
Present value of lease obligations	9,809	10,653	-	-
Total current	3,972	4,655	-	-
Total non-current	5,837	5,998	-	-

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The average original lease term is 61 months, of which an average of 33 months remained outstanding at the 31 March 2016.

For the period ended 31 March 2016, the average effective leasing interest rate was 16.9% (31 December 2015: 16.75%). 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 range from 15.4% p.a. to 18.5% p.a. Leases are denominated in Reais.

There is a no 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 installments 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

	31 March 2016 US$	**31 December 2015 US$**
Operational trade payables		
Trade payables	57,569	39,773
Advance from customers for construction contracts	25,997	17,858
Total operational trade payables	83,566	57,631
Other payables		
Taxes	7,034	7,704
Advances from customers	6,300	5,241
Accruals and other payables	8,439	7,686
Total other payables	21,773	20,631
Total	105,339	78,262

	31 March 2016 R$	31 December 2015 R$
Operational trade payables		
Trade payables	204,883	155,306
Advance from customers for construction contracts	92,521	69,732
Total operational trade payables	297,404	225,038
Other payables		
Taxes	25,034	30,083
Advances from customers	22,421	20,465
Accruals and other payables	30,033	30,012
Total other payables	77,488	80,560
Total	374,892	305,598

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:

	31 March 2016 US$	31 December 2015 US$
Contract costs incurred plus recognized revenues less recognized losses to date	75,837	72,019
Less unbilled services	(101,834)	(89,877)
Net liability included in suppliers	(25,997)	(17,858)

	31 March 2016 R$	31 December 2015 R$
Contract costs incurred plus recognized revenues less recognized losses to date	269,896	281,220
Less unbilled services	(362,417)	(350,952)
Net liability included in suppliers	(92,521)	(69,732)

20 Stock options plan and post-employment benefits

20.1. Stock option plan

On 13 November 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 8 January 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. The Stock Option Plan is detailed below:

Options series	Grant date	Original vesting date	Expiry date	Exercise price (R$)	Number	Expired	Vested	Outstanding not Vested	Total Subsisting
07 ESO - 3 Year	10/01/2014	10/01/2017	10/01/2024	31.23	961,653	(133,353)	-	828,300	828,300
07 ESO - 4 Year	10/01/2014	10/01/2018	10/01/2024	31.23	961,653	(133,353)	-	828,300	828,300
07 ESO - 5 Year	10/01/2014	10/01/2019	10/01/2024	31.23	990,794	(137,394)	-	853,400	853,400
07 ESO - 3 Year	13/11/2014	13/11/2017	13/11/2024	33.98	45,870	-	11,880	33,990	45,870
07 ESO - 4 Year	13/11/2014	13/11/2018	13/11/2024	33.98	45,870	-	11,880	33,990	45,870
07 ESO - 5 Year	13/11/2014	13/11/2019	13/11/2024	33.98	47,260	-	12,240	35,020	47,260
Total					3,053,100	(404,100)	36,000	2,613,000	2,649,000

The options terminate on the expiry date or immediately on the resignation of the director or senior employee, whichever is earlier. Options lapse if not exercised within 6 months of the date that the participant ceases to be employed or hold office within the Group by reason of, amongst others: injury, disability or retirement; or dismissal without just cause.

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

Period Commencing	Projected IFRS2 Fair Value expense R$	Projected IFRS2 Fair Value expense US$ (*)
10 January 2014	7,507	2,826
10 January 2015	7,848	3,296
10 January 2016	7,848	3,296
10 January 2017	4,609	1,936
10 January 2018	2,103	883
Total	29,915	12,237

(*) Amounts in Dollars converted at R$2.3819/US$1.00

	10 January 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.

20.2. Post-employment benefits

The Group operates a private medical insurance scheme for its employees which require the eligible employees to pay fixed monthly contributions. In accordance with regulation of the Brazilian law, eligible employees with greater than ten years service 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 present value of actuarial liabilities in 2016 is US$1.5 million (R$5.3 million) (2015: US$1.3 million (R$5.1 million). 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.

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

	31 March 2016	**31 December 2015**
Annual interest rate	14.17%	14.17%
Estimated inflation rate in the long-term	6.50%	6.50%
Aging Factor	2.50% p.a.	2.50% p.a.
Medical cost trend rate	2.50% p.a.	2.50% p.a.

Biometric and Demographic Assumptions

	31 Mach 2016	**31 December 2015**
Employee turnover	22.7%	22.7%
Mortality table	AT-2000	AT-2000
Mortality table for disabled	IAPB-1957	IAPB-1957
Disability table	Álvaro Vindas	Álvaro Vindas
Retirement Age	100% at 62	100% at 62
Employees who opt to keep the health plan after retirement and termination	23%	23%
Family composition before retirement		
Probability of marriage	90% of the participants	90% of the participants
Age difference for active participants	Men 4 years older than the woman	Men 4 years older than the woman
Family composition after retirement	Composition of the family group	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:

	31 March 2016 US$	**31 December 2015 US$**	**31 March 2016 R$**	**31 December 2015 R$**
CiPBO(*) - discount rate + 0.5%	(105)	(96)	(374)	(374)
CiPBO(*) - discount rate - 0.5%	118	108	421	421
CiPBO(*) - Health Care Cost Trend Rate + 1.0%(*)	262	239	933	933
CiPBO(*) - Health Care Cost Trend Rate - 1.0%	(208)	(190)	(741)	(741)

(*) CiPBO means Change in projected benefit obligation

21 Equity

Share Capital

	31 March 2016 US$	31 December 2015 US$
71,144,000 common shares issued and fully paid	9,905	9,905

	31 March 2016 R$	31 December 2015 R$
71,144,000 common shares issued and fully paid	26,815	26,815

Earnings per share

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

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Profit for the period attributable to owners of the Company	21,927	(8,381)	82,365	(19,798)
Weighted average number of common shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic earnings per share (cents per share)	30.82	(11.78)	115.77	(27.83)
Weighted average number of common shares	73,793,000	73,968,000	73,793,000	73,968,000
Diluted earnings per share (cents per share)	29.71	(11.33)	111.62	(26.77)

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, sales of shares to non-controlling interests of Tecon Salvador in 2011 and purchase of non-controlling interests in Tecon Salvador in 2016.

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 31 March 2016	31 December 2015
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%
Wilson, Sons Administração de Bens Ltda	Brazil	100%	100%
Towage			
Saveiros Camuyrano Serviços Marítimos S.A.	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%
Consórcio EADI Santo André	Brazil	100%	100%
AllinkTransportes Internacionais Ltda (1)	Brazil	50%	50%
Port terminal			
Brasco Logística Offshore Ltda.	Brazil	100%	100%
Tecon Rio Grande S.A.	Brazil	100%	100%
Tecon Salvador S.A.	Brazil	100%	92.5%
Wilport Operadores Portuários Ltda.	Brazil	100%	100%

(1) The Group considers that it controls the subsidiary Allink Transportes Internacionais Ltda, despite having 50% of shares. Allink Transportes Internacionais Ltda controls 100% of Allink Serviços e Gerenciamento de Cargas Ltda.

On 2 February 2016, Wilson Sons, through its subsidiaries, completed the acquisition of the 7.5% of the ordinary shares of Tecon Salvador S.A. for consideration of US$5.1 million (R$20.7 million) from Intermaritima Terminais Ltda. The consideration included US$1.9 million (R$7.5 million) in cash and the settlement of US$2.8 million (R$11.3 million) in debt. The transaction also includes an additional US$0.7 million (R$3.0 million) that is conditional upon future contractual events. Following completion of the transaction Wilson Sons now holds 100% of the shares of the subsidiary.

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).

23 Joint ventures and Joint Operations

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 31 March 2016	31 December 2015
Towage			
Consórcio de Rebocadores Barra de Coqueiros (1)	Brazil	50%	50%
Consórcio de Rebocadores Baia de São Marcos (1)	Brazil	50%	50%
Logistics			
Porto Campinas, Logística e Intermodal Ltda (1)	Brazil	50%	50%
Offshore			
Wilson, Sons Ultratug Participações S.A.(2)	Brazil	50%	50%
Atlantic Offshore S.A. (3)	Panamá	50%	50%

(1) Joint Operations.
(2) 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.
(3) Atlantic Offshore S.A. controls South Patagonia S.A. This company is indirect joint venture of Wilson Sons Limited.

23.1 Joint operations

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

	31 March 2016 US$	31 December 2015 US$	31 March 2016 R$	31 December 2015 R$
Intangible assets	55	57	194	221
Property, plant & equipment	2,114	2,448	7,522	9,559
Inventories	291	258	1,035	1,009
Trade and other receivables	1,653	1, 608	5,886	6,282
Cash and cash equivalents	1,081	1,139	3,845	4,446
Total assets	5,194	5,510	18,482	21,517
Trade and other payables	(5,005)	(5,153)	(17,808)	(20,123)
Deferred tax liabilities	(189)	(357)	(674)	(1,394)
Total liabilities	(5,194)	(5,510)	(18,482)	(21,517)

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Income	3,256	3,292	12,661	9,471
Expense	(1,655)	(1,236)	(6,383)	(3,491)
Net income	1,601	2,056	6,278	5,980

23.2 Joint ventures

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

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Revenue	29,402	34,859	114,598	100,039
Raw materials and consumable used	(1,513)	(1,421)	(5,996)	(4,058)
Employee benefits expense	(8,843)	(11,133)	(34,488)	(31,762)
Depreciation and amortization expenses	(9,046)	(8,901)	(35,380)	(25,472)
Other operating expenses	(3,716)	(4,816)	(14,496)	(13,768)
Loss on disposals of property, plant & equipment	(2,136)	(221)	(8,652)	(616)
Results from operating activities	4,148	8,367	15,586	24,363
Finance income	(731)	3,816	(2,609)	11,674
Finance costs	(4,460)	(4,447)	(17,474)	(13,212)
Exchange gain/loss on translation	4,738	(11,975)	17,276	(35,570)
Profit (loss) before tax	3,695	(4,239)	12,779	(12,745)
Income tax expense	(3,194)	1,991	(11,921)	6,409
Profit (loss) for the period	501	(2,448)	858	(6,336)
Participation	50%	50%	50%	50%
Equity result	251	(1,124)	430	(3,168)

	31 March 2016 US$	31 December 2015 US$	31 March 2016 R$	31 December 2015 R$
Property, plant and equipment	669,399	666,656	2,382,324	2,603,154
Long-term investment	2,040	2,041	7,260	7,970
Other assets	2,092	2,470	7,446	9,645
Trade and other receivables	34,706	32,415	123,515	126,574
Cash and cash equivalents	16,672	21,011	59,334	82,044
Total assets	724,909	724,593	2,579,879	2,829,387
Bank overdrafts and loans	541,743	547,550	1,928,009	2,138,073
Other non-current liabilities	23,468	21,819	83,520	85,199
Trade and other payables	85,099	81,126	302,860	316,781
Equity	74,599	74,098	265,490	289,334
Total liabilities	724,909	724,593	2,579,879	2,829,387

Guarantees

Wilson Sons Offshore's loan agreements with BNDES are guaranteed by a lien on the financed supply vessels, and in the majority of the contracts, a corporate guarantee from both Wilson Sons Adminisração e Comércio and Remolcadores Ultratug Ltda, each guaranteeing 50% of its subsidiary's debt balance with BNDES.

Magallanes Navegação Brasileira's (subsidiary of Wilson, Sons Ultratug Participações S.A.) loan agreement with Banco do Brasil is guaranteed by a pledge on the financed supply vessels. The security package also includes a standby letter of credit issued by Banco de Crédito e Inversiones - Chile for part of the debt balance, assignment of Petrobras' long-term contracts and a corporate guarantee issued by Inversiones Magallanes Ltda - Chile. A cash reserve account, accounted for under long term investments, funded with US$2.0 million (R$7.3 million) should be maintained until full repayment of the loan agreement.

The loan agreement Atlantic Offshore has with Deutsche Verkehrs-Bank “DVB” and Norddeutsche Landesbank Girozentrale “Nord/LB” for the financing of the offshore support vessel "Pardela" is guaranteed by a pledge on the vessel, the shares of Atlantic Offshore and a corporate guarantee for half of the credit from Wilson Sons de Administração e Comércio. Remolcadores Ultratug LTDA which is the partner in the business, guarantee the other half of the loan.

Covenants
Annually, the joint venture Magallanes Navegação Brasileira S.A. has to comply with specific financial covenants. At 31 December 2015, the company was in compliance with all clauses in the loans contracts.

Provisions for tax, labour and civil risks
In the normal course of business in Brazil, the Wilson Sons Ultratug Offshore (WSUT) remains exposed to numerous local legal claims. It is the WSUT 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.

WSUT booked provisions related to labour claims amounting to US$0.1 million (R$0.3 million) (2015: US$0.1 million (R$0.3 million)), whose probability of loss was estimated as probable.

In addition to the cases for which WSUT booked the provision, there are other tax, civil and labour disputes amounting to US$11.3 million (R$40.3 million) (2015: US$9.7 million (R$37.8 million)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described as follows:

	31 March 2016 US$	**31 December 2015 US$**
Civil cases	-	1
Tax cases	8,552	7,600
Labour claims	2,780	2,089
Total	11,332	9,690

	31 March 2016 R$	**31 December 2015 R$**
Civil cases	-	5
Tax cases	30,436	29,675
Labour claims	9,893	8,157
Total	40,329	37,837

23.3 Investment in joint ventures

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

	31 March 2016								
	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.	US$	45,816,550	50.00	25,131	65,887	(36,111)	3,976	1,988	14,889
Atlantic Offshore S.A.	US$	10,000	50.00	8,010	8,712	-	(3,475)	(1,737)	4,356
Total					74,599	(36,111)	501	251	19,245
Wilson, Sons Ultratug Participações S.A.	R$	45,816,550	50.00	45,817	234,485	(128,515)	14,735	7,369	52,986
Atlantic Offshore S.A.	R$	10,000	50.00	18,345	31,005	-	(13,877)	(6,939)	15,505
Total					265,490	(128,515)	858	430	68,491

	31 December 2015								
	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.	US$	45,816,550	50.00	25,131	61,911	(37,499)	6,876	3,438	12,207
Atlantic Offshore S.A.	US$	10,000	50.00	8,010	12,187	-	2,811	1,405	6,094
Total					74,098	(37,499)	9,687	4,843	18,301
Wilson, Sons Ultratug Participações S.A.	R$	45,816,550	50.00	45,817	241,747	(146,426)	25,612	12,806	47,666
Atlantic Offshore S.A.	R$	10,000	50.00	18,345	47,587	-	8,809	4,405	23,796
Total					289,334	(146,426)	34,421	17,211	71,462

The reconciliation of the investment in joint ventures balance, including the impact of profit recognized by joint ventures:

	Investment	
	US$	**R$**
At 1 January 2015	11,500	30,546
Share of result of joint ventures	4,843	17,211
Elimination on Construction Contracts	1,472	4,749
Derivatives	486	1,192
Foreign currency gains/(loss) in respect of translation into Brazilian Reais	-	17,764
At 31 December 2015	18,301	71,462
Share of result of joint ventures	251	430
Elimination on Construction Contracts	693	2,791
Foreign currency gains/(loss) in respect of translation into Brazilian Reais	-	(6,192)
At 31 March 2016	19,245	68,491

24 Operating lease arrangements and other obligations

The Group as lessee

The minimum lease payments under operating leases recognized in income for the year was US$2.9 million (R$10.2 million) (2015 US$4.8 million (R$18.6 million)).

On 31 March 2016, the minimum amount due by the Group for future lease payments under cancellable operating leases was US$2.6 million (R$9.2 million) (2015: US$8.1 million (R$31.7 million)).

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 mainly concluded 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.

In respect of the option to renew the lease of Tecon Rio Grande, the port authority of Rio Grande has, in consideration of investments made, ensured the Company the right to renew the contract, provided the State government remains the delegated authority of the area or has in other legal way, ownership of the same.

In respect of the option to renew the lease of Tecon Salvador, Wilson Sons has requested renewal in consideration of and investment project currently awaiting technical approval and contractual agreement.

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:

	31 March 2016 US$	31 December 2015 US$	31 March 2016 R$	31 December 2015 R$
Within one year	16,083	15,655	57,238	61,130
In the second to seventh year inclusive	55,363	51,660	197,031	201,722
Greater than five years	49,106	47,751	174,763	186,458
Total	120,552	115,066	429,032	449,310

The Group as lessor

The Group leases out part of assets and machinery related to dedicated operations, which were discontinued in the logistics segment. At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases were US$0.1 million (R$0.4 million) (2015: US$0.2 million (R$0.5 million)), fully receivable within one year. Also, the rental related to these non-cancellable operating leases were recognized in profit or loss amounting to US$0.04 million (R$0.2 million) (2015: US$0.9 million (R$3.1 million)).

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	
	31 March 2016 US$	31 December 2015 US$	31 March 2016 US$	31 December 2015 US$
Financial instruments classified as loans and receivables				
Cash and cash equivalents	76,754	90,401	76,754	90,401
Short-term Investments	54,758	40,723	54,758	40,723
Operational trade receivables	47,089	43,540	47,089	43,540
Other receivables	76,059	80,636	76,059	80,636
Total Financial instruments	254,660	255,300	254,660	255,300
Financial instruments classified as amortized cost				
Bank loans and overdrafts	352,996	363,755	352,996	363,755
Operational trade payables	83,566	57,631	83,566	57,631
Other payables	21,773	20,631	21,773	20,631
Total Financial instruments - amortized cost	458,335	442,017	458,335	442,017
Financial instruments classified as cash flow hedge				
Derivatives	2,582	2,886	2,582	2,886
Total	460,917	444,903	460,917	444,903

	Fair value		Book value	
	31 March 2016 R$	**31 December 2015 R$**	**31 March 2016 R$**	**31 December 2015 R$**
Financial instruments classified as loans and receivables				
Cash and cash equivalents	273,160	352,998	273,160	352,998
Short-term investments	194,878	159,015	194,878	159,015
Operational trade receivables	167,585	170,016	167,585	170,016
Other receivables	270,687	314,867	270,687	314,867
Total Financial instruments	906,310	996,896	906,310	996,896
Financial instruments classified as amortized cost				
Bank loans and overdrafts	1,256,278	1,420,390	1,256,278	1,420,390
Operational trade payables	297,404	225,038	297,404	225,038
Other payables	77,488	80,560	77,488	80,560
Total Financial instruments - amortized cost	1,631,170	1,725,988	1,631,170	1,725,988
Financial instruments classified as cash flow hedge				
Derivatives	9,190	11,268	9,190	11,268
Total	1,640,360	1,737,256	1,640,360	1,737,256

c. Financial risk management objectives

The Group’s Structured Finance Department monitors and manages financial risks related to the operations. A financial risk committee has been established and meets regularly to assess financial risks and decide mitigation based on guidelines stated in the group's financial risk policy.

These risks include market risk, credit risk and liquidity risk. 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. The Group may use derivatives and other financial instruments for hedging purposes only.

d. Foreign currency risk management

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

Cash flows from investments in fixed assets are denominated partly in Brazilian Real. These investments are subject to currency fluctuations between the moment when the prices of those 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 partly Brazilian Real-denominated debt, and the cash and cash equivalents balances are also Brazilian Real-denominated.

In general terms, the Group seeks to neutralize the currency risk of operating cash flows by matching revenues and expenses. 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	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	US$	US$	US$	US$
Amounts denominated in dollar	363,898	370,096	352,554	315,553

	Assets		Liabilities	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	R$	R$	R$	R$
Amounts denominated in Real	1,295,077	1,445,151	1,254,704	1,232,171

Foreign currency sensitivity analysis

The sensitivity analysis presented in the following sections, which refer to the position on 31 March 2016, estimates the impacts of the Brazilian Real devaluation against the US Dollar. A baseline scenario is determined based both on the carrying value of the operations, and the "PTAX" rate as of 31 March 2016. Then, three additional, exchange rate scenarios are contemplated: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate. The Group uses the Brazilian Central Bank's "Focus" report to determine the probable scenario.

31 March 2016

Exchange rates (i)

Probable scenario	Possible scenario (25%)	Remote scenario (50%)
R$4.35 / US$1.00	R$5.44 / US$1.00	R$6.53 / US$1.00

Operation	Risk	Amount US$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R$	363,898	Exchange Effects	(66,179)	(125,723)	(165,419)
Total liabilities	R$	352,554	Exchange Effects	64,116	121,804	160,262
				(2,063)	(3,919)	(5,157)

Operation	Risk	Amount R$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R$	1,295,077	Exchange Effects	(235,524)	(447,436)	(588,710)
Total liabilities	R$	1,254,704	Exchange Effects	228,182	433,488	570,356
				(7,342)	(13,948)	(18,354)

(i) Information source: Focus BACEN, report from 24 March 2016

31 December 2015

Exchange rates (i)

Probable scenario	**Possible scenario (25%)**	**Remote scenario (50%)**
R$4.30 / US$1.00	R$5.38 / US$1.00	R$6.45 / US$1.00

Operation	**Risk**	**Amount US$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Total assets	R$	370,096	Exchange Effects	(34,014)	(101,231)	(146,042)
Total liabilities	R$	315,553	Exchange Effects	29,001	86,312	124,519
				(5,013)	(14,919)	(21,523)

Operation	**Risk**	**Amount R$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Total assets	R$	1,445,151	Exchange Effects	(132,818)	(395,287)	(570,265)
Total liabilities	R$	1,232,171	Exchange Effects	113,243	337,031	486,222
				(19,575)	(58,256)	(84,043)

(ii) Information source: Focus BACEN, report from 22 January 2016

e. Interest rate risk management

The Group holds most of its debt linked to fixed rates. Most of the Group's fixed rate 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 and logistics operations;

- DI (Brazilian Interbank Interest Rate) for Brazilian Real-denominated funding of logistics operations, and

- 6-month Libor (London Interbank Offered Rate) for US Dollar-denominated funding of port operations (Eximbank).

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 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.

	31 March 2016		
	Libor(i), CDI(ii) and TJLP		
Transaction	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Loans – Libor	1.01%	1.26%	1.51%
Loans – CDI	13.15%	16.44%	19.73%
Loans - TJLP	7.50%	9.38%	11.25%
Investments - Libor	1.05%	1.30%	1.56%
Investments - CDI	13.15%	16.44%	19.73%

Transaction	**Risk**	**Amount US$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Loans - Libor	Libor	61,876	Interest	(37)	(124)	(210)
Loans - TJLP	TJLP	27,603	Interest	-	(329)	(653)
Loans - Fixed	None	263,517	None	-	-	-
Total Loans		352,996		(37)	(453)	(863)
Investments	Libor	56,415	Income	-	198	395
Investments	CDI	66,213	Income	(628)	1,744	4,115
Total Investments		122,628		(628)	1,942	4,510
			Net Income	(665)	1,489	3,647

Transaction	**Risk**	**Amount R$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Loans - Libor	Libor	220,212	Interest	(133)	(441)	(749)
Loans - TJLP	TJLP	98,237	Interest	-	(1,171)	(2,325)
Loans - Fixed	None	937,829	None	-	-	-
Total Loans		1,256,278		(133)	(1,612)	(3,074)
Investments	Libor	200,776	Income	-	703	1,406
Investments	CDI	235,644	Income	(2,233)	6,206	14,645
Total Investments		436,420		(2,233)	6,909	16,051
			Net Income	(2,366)	5,297	12,977

(i) Information source: Bloomberg, report from 15 April 2016

(ii) Information source: BM&F (Bolsa de Mercadorias e Futuros), report from 15 April 2016

The net effect was obtained by assuming a 12 month period starting 31 March 2016 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the scenario rate and actual rate.

The interest rate risk mix is 48.62% of Libor and 51.38% of CDI.

	31 December 2015		
	Libor(i), CDI(ii) and TJLP		
Transaction	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Loans – Libor	1.03%	1.29%	1.55%
Loans – CDI	15.20%	19.00%	22.80%
Loans - TJLP	7.50%	9.38%	11.25%
Investments - Libor	1.04%	1.30%	1.56%
Investments - CDI	15.20%	19.00%	22.80%

Transaction	**Risk**	**Amount US$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Loans - Libor	Libor	69,830	Interest	(239)	(362)	(485)
Loans - TJLP	TJLP	25,329	Interest	-	(303)	(601)
Loans - Fixed	None	268,596	None	-	-	-
Total Loans		363,755		(239)	(665)	(1,086)
Investments	Libor	43,639	Income	-	108	217
Investments	CDI	80,387	Income	1,420	4,650	7,880
Total Investments		124,026		1,420	4,758	8,097
			Net Income	1,181	4,093	7,011

Transaction	**Risk**	**Amount R$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Loans - Libor	Libor	272,673	Interest	(933)	(1,414)	(1,895)
Loans - TJLP	TJLP	98,904	Interest	-	(1,183)	(2,348)
Loans - Fixed	None	1,048,813	None	-	-	-
Total Loans		1,420,390		(933)	(2,597)	(4,243)
Investments	Libor	170,403	Income	-	423	847
Investments	CDI	313,894	Income	5,543	18,156	30,769
Total Investments		484,297		5,543	18,579	31,616
			Net Income	4,610	15,982	27,373

(i) Information source: Bloomberg, report 15 January 2016
(ii) Information source: BM&F (Bolsa de Mercadorias e Futuros), report 15 January 2016

The net effect was obtained by assuming a 12 month period starting 31 December 2015 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the scenario rate and actual rate.

The interest rate risk mix is 37.28% of Libor and 62.72% of 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 variation of floating interest rates. On 16 September 2013, Tecon Salvador, entered into an interest rate swap agreement with an initial notional amount of US$74.4 million to hedge a portion of its outstanding floating-rate debt with IFC. On 31 March 2016 the notional amount was US$53.3 million, equivalent to the outstanding debt amount on that date. 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 Santander Brasil as counterparty and its, credit rating was AA, as of 31 March 2016, 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.

	US$ Outflows	**R$ Outflows**
Within one year	(832)	(2,961)
In the second year	(818)	(2,915)
In the third to fifth years (including)	(932)	(3,314)
After five years	-	-
	(2,582)	(9,190)
Fair value	(2,582)	(9,190)

Fair Value

The fair value of the swap was estimated based on the yield curve as of 31 March 2016, and represents its carrying value. As of 31 March 2016, the interest rate swap balance in other non-current liabilities was US$2.6 million; and the balance in accumulated other comprehensive income on the consolidated balance sheets was US$4.3 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the period ended 31 March 2016 was an after-tax loss of US$0.6 million.

31 March 2016	**Notional Amount US$**	**Maturity**	**US$ Fair Value**	**R$ Fair Value**
Financial Assets				
Interest Rates Swap	53,286	Mar/2020	(2,582)	(9,190)
Total			(2,582)	(9,190)

Derivative Sensitivity Analysis

This analysis is based on 6-month Libor interest 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 foreign exchange 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 reduction of 25% (Possible) and 50% (Remote) in the interest rate.

					31 March 2016
Probable scenario US$	**Possible scenario (25%) US$**	**Remote scenario (50%) US$**	**Probable scenario R$**	**Possible scenario (25%) R$**	**Remote scenario (50%) R$**
(2,577)	(2,921)	(3,264)	(9,545)	(10,819)	(12,090)

Cash Flow Hedge

The Group applies hedge accounting for transactions in order to manage the volatility in earnings. If a swap is designated and qualifies as a cash flow hedge. 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 hedge accounting is discontinued prospectively when there is no further expectation for the forecast 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 31 March 2016. There was no hedge ineffectiveness recognized in profit or loss for the year ended 31 March 2016.

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 assets. 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.

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.

31 March 2016	**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	3.43%	20,636	61,925	6,918	89,479
Fixed interest rate instruments	2.89%	22,679	85,512	155,326	263,517
		43,315	147,437	162,244	352,996

31 March 2016	**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	3.43%	73,442	220,386	24,621	318,449
Fixed interest rate instruments	2.89%	80,712	304,327	552,790	937,829
		154,154	524,713	577,411	1,256,278

31 December 2015	**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	3.22%	17,292	68,460	9,407	95,159
Fixed interest rate instruments	2.91%	24,198	79,767	164,631	268,596
		41,490	148,227	174,038	363,755

31 December 2015	**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	3.22%	67,523	267,323	36,731	371,577
Fixed interest rate instruments	2.91%	94,487	311,472	642,854	1,048,813
		162,010	578,795	679,585	1,420,390

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	**31 March 2016**	**31 December 2015**	**31 March 2016**	**31 December 2015**
Cash and cash equivalents	14	76,754	90,401	273,160	352,998
Short-term investments	14	54,758	40,723	194,878	159,015
Operational trade receivables	13	47,089	43,540	167,585	170,016
Other receivables	13	76,059	80,636	270,687	314,867
Exposed to credit risk		254,660	255,300	906,310	996,896

h. Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at 31 March 2016 and 31 December 2015 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 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).

All the Group's financial instruments (as disclosed in note 25 b) are considered as level 2. There were no amounts related to levels 1 and 3 at 31 March 2016 and 31 December 2015.

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 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 financial information are grouped into levels based on the degree to which the fair value is observable.

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

26 Related-party transactions

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

	Current assets (liabilities) US$	Revenues US$	Expenses US$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	26	9	-
2. Consórcio de Rebocadores Barra de Coqueiros	134	-	-
3. Consórcio de Rebocadores Baía de São Marcos	1,944	187	5
4. Wilson Sons Ultratug and subsidiaries	(2,155)	2,981	-
5. Atlantic Offshore S.A.	7,607	-	-
Other:			
6. Gouvêa Vieira Advogados	-	-	10
7. CMMR Intermediação Comercial Ltda.	-	-	40
At 31 March 2016	7,566	3,177	55
At 31 December 2015	6,752	22,176	315
At 31 March 2015	22,652	4,071	88

	Current assets (liabilities) R$	Revenues R$	Expenses R$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	93	35	-
2. Consórcio de Rebocadores Barra de Coqueiros	477	-	-
3. Consórcio de Rebocadores Baía de São Marcos	6,919	739	18
4. Wilson Sons Ultratug and subsidiaries	(7,669)	4,273	-
5. Atlantic Offshore S.A.	27,071	-	-
Other:			
6. Gouvêa Vieira Advogados	-	-	40
7. CMMR Intermediação Comercial Ltda.	-	-	156
At 31 March 2016	26,891	5,047	214
At 31 December 2015	26,366	77,399	831
At 31 March 2015	72,666	11,958	248

1. Allink Transportes Internacionais Ltda., 50% owned by the Group and rents terminal warehousing from the Group. Allink Transportes Internacionais Ltda controls 100% of Allink Serviços e Gerenciamento de Cargas Ltda

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

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

5. Intergroup loan with Atlantic Offshore S.A.

6. Mr. J.F. Gouvêa Vieira is a partner with the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.

7. 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

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Profit before tax	33,234	684	126,383	6,405
Less: Finance Income	(8,679)	(2,802)	(32,225)	(7,923)
Add: Exchange gain/loss on translation	(4,180)	10,787	(14,980)	25,423
Less: Share of result of joint ventures	(251)	1,124	(430)	3,168
Add: Finance costs	2,871	20,138	11,203	59,926
Operating profit from operations	22,995	29,931	89,951	86,999
Adjustments for:				
Depreciation and amortization expenses	11,374	16,042	44,400	45,781
(Gain) Loss on disposal and impairment of property, plant and equipment	142	(45)	590	(143)
Accrual (reversal) for cash-settled share-based payment	825	(777)	3,222	(2,227)
Post-employment benefits	48	-	171	-
Increase (decrease) in provisions	1,653	(2,258)	6,451	(6,687)
Operating cash flows before movements in working capital	37,037	42,893	144,785	123,723
(Increase) decrease in inventories	628	(602)	2,451	(1,728)
(Increase) decrease in trade and other receivables	(6,378)	12,101	(25,281)	34,700
Decrease in trade and other payables	8,850	5,088	39,491	14,605
Decrease (increase) in other non-current assets	(915)	1,681	(3,571)	4,825
Cash generated by operations	39,222	61,161	157,875	176,125
Income taxes paid	(7,422)	(7,280)	(26,550)	(21,542)
Interest paid - borrowings	(3,540)	(3,697)	(13,365)	(11,032)
Interest paid - leasing	(81)	(91)	(313)	(265)
Interest paid - others	(30)	(39)	(118)	(110)
Net cash from operating activities	28,149	50,054	117,529	143,176

Non-cash transactions:

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

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Additions to fixed assets				
Equipment acquired through finance leases	171	334	664	926
Capitalized interest	476	220	1,883	637
Effect of acquisition of tugboats	(17,420)	-	(62,914)	-
Acquisition of non-controlling interest				
Settlement of debts from purchase of non-controlling interest	(2,802)	**-**	(11,329)	**-**
Payables from purchase of non-controlling interest	(742)	**-**	(3,000)	**-**
Taxe settlement				
Income tax offset	-	(627)	-	(1,799)

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:

	31 March 2016 US$	31 March 2015 US$	31 March 2016 R$	31 March 2015 R$
Short-term employee benefits	1,193	1,368	4,623	4,294
Post-employment benefits and social charges	366	294	1,398	924
Stock Option	825	777	1,961	2,227
Total	2,384	2,439	7,982	7,445

29 Subsequent Event

In Board Meeting held on 28 April 2016 the Board Directors declared the payment of dividends in the amount of US$0.50 per share (R$1.767250000 per share) in the total amount of US$35,572 (R$125,729) to Shareholders of record as at 28 April 2016 and the payment of such dividend on 9 May 2016.

30 Approval of the consolidated financial information

The condensed consolidated interim financial information were approved by the board of directors and authorized for issue on 10 May 2016.

Directors Declaration

In compliance with article 25, section V of CVM Instruction 480 of 7 December 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 Information and the views expressed in the review report of the independent auditors.