

Condensed Consolidated Interim Financial Information

Wilson Sons Limited

30 June 2017
with Independent Auditor's Review Report on the Condensed
Consolidated Interim Financial Information

Wilson Sons Limited

Condensed consolidated interim financial information

30 June 2017

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Report on review of condensed consolidated interim financial information

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Wilson Sons Limited (the "Company") as of June 30, 2017 and the related condensed consolidated statements of profit or loss and other comprehensive income, for the three and six-month periods then ended and changes in equity and cash flows for the six-month period then ended, as well as the explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards IAS 34 "Interim Financial Reporting".



Other matters

The consolidated financial statements for the year ended December 31, 2016, whose consolidated statement of financial position is presented for comparison purposes, were audited by other independent auditors who issued an unmodified auditor's report thereon dated March 23, 2017. Additionally, the condensed consolidated statements of profit or loss and other comprehensive income, for the three and six-month periods ended June 30, 2016 and changes in equity and cash flows for the six-month period ended June 30, 2016 were reviewed by other independent accountants, who issued an unmodified review conclusion report dated August 11, 2016.

Rio de Janeiro, August 7, 2017.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6



Paulo José Machado
Accountant CRC-1RJ61469/O-4

Wilson Sons Limited

Condensed consolidated interim statements of profit or loss and other comprehensive income
For the period ended 30 June 2017 and 2016 (*Unaudited*)

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

	Notes	Three-month period ended		Six-month period ended		Three-month period ended		Six-month period ended	
		30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016
		US\$	US\$	US\$	US\$	R\$	R\$	R\$	R\$
Revenue	4	128,000	112,960	245,753	214,670	411,484	396,502	781,493	793,258
Raw materials and consumables used		(9,879)	(7,350)	(18,817)	(16,313)	(31,738)	(25,834)	(59,830)	(60,698)
Employee charge and benefits expense	5	(42,360)	(37,455)	(83,329)	(67,760)	(136,023)	(131,412)	(264,764)	(249,476)
Depreciation and amortisation expenses		(14,521)	(13,030)	(28,948)	(24,404)	(46,691)	(45,550)	(92,033)	(89,950)
Other operating expenses	6	(28,974)	(31,462)	(61,449)	(59,393)	(92,837)	(110,350)	(194,862)	(219,237)
Profit (loss) on disposal of property, plant and equipment		(2,104)	209	(1,962)	67	(6,953)	726	(6,510)	136
Results from operating activities		30,162	23,872	51,248	46,867	97,242	84,082	163,494	174,033
Share of result of joint ventures	23.2	1,562	2,630	1,808	2,881	5,018	9,132	5,806	9,562
Finance income	7	2,902	9,587	6,588	19,238	9,424	33,070	21,140	68,782
Finance costs	7	(4,313)	(6,881)	(8,090)	(10,724)	(13,896)	(23,833)	(25,833)	(38,523)
Exchange gain (loss) on translation	7	(2,091)	2,648	657	6,828	(6,777)	8,932	2,073	23,912
Profit before tax		28,222	31,856	52,211	65,090	91,011	111,383	166,680	237,766
Income tax expense	8	(10,334)	(5,937)	(19,403)	(17,219)	(32,378)	(21,100)	(60,796)	(65,015)
Profit for the period		17,888	25,919	32,808	47,871	58,633	90,283	105,884	172,751
Profit for the period attributable to:									
Owners of the Company		17,564	25,812	32,100	47,739	57,599	89,918	103,650	172,283
Non-controlling interests		324	107	708	132	1,034	365	2,234	468
		17,888	25,919	32,808	47,871	58,633	90,283	105,884	172,751
Other comprehensive income									
Items that will never affect profit or loss									
Exchange differences on translation		(10,849)	21,613	(4,970)	36,896	35,627	(88,536)	7,882	(184,873)
Items that are or may be reclassified to profit or loss									
Effective portion of changes in fair value of cash flow hedges		(228)	99	141	427	(731)	345	434	1,354
Total comprehensive income for the period		6,811	47,631	27,979	85,194	93,529	2,092	114,200	(10,768)
Total comprehensive income for the period attributable to:									
Owners of the Company		6,527	47,418	27,255	84,892	92,495	1,727	111,844	(11,198)
Non-controlling interests		284	213	724	302	1,034	365	2,356	430
		6,811	47,631	27,979	85,194	93,529	2,092	114,200	(10,768)
Earnings per share from continuing operations									
Basic (cents per share)	21	24.69c	36.28c	45.12c	67.10c	80.96c	126.39c	145.69c	242.16c
Diluted (cents per share)	21	23.75c	34.98c	43.40c	64.69c	77.88c	121.85c	140.14c	233.47c

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 30 June 2017 and year ended 31 December 2016

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

	Notes	30/06/2017 US\$ (unaudited)	31/12/2016 US\$	30/06/2017 R\$ (unaudited)	31/12/2016 R\$
Assets					
Non-current assets					
Goodwill	9	30,318	30,607	100,298	99,751
Other intangible assets	10	29,646	30,444	98,075	99,220
Property, plant and equipment	11	646,090	646,922	2,137,395	2,108,383
Deferred tax assets	16	29,175	29,055	96,517	94,693
Investment in joint ventures	23.3	24,091	22,230	79,698	72,450
Other trade receivables	13	52,777	55,070	174,597	179,479
Other non-current assets		13,497	13,408	44,649	43,698
Total non-current assets		825,594	827,736	2,731,229	2,697,674
Current assets					
Inventories	12	15,947	15,427	52,756	50,278
Operational trade receivables	13	56,702	54,247	187,581	176,797
Other trade receivables	13	31,683	27,018	104,814	88,053
Short-term investments	14	17,400	37,400	57,563	121,890
Cash and cash equivalents	14	58,549	75,001	193,692	244,436
Total current assets		180,281	209,093	596,406	681,454
Total assets		1,005,875	1,036,829	3,327,635	3,379,128
Equity and liabilities					
Capital and reserves					
Share capital	21	9,905	9,905	26,815	26,815
Capital reserves		89,196	89,196	187,817	187,817
Profit reserve and derivatives		202	61	(494)	(928)
Share options		10,961	9,790	26,272	23,461
Retained earnings		458,199	463,094	1,048,073	1,062,104
Translation reserve		(61,314)	(56,328)	389,267	381,507
Equity attributable to owners of the Company		507,149	515,718	1,677,750	1,680,776
Non-controlling interests		1,093	770	3,616	2,510
Total equity		508,242	516,488	1,681,366	1,683,286
Non-current liabilities					
Bank loans	15	308,048	325,750	1,019,084	1,061,651
Deferred tax liabilities	16	51,560	48,974	170,571	159,611
Derivatives	25	828	1,182	2,739	3,852
Post-employment benefits	20.2	674	648	2,230	2,111
Provisions for tax, labour and civil risks	17	19,657	20,037	65,029	65,303
Obligations under finance leases	18	504	1,085	1,667	3,536
Total non-current liabilities		381,271	397,676	1,261,320	1,296,064
Current liabilities					
Operational trade payables	19	42,848	49,042	141,749	159,833
Other trade payables	19	12,683	18,621	41,958	60,687
Derivatives	25	834	712	2,758	2,322
Current tax liabilities		2,238	3,299	7,405	10,751
Obligations under finance leases	18	1,218	1,211	4,029	3,947
Bank loans	15	56,541	49,780	187,050	162,238
Total current liabilities		116,362	122,665	384,949	399,778
Total liabilities		497,633	520,341	1,646,269	1,695,842
Total equity and liabilities		1,005,875	1,036,829	3,327,635	3,379,128

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 30 June 2017 and 2016 (*Unaudited*)

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

	Notes	Capital reserves						Retained earnings	Translation reserve	Attributable to owners of the Company	Non controlling interests	Total	
		Share capital	Share premium	Others	Additional paid-in capital	Derivatives	Profit reserve						Share options
		US\$	US\$	US\$	US\$	US\$	US\$						US\$
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		-	-	-	-	-	-	-	47,739	-	47,739	132	47,871
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	465	-	-	-	-	465	(38)	427
Other comprehensive income		-	-	-	-	-	-	-	-	36,688	36,688	208	36,896
Total comprehensive income for the period		-	-	-	-	465	-	-	47,739	36,688	84,892	302	85,194
Derivatives		-	-	-	-	(73)	-	-	-	-	(73)	-	(73)
Share options		-	-	-	-	-	-	1,649	-	-	1,649	-	1,649
Purchase of non-controlling interest (Tecon SSA)	22	-	-	-	(5,128)	-	-	-	-	-	(5,128)	(271)	(5,399)
Dividends		-	-	-	-	-	-	-	(35,572)	-	(35,572)	-	(35,572)
Balance at 30 June 2016	21	9,905	67,951	28,383	(7,138)	(3,079)	1,981	8,029	424,811	(52,163)	478,680	1,127	479,807
Balance at 1 January 2017	21	9,905	67,951	28,383	(7,138)	(1,920)	1,981	9,790	463,094	(56,328)	515,718	770	516,488
Profit for the period		-	-	-	-	-	-	-	32,100	-	32,100	708	32,808
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	141	-	-	-	-	141	-	141
Other comprehensive loss (income)		-	-	-	-	-	-	-	-	(4,986)	(4,986)	16	(4,970)
Total comprehensive income (loss) for the period		-	-	-	-	141	-	-	32,100	(4,986)	27,255	724	27,979
Share options		-	-	-	-	-	-	1,171	-	-	1,171	-	1,171
Dividends		-	-	-	-	-	-	-	(36,995)	-	(36,995)	(401)	(37,396)
Balance at 30 June 2017	21	9,905	67,951	28,383	(7,138)	(1,779)	1,981	10,961	458,199	(61,314)	507,149	1,093	508,242

(Continues)

Wilson Sons Limited

Condensed consolidated interim statements of changes in equity

For the period ended 30 June 2017 and 2016 (*Unaudited*)

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

	Notes	Capital reserves						Retained earnings	Translation reserve	Attributable to owners of the Company	Non controlling interests	Total	
		Share capital	Share premium	Others	Additional paid-in capital	Derivatives	Profit reserve						Share options
		R\$	R\$	R\$	R\$	R\$	R\$						R\$
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		-	-	-	-	-	-	-	172,283	-	172,283	468	172,751
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	1,392	-	-	-	-	1,392	(38)	1,354
Other comprehensive loss		-	-	-	-	-	-	-	(184,873)	(184,873)	-	-	(184,873)
Total comprehensive income (loss) for the period		-	-	-	-	1,392	-	-	172,283	(184,873)	(11,198)	430	(10,768)
Derivatives		-	-	-	-	(231)	-	-	-	-	(231)	-	(231)
Share options		-	-	-	-	-	-	3,923	-	-	3,923	-	3,923
Purchase of non-controlling interest (Tecon SSA)	22	-	-	-	(20,733)	-	-	-	-	-	(20,733)	(1,090)	(21,823)
Dividends		-	-	-	-	-	-	-	(125,730)	-	(125,730)	-	(125,730)
Balance at 30 June 2016	21	26,815	136,396	76,018	(24,597)	(8,033)	3,342	19,269	938,154	369,104	1,536,468	3,619	1,540,087
Balance at 1 January 2017	21	26,815	136,396	76,018	(24,597)	(4,270)	3,342	23,461	1,062,104	381,507	1,680,776	2,510	1,683,286
Profit for the period		-	-	-	-	-	-	-	103,650	-	103,650	2,234	105,884
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	434	-	-	-	-	434	-	434
Other comprehensive income		-	-	-	-	-	-	-	7,760	7,760	-	122	7,882
Total comprehensive income for the period		-	-	-	-	434	-	-	103,650	7,760	111,844	2,356	114,200
Share options		-	-	-	-	-	-	2,811	-	-	2,811	-	2,811
Dividends		-	-	-	-	-	-	-	(117,681)	-	(117,681)	(1,250)	(118,931)
Balance at 30 June 2017	21	26,815	136,396	76,018	(24,597)	(3,836)	3,342	26,272	1,048,073	389,267	1,677,750	3,616	1,681,366

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 30 June 2017 and 2016 (*Unaudited*)

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

	Notes	30/06/2017 US\$	30/06/2016 US\$	30/06/2017 R\$	30/06/2016 R\$
Net cash generated by operating activities	27	40,487	47,481	129,135	171,596
Cash flow from investing activities					
Interest received		4,037	3,094	12,865	11,672
Proceeds on disposal of property, plant and equipment		473	1,482	1,501	5,584
Purchases of property, plant and equipment		(13,142)	(61,216)	(42,129)	(220,413)
Other intangible assets		(1,626)	(3,576)	(5,179)	(13,341)
Short-term investment		20,000	16,723	63,614	57,268
Acquisition of non-controlling interest		-	(1,855)	-	(7,500)
Net cash used in investing activities		9,742	(45,348)	30,672	(166,730)
Cash flow from financing activities					
Dividends paid		(36,995)	(35,572)	(117,681)	(125,730)
Dividends paid - non controlling interest		(401)	-	(1,250)	-
Repayments of borrowings		(27,883)	(20,319)	(89,414)	(74,860)
Repayments of obligations under finance leases		(448)	(641)	(1,429)	(2,307)
Derivatives paid		(302)	(421)	(955)	(1,586)
New borrowings obtained		-	23,385	-	80,425
Net cash used in financing activities		(66,029)	(33,568)	(210,729)	(124,058)
Net decrease in cash and cash equivalents		(15,800)	(31,435)	(50,922)	(119,192)
Cash and cash equivalents at the beginning of the period		75,001	90,401	244,436	352,998
Effect of foreign exchange rate changes		(652)	13,052	178	(2,643)
Cash and cash equivalents at the end of the period		58,549	72,018	193,692	231,163

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

Wilson Sons Limited

Notes to the condensed consolidated interim financial information

30 June 2017

(Amounts expressed in thousands of U.S. Dollars and Brazilian Reals, 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. With a business track record of over 180 years, the Company has developed an extensive national network and provides a comprehensive set of services related to domestic and international trade, as well as to the oil and gas industry. The Company's principal activities are divided into the following segments: towage and agency services, port terminals, offshore vessels, logistics 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.

All relevant information specific to the financial statements, and only such information, is being evidenced, and corresponds to that used by the Company's management.

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.

These interim financial statements are presented in accordance with International Financial Reporting Standards IAS 34 "Interim Financial Reporting".

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 2016 approved on 23 March 2017.

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 recognised as foreign currency translation in other comprehensive income.

Wilson Sons Limited

Notes to the condensed consolidated interim financial information

30 June 2017

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

Estimates

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

In preparing this condensed consolidated interim financial information, significant judgments were 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 2016.

3. Segment information

Reportable segments

For management purposes, the Group is currently organised into five reportable segments: towage and agency services, port terminals, offshore vessels, logistics and shipyards. These divisions are reported 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 also allocated to the reporting segments.

Administrative expenses are presented as non-segment activities.

Segment information relating to these businesses is presented below:

	2017						
	Towage and agency services	Port terminals	Offshore Vessels	Logistics	Shipyards	Non segmented activities	Consolidated
30 June 2017	US\$	US\$	US\$	US\$	US\$	US\$	US\$
(Three-month period ended)							
Revenue	57,348	51,299	-	13,186	7,740	-	128,000
Operating profit	21,000	15,463	-	(830)	(1,012)	(5,191)	30,162
Finance income	(14)	1,104	-	420	-	1,392	2,902
Finance costs	(1,903)	(2,379)	-	(20)	(205)	194	(4,313)
Operating profit adjusted by finance income and cost	19,083	14,188	-	(430)	(1,217)	(3,605)	28,751
Share of result of joint ventures	-	-	1,562	-	-	-	1,562
Exchange loss on translation	-	-	-	-	-	-	(2,091)
Profit before tax	-	-	-	-	-	-	28,222
Other information:							
Capital expenditures	(2,580)	(7,509)	-	(135)	(179)	(259)	(10,662)
Depreciation and amortisation	(6,689)	(6,170)	-	(409)	(663)	(590)	(14,521)

Wilson Sons Limited

Notes to the condensed consolidated interim financial information

30 June 2017

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

	2016							
	Towage and agency services	Port terminals	Offshore Vessels	Logistics	Shipyards	Non segmented activities	Elimination	Consolidated
30 June 2016	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
(Three-month period ended)								
Revenue	54,118	42,857	-	9,862	18,963	-	(12,840)	112,960
Operating profit	18,824	10,883	-	(1,993)	3,888	(5,611)	(2,119)	23,872
Finance income	(5)	7,567	-	95	(2)	1,953	(21)	9,587
Finance costs	(1,585)	(4,628)	-	(57)	(216)	(395)	-	(6,881)
Operating profit adjusted by finance income and cost	17,234	13,822	-	(1,955)	3,670	(4,053)	(2,140)	26,578
Share of result of joint ventures	-	-	2,630	-	-	-	-	2,630
Exchange gain on translation	-	-	-	-	-	-	-	2,648
Profit before tax	-	-	-	-	-	-	-	31,856
Other information:								
Capital expenditures	(9,946)	(20,578)	-	(118)	(161)	(1,847)	-	(32,650)
Depreciation and amortisation	(6,043)	(5,390)	-	(440)	(164)	(993)	-	(13,030)
	2017							
	Towage and agency services	Port terminals	Offshore Vessels	Logistics	Shipyards	Non segmented activities	Elimination	Consolidated
30 June 2017	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
(Six-month period ended)								
Revenue	108,497	98,787	-	26,098	14,284	-	(1,913)	245,753
Operating profit	37,223	29,006	-	(1,403)	(2,178)	(13,188)	1,788	51,248
Finance income	14	2,774	-	520	-	3,280	-	6,588
Finance costs	(3,727)	(4,312)	-	(58)	(410)	520	(103)	(8,090)
Operating profit adjusted by finance income and cost	33,510	27,468	-	(941)	(2,588)	(9,388)	1,685	49,746
Share of result of joint ventures	-	-	1,808	-	-	-	-	1,808
Exchange gain on translation	-	-	-	-	-	-	-	657
Profit before tax	-	-	-	-	-	-	-	52,211
Other information:								
Capital expenditures	(4,940)	(29,127)	-	(256)	(230)	(597)	-	(35,150)
Depreciation and amortisation	(13,339)	(11,904)	-	(828)	(1,361)	(1,516)	-	(28,948)

Wilson Sons Limited

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	2016							
	Towage and agency services	Port terminals	Offshore Vessels	Logistics	Shipyards	Non segmented activities	Elimination	Consolidated
30 June 2016	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
(Six-month period ended)								
Revenue	106,048	77,191	-	20,444	33,911	-	(22,924)	214,670
Operating profit	38,610	19,365	-	(1,373)	3,157	(11,315)	(1,577)	46,867
Finance income	(10)	14,510	-	120	(2)	4,641	(21)	19,238
Finance costs	(3,098)	(7,445)	-	(134)	(439)	392	-	(10,724)
Operating profit adjusted by finance income and cost	35,502	26,430	-	(1,387)	2,716	(6,282)	(1,598)	55,381
Share of result of joint ventures	-	-	2,881	-	-	-	-	2,881
Exchange gain on translation	-	-	-	-	-	-	-	6,828
Profit before tax	-	-	-	-	-	-	-	65,090
Other information:								
Capital expenditures	(40,620)	(30,869)	-	(172)	(236)	(2,073)	-	(73,970)
Depreciation and amortisation	(11,207)	(9,829)	-	(772)	(191)	(2,405)	-	(24,404)
	2017							
	Towage and agency services	Port terminals	Offshore Vessels	Logistics	Shipyards	Non segmented activities	Elimination	Consolidated
30 June 2017	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
(Three-month period ended)								
Revenue	184,240	165,065	-	42,405	24,829	-	(5,055)	411,484
Operating profit	67,499	50,014	-	(2,688)	(3,257)	(16,678)	2,352	97,242
Finance income	(44)	3,615	-	1,373	-	4,480	-	9,424
Finance costs	(6,123)	(7,603)	-	(68)	(657)	555	-	(13,896)
Operating profit adjusted by finance income and cost	61,332	46,026	-	(1,383)	(3,914)	(11,643)	2,352	92,770
Share of result of joint ventures	-	-	5,018	-	-	-	-	5,018
Exchange loss on translation	-	-	-	-	-	-	-	(6,777)
Profit before tax	-	-	-	-	-	-	-	91,011
Other information:								
Capital expenditures	(8,321)	(23,943)	-	(434)	(571)	(836)	-	(34,105)
Depreciation and amortisation	(21,495)	(19,862)	-	(1,317)	(2,128)	(1,889)	-	(46,691)

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	2016							
	Towage and agency services	Port terminals	Offshore Vessels	Logistics	Shipyards	Non segmented activities	Elimination	Consolidated
	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
30 June 2016								
(Three-month period ended)								
Revenue	189,968	150,386	-	34,588	66,700	-	(45,140)	396,502
Operating profit	66,126	38,216	-	(6,919)	13,692	(19,740)	(7,293)	84,082
Finance income	(16)	25,947	-	336	(7)	6,881	(71)	33,070
Finance costs	(5,558)	(15,995)	-	(198)	(759)	(1,323)	-	(23,833)
Operating profit adjusted by finance income and cost	60,552	48,168	-	(6,781)	12,926	(14,182)	(7,364)	93,319
Share of result of joint ventures	-	-	9,132	-	-	-	-	9,132
Exchange gain on translation	-	-	-	-	-	-	-	8,932
Profit before tax	-	-	-	-	-	-	-	111,383
Other information:								
Capital expenditures	(35,858)	(70,964)	-	(417)	(556)	(6,430)	-	(114,225)
Depreciation and amortisation	(21,171)	(18,895)	-	(1,536)	(420)	(3,528)	-	(45,550)
	2017							
	Towage and agency services	Port terminals	Offshore Vessels	Logistics	Shipyards	Non segmented activities	Elimination	Consolidated
	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
30 June 2017								
(Six-month period ended)								
Revenue	344,946	314,287	-	82,994	45,399	-	(6,133)	781,493
Operating profit	118,374	92,599	-	(4,459)	(6,917)	(41,763)	5,660	163,494
Finance income	45	8,988	-	1,688	-	10,419	-	21,140
Finance costs	(11,855)	(13,820)	-	(187)	(1,302)	1,652	(321)	(25,833)
Operating profit adjusted by finance income and cost	106,564	87,767	-	(2,958)	(8,219)	(29,692)	5,339	158,801
Share of result of joint ventures	-	-	5,806	-	-	-	-	5,806
Exchange gain on translation	-	-	-	-	-	-	-	2,073
Profit before tax	-	-	-	-	-	-	-	166,680
Other information:								
Capital expenditures	(15,772)	(91,360)	-	(811)	(732)	(1,898)	-	(110,573)
Depreciation and amortisation	(42,397)	(37,880)	-	(2,634)	(4,321)	(4,801)	-	(92,033)

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30 June 2016	2016							
	Towage and agency services	Port terminals	Offshore Vessels	Logistics	Shipyards	Non segmented activities	Elimination	Consolidated
	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
(Six-month period ended)								
Revenue	392,570	284,206	-	76,014	123,887	-	(83,419)	793,258
Operating profit	143,326	71,316	-	(4,331)	10,435	(41,914)	(4,799)	174,033
Finance income	(35)	51,069	-	430	(7)	17,396	(71)	68,782
Finance costs	(11,477)	(26,723)	-	(498)	(1,631)	1,806	-	(38,523)
Operating profit adjusted by finance income and cost	131,814	95,662	-	(4,399)	8,797	(22,712)	(4,870)	204,292
Share of result of joint ventures	-	-	9,562	-	-	-	-	9,562
Exchange gain on translation	-	-	-	-	-	-	-	23,912
Profit before tax	-	-	-	-	-	-	-	237,766
Other information:								
Capital expenditures	(147,587)	(111,818)	-	(665)	(760)	(7,321)	-	(268,151)
Depreciation and amortisation	(41,356)	(36,203)	-	(2,835)	(509)	(9,047)	-	(89,950)

Geographical information

The Group's operations are mainly located in Brazil where it earns income and incurs expenses. The Group earns income on cash and cash equivalents and short-term investments in Bermuda and Brazil. 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).

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Sales of services	121,847	106,837	233,382	203,683
Revenue from construction contracts	6,153	6,123	12,371	10,987
Total	128,000	112,960	245,753	214,670

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Sales of services	391,752	374,942	742,227	752,790
Revenue from construction contracts	19,732	21,560	39,266	40,468
Total	411,484	396,502	781,493	793,258

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5. Employee charges and benefits expenses

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Salaries and benefits	(34,330)	(30,493)	(67,802)	(55,342)
Payroll taxes	(7,247)	(5,901)	(13,849)	(10,318)
Pension costs	(207)	(237)	(507)	(451)
Long-term incentive plan	(576)	(824)	(1,171)	(1,649)
Total	(42,360)	(37,455)	(83,329)	(67,760)

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Salaries and benefits	(110,117)	(107,107)	(215,319)	(204,030)
Payroll taxes	(23,392)	(20,581)	(44,114)	(37,663)
Pension costs	(663)	(833)	(1,605)	(1,669)
Long-term incentive plan	(1,851)	(2,891)	(3,726)	(6,114)
Total	(136,023)	(131,412)	(264,764)	(249,476)

6. Other operating expenses

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Service cost	(7,614)	(9,186)	(15,851)	(16,044)
Container handling	(5,262)	(4,079)	(10,220)	(7,228)
Rent of tugs	(4,832)	(6,829)	(9,937)	(13,522)
Other rentals	(4,552)	(2,325)	(7,813)	(5,289)
Energy, water and communication	(3,713)	(3,751)	(7,351)	(7,142)
Freight	(2,473)	(1,763)	(4,955)	(3,636)
Other taxes	(550)	(2,171)	(2,229)	(3,690)
Insurance	(1,042)	(1,005)	(2,134)	(1,853)
Other expenses	1,064	(353)	(959)	(989)
Total	(28,974)	(31,462)	(61,449)	(59,393)

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Service cost	(24,453)	(32,239)	(50,331)	(58,954)
Container handling	(16,903)	(14,290)	(32,493)	(26,538)
Rent of tugs	(15,541)	(23,971)	(31,570)	(50,145)
Other rentals	(14,624)	(8,115)	(24,887)	(19,579)
Energy, water and communication	(11,929)	(13,164)	(23,351)	(26,381)
Freight	(7,980)	(6,180)	(15,778)	(13,519)
Other taxes	(1,653)	(7,602)	(6,941)	(13,554)
Insurance	(3,347)	(3,529)	(6,776)	(6,842)
Other expenses	3,593	(1,260)	(2,735)	(3,725)
Total	(92,837)	(110,350)	(194,862)	(219,237)

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7. Finance income and finance costs

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Interest on investments	1,317	1,895	3,158	4,244
Exchange gain on investments	1,596	-	1,596	-
Exchange gain (loss) on loans	(1,649)	6,982	-	13,920
Other interest income	1,638	710	1,834	1,074
Total finance income	2,902	9,587	6,588	19,238
Interest on bank loans	(3,376)	(3,015)	(6,716)	(5,676)
Exchange gain (loss) on investments	188	(3,684)	-	(4,656)
Exchange loss on loans	(1,110)	-	(1,110)	-
Interest on obligations under finance leases	(61)	(106)	(143)	(213)
Total bank and investment costs	(4,359)	(6,805)	(7,969)	(10,545)
Other interest	46	(76)	(121)	(179)
Total finance costs	(4,313)	(6,881)	(8,090)	(10,724)
Exchange gain (loss) on translation	(2,091)	2,648	657	6,828
	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Interest on investments	4,221	6,661	10,016	15,833
Exchange gain on investments	5,118	-	5,118	-
Exchange gain (loss) on loans	(5,307)	23,883	-	48,987
Other interest income	5,392	2,526	6,006	3,962
Total finance income	9,424	33,070	21,140	68,782
Interest on bank loans	(10,867)	(10,581)	(21,363)	(20,945)
Exchange gain (loss) on investments	660	(12,614)	-	(16,101)
Exchange loss on loans	(3,646)	-	(3,646)	-
Interest on obligations under finance leases	(196)	(372)	(454)	(789)
Total bank and investment costs	(14,049)	(23,567)	(25,463)	(37,835)
Other interest	153	(266)	(370)	(688)
Total finance costs	(13,896)	(23,833)	(25,833)	(38,523)
Exchange gain (loss) on translation	(6,777)	8,932	2,073	23,912

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8. Income tax expense

Income tax recognised in profit or loss:

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Current				
Brazilian taxation				
Income tax	(6,814)	(5,430)	(11,858)	(12,379)
Social contribution	(2,594)	(2,420)	(4,891)	(4,988)
Total Brazilian current tax	(9,408)	(7,850)	(16,749)	(17,367)
Deferred tax				
Total deferred tax	(926)	1,913	(2,654)	148
Total income tax expense	(10,334)	(5,937)	(19,403)	(17,219)
	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Current				
Brazilian taxation				
Income tax	(21,358)	(18,999)	(37,175)	(46,001)
Social contribution	(8,132)	(8,490)	(15,333)	(18,455)
Total Brazilian current tax	(29,490)	(27,489)	(52,508)	(64,456)
Deferred tax				
Total deferred tax	(2,888)	6,389	(8,288)	(559)
Total income tax expense	(32,378)	(21,100)	(60,796)	(65,015)

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

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

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	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Profit before tax	28,222	31,856	52,211	65,090
Tax at the standard Brazilian tax rate (34%)	(9,596)	(10,831)	(17,752)	(22,131)
Utilization of net operating losses	2,750	96	2,766	125
Amortisation of goodwill	452	414	913	785
Exchange variance on loans	3,487	(7,970)	755	(15,236)
Tax effect of share of results of joint ventures	530	895	614	980
Tax effect of foreign exchange gain or loss on monetary items	(711)	900	223	2,321
Effect of different tax rates in other jurisdictions	(62)	318	(59)	(98)
Retranslation of non-current asset valuation	(3,947)	12,486	(229)	22,235
Share option scheme	(195)	(280)	(398)	(560)
Non-deductible expenses	(164)	(145)	(868)	(312)
Net operating losses of the period	(2,643)	(1,817)	(4,738)	(5,262)
Others	(235)	(3)	(630)	(66)
Income tax expense	(10,334)	(5,937)	(19,403)	(17,219)

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Profit before tax	91,011	111,383	166,680	237,766
Tax at the standard Brazilian tax rate (34%)	(30,944)	(37,870)	(56,671)	(80,840)
Utilization of net operating losses	9,027	326	9,082	443
Amortisation of goodwill	1,450	1,450	2,900	2,900
Exchange variance on loans	11,252	(27,220)	2,477	(53,777)
Tax effect of share of results of joint ventures	1,705	3,105	1,974	3,251
Tax effect of foreign exchange gain or loss on monetary items	(2,304)	3,038	705	8,131
Effect of different tax rates in other jurisdictions	(201)	1,130	(191)	(369)
Retranslation of non-current asset valuation	(12,763)	42,799	(834)	78,777
Share option scheme	(630)	(984)	(1,267)	(2,079)
Non-deductible expenses	(522)	(515)	(2,726)	(1,159)
Net operating losses of the period	(8,572)	(6,303)	(15,119)	(19,407)
Others	124	(56)	(1,126)	(886)
Income tax expense	(32,378)	(21,100)	(60,796)	(65,015)

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9. Goodwill

	30/06/2017 US\$	31/12/2016 US\$
Cost and carrying amount attributed to:		
Brasco	15,586	15,821
Tecon Rio Grande	12,252	12,306
Tecon Salvador	2,480	2,480
Total	30,318	30,607

	30/06/2017 R\$	31/12/2016 R\$
Cost and carrying amount attributed to:		
Brasco	51,561	51,561
Tecon Rio Grande	40,533	40,107
Tecon Salvador	8,204	8,083
Total	100,298	99,751

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 the remaining period of the concession.

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 3.7% above inflation has been estimated for Brasco, and a discount rate of 7.6% for all business units has been used. These growth rates reflect the products, industries and country in which the businesses operate. These medium to long-term growth rates have been reviewed by management during the annual impairment test for 2016 and are considered to be appropriate for the period.

The Directors have considered the following individual sensitivities and are confident that no impairment would arise in any of the cash-generating units in any of the following two circumstances:

- If the discount rate was increased by 30%; or
- If the cash flow projections of all businesses were reduced by 30%.

After testing goodwill as mentioned above, no impairment losses were recognised for the periods presented.

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The goodwill of Tecon Rio Grande relates to both the acquisition of that subsidiary, and the merger of other subsidiaries with Tecon Rio Grande. As Tecon Rio Grande subsidiary has Brazilian Real as its functional currency, the part of the goodwill resulting from the merger of Tecon Rio Grande with other subsidiaries is subject to exchange rate effects.

10. Other intangible assets

	US\$	R\$
Cost		
At 1 January 2016	53,949	210,660
Additions	5,277	18,932
Disposals	(292)	(986)
Exchange differences	5,988	-
Foreign currency effect in respect of translation into Brazilian Real	-	(17,018)
At 31 December 2016	64,922	211,588
Additions	1,626	5,179
Disposals	(72)	(222)
Exchange differences	(591)	-
Foreign currency effect in respect of translation into Brazilian Real	-	1,414
At 30 June 2017	65,885	217,959
Accumulated amortisation		
At 1 January 2016	27,675	108,065
Charge for the year	5,248	18,305
Disposals	(291)	(983)
Exchange differences	1,846	-
Foreign currency effect in respect of translation into Brazilian Real	-	(13,019)
At 31 December 2016	34,478	112,368
Charge for the period	2,039	6,465
Disposals	(72)	(222)
Exchange differences	(206)	-
Foreign currency effect in respect of translation into Brazilian Real	-	1,273
At 30 June 2017	36,239	119,884
Carrying amount		
30 June 2017	29,646	98,075
31 December 2016	30,444	99,220

The breakdown of intangibles by type is as follows:

	30/06/2017 US\$	31/12/2016 US\$
Lease right – Brasco Rio	13,390	13,853
Lease right – Tecon Salvador	4,899	5,049
Computer software – SAP	1,246	1,970
Other computer software	9,956	9,371
Other intangibles	155	201
Total	29,646	30,444

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	30/06/2017 R\$	31/12/2016 R\$
Lease right – Brasco Rio	44,296	45,148
Lease right – Tecon Salvador	16,207	16,455
Computer software – SAP	4,120	6,421
Other computer software	32,935	30,541
Other intangibles	517	655
Total	98,075	99,220

In November 2016 the subsidiary Tecon Salvador S.A signed the second amendment to the terminal lease agreement, which extends the term of the lease until March 2050. Therefore, the amortisation expense for the lease right will be measured considering the validity of the lease contract (2050). Details are disclosed in Note 11.

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 2016	255,694	392,157	177,187	29,326	854,364
Additions	7,259	29,874	36,602	23,406	97,141
Transfers	(187)	53,071	(152)	(52,732)	-
Exchange differences	38,581	-	30,148	-	68,729
Disposals	(209)	(17,227)	(9,811)	-	(27,247)
At 31 December 2016	301,138	457,875	233,974	-	992,987
Additions	2,551	3,808	26,308	857	33,524
Transfers	30	565	(184)	(411)	-
Exchange differences	(3,609)	-	(4,390)	-	(7,999)
Disposals	(3,657)	(1,408)	(1,168)	-	(6,233)
At 30 June 2017	296,453	460,840	254,540	446	1,012,279
Accumulated depreciation					
At 1 January 2016	63,596	139,831	93,752	-	297,179
Charge for the year	10,824	19,809	16,703	-	47,336
Elimination on construction contracts	-	1,068	-	-	1,068
Exchange differences	11,356	-	14,817	-	26,173
Disposals	(169)	(16,808)	(8,714)	-	(25,691)
At 31 December 2016	85,607	143,900	116,558	-	346,065
Charge for the period	4,893	12,410	9,606	-	26,909
Elimination on construction contracts	-	53	-	-	53
Exchange differences	(1,270)	-	(1,770)	-	(3,040)
Disposals	(1,370)	(1,295)	(1,133)	-	(3,798)
At 30 June 2017	87,860	155,068	123,261	-	366,189
Carrying amount					
30 June 2017	208,593	305,772	131,279	446	646,090
31 December 2016	215,531	313,975	117,416	-	646,922

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	Land and buildings	Vessels	Vehicles, plant and equipment	Assets under construction	Total
	R\$	R\$	R\$	R\$	R\$
Cost or valuation					
At 1 January 2016	998,434	1,531,293	691,884	114,512	3,336,123
Additions	24,852	104,322	128,890	84,506	342,570
Transfers	(736)	186,482	(412)	(185,334)	-
Disposals	(736)	(58,733)	(37,691)	-	(97,160)
Foreign currency effect in respect of translation into Brazilian Real	(40,375)	(271,107)	(20,125)	(13,684)	(345,291)
At 31 December 2016	981,439	1,492,257	762,546	-	3,236,242
Additions	8,141	12,142	82,352	2,759	105,394
Transfers	97	1,806	(590)	(1,313)	-
Disposals	(12,051)	(4,382)	(3,668)	-	(20,101)
Foreign currency effect in respect of translation into Brazilian Real	3,102	22,725	1,431	28	27,286
At 30 June 2017	980,728	1,524,548	842,071	1,474	3,348,821
Accumulated depreciation					
At 1 January 2016	248,332	546,009	366,086	-	1,160,427
Charge for the year	37,554	68,488	57,951	-	163,993
Elimination on construction contracts	-	3,952	-	-	3,952
Disposals	(577)	(57,137)	(33,851)	-	(91,565)
Foreign currency effect in respect of translation into Brazilian Real	(6,308)	(92,328)	(10,312)	-	(108,948)
At 31 December 2016	279,001	468,984	379,874	-	1,127,859
Charge for the period	15,520	39,443	30,605	-	85,568
Elimination on construction contracts	-	168	-	-	168
Disposals	(4,515)	(4,019)	(3,556)	-	(12,090)
Foreign currency effect in respect of translation into Brazilian Real	653	8,421	847	-	9,921
At 30 June 2017	290,659	512,997	407,770	-	1,211,426
Carrying amount					
30 June 2017	690,069	1,011,551	434,301	1,474	2,137,395
31 December 2016	702,438	1,023,273	382,672	-	2,108,383

The carrying amount of the Group's vehicles, plant and equipment includes an amount of US\$2.9 million (R\$9.6 million) (2016: US\$3.2 million (R\$10.4 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) (2016: US\$0.2 million (R\$0.8 million)) and Plant and Equipment with a net carrying amount of US\$0.3 million (R\$1.0 million) (2016: US\$0.3 million (R\$1.0 million)) have been pledged as collateral for various tax lawsuits.

The Group has pledged assets with a carrying amount of approximately US\$279.9 million (R\$636.4 million) (2016: US\$290.5 million (R\$946.9 million)) to secure loans granted to the Group.

The amount of borrowing costs capitalised in 2017 is US\$0.4 million (R\$1.2 million) (2016: US\$0.8 million (R\$2.8 million)), at an average interest rate of 3.23% (2016: 3.12%).

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In June 2017, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US\$13.1 million (R\$43.3 million) (2016: US\$20.4 million (R\$66.6 million)). The amount mainly refers to investments in Tecon Salvador, Tecon Rio Grande and purchase of raw materials for shipyard's production.

In November 2016 the subsidiary Tecon Salvador S.A signed the second amendment to the terminal lease agreement, which extends the term of the lease until March 2050. According to management's expectation and technical evidence presented in a report prepared by a specialized engineer, the estimated useful lives of the quay, patio, administrative building, warehouse, electrical substation, office and storage building are higher than the lease contract termination. Therefore, the depreciation expense for the above mentioned assets will be measured considering the validity of the lease contract (2050). The useful life of the ship to shore cranes is 20 years, according to management's expectation and builder's technical specifications.

12. Inventories

	30/06/2017	31/12/2016
	US\$	US\$
Operating materials	10,470	10,278
Raw materials for construction contracts (external customers)	5,477	5,149
Total	15,947	15,427
	30/06/2017	31/12/2016
	R\$	R\$
Operating materials	34,637	33,497
Raw materials for construction contracts (external customers)	18,119	16,781
Total	52,756	50,278

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13. Operational and other trade receivables

	30/06/2017	31/12/2016
	US\$	US\$
Operational trade receivables		
Receivable for services rendered	57,433	55,434
Allowance for bad debts	(731)	(1,187)
Total operational trade and other trade receivables	56,702	54,247
Other trade receivables		
Income tax recoverable	6,267	7,466
Recoverable taxes and levies	37,691	36,571
Intergroup loans	29,250	28,995
Prepayment	1,889	4,031
Other trade receivables	9,363	5,025
Total other trade receivables	84,460	82,088
Total	141,162	136,335
Total operational trade receivables current	56,702	54,247
Total other trade receivables current	31,683	27,018
Total other trade receivables non-current	52,777	55,070

	30/06/2017	31/12/2016
	R\$	R\$
Operational trade receivables		
Receivable for services rendered	190,000	180,666
Allowance for bad debts	(2,419)	(3,869)
Total operational trade and other trade receivables	187,581	176,797
Other trade receivables		
Income tax recoverable	20,732	24,332
Recoverable taxes and levies	124,689	119,189
Intergroup loans	96,765	94,498
Prepayment	6,249	13,137
Other trade receivables	30,976	16,376
Total other trade receivables	279,411	267,532
Total	466,992	444,329
Total operational trade receivables current	187,581	176,797
Total other trade receivables current	104,814	88,053
Total other trade receivables non-current	174,597	179,479

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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 them by offsetting 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:

	30/06/2017 US\$	31/12/2016 US\$
Current	47,069	45,048
Overdue but not impaired		
01 to 30 days	6,475	6,177
31 to 90 days	2,442	2,178
91 to 180 days	716	844
Impaired		
More than 180 days	731	1,187
Total	57,433	55,434
	30/06/2017 R\$	31/12/2016 R\$
Current	155,713	146,818
Overdue but not impaired		
01 to 30 days	21,420	20,131
31 to 90 days	8,079	7,098
91 to 180 days	2,369	2,750
Impaired		
More than 180 days	2,419	3,869
Total	190,000	180,666

Generally, interest of one percent per month plus a two-percent penalty is charged on overdue balances. The Group has recognised an allowance for bad debts taking into account all receivables over 180 days because historical experience shows that receivables that are past due beyond 180 days are not recoverable. Allowances for bad debts are recognised as a reduction of receivables, and are recognised whenever a loss is identified.

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Changes in allowance for bad debts are as follows:

	US\$	R\$
At 1 January 2016	846	3,303
Increase in allowance	163	566
Exchange difference	178	-
At 31 December 2016	1,187	3,869
Decrease in allowance	(460)	(1,450)
Exchange difference	4	-
At 30 June 2017	731	2,419

Management believes that no additional accrual is required for the allowance for bad 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:

	30/06/2017 US\$	31/12/2016 US\$
Denominated in US dollar		
Cash and cash equivalents	5,186	22,257
Short-term investments	17,400	37,400
Total	22,586	59,657
Denominated in Brazilian Real		
Cash and cash equivalents	53,363	52,744
Total	75,949	112,401
Total cash and cash equivalents	58,549	75,001
Total short-term investments	17,400	37,400

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	30/06/2017	31/12/2016
	R\$	R\$
Denominated in US dollar		
Cash and cash equivalents	17,158	72,539
Short-term investments	57,563	121,890
Total	74,721	194,429
Denominated in Brazilian Real:		
Cash and cash equivalents	176,534	171,897
Total	251,255	366,326
Total cash and cash equivalents	193,692	244,436
Total short-term investments	57,563	121,890

Private investment fund

The Group has investments in a private investment fund called Hydrus Fixed Income Private Credit Investment Fund managed by Itaú bank that is consolidated in this financial information. The fund portfolio is marked to fair value on a daily basis against current earnings. This 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 insignificant risk of changes in value.

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

15. Bank loans

Secured borrowings	Interest rate % p.a.	30/06/2017 US\$	31/12/2016 US\$
BNDES - FMM linked to US Dollar ¹	2.07% - 4.13%	155,658	162,408
BNDES - FMM linked to US Dollar ¹	5.00% - 6.00%	5,320	5,977
BNDES - Real	7.50% - 9.69%	23,048	25,466
BNDES - linked to US Dollar	5.07% - 5.36%	3,982	5,069
BNDES - FINAME Real	4.50% - 13.72%	2,010	1,133
BNDES - FMM Real ¹	8.90% - 10.21%	1,722	1,838
Total BNDES		191,740	201,891
Banco do Brasil - FMM linked to US Dollar ¹	2.00% - 3.00%	83,803	85,576
IFC - US Dollar	5.25%	42,117	48,571
Santander - US Dollar	3.20%	30,011	14,005
China Construction Bank - US Dollar	4.81%	12,697	19,047
Eximbank - US Dollar	3.05%	4,221	5,270
Finimp - US Dollar	4.81%	-	1,170
Total others		172,849	173,639
Total		364,589	375,530

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Secured borrowings	Interest rate % p.a.	30/06/2017 R\$	31/12/2016 R\$
BNDES - FMM linked to US Dollar ¹	2.07% - 4.13%	514,948	529,305
BNDES - FMM linked to US Dollar ¹	5.00% - 6.00%	17,600	19,480
BNDES - Real	7.50% - 9.69%	76,249	82,996
BNDES - linked to US Dollar	5.07% - 5.36%	13,173	16,520
BNDES - FINAME Real	4.50% - 13.72%	6,648	3,692
BNDES - FMM Real ¹	8.90% - 10.21%	5,696	5,990
Total BNDES		634,314	657,983
Banco do Brasil - FMM linked to US Dollar ¹	2.00% - 3.00%	277,238	278,900
IFC - US Dollar	5.25%	139,333	158,297
Santander - US Dollar	3.20%	99,281	45,642
China Construction Bank - US Dollar	4.81%	42,005	62,077
Eximbank - US Dollar	3.05%	13,963	17,176
Finimp - US Dollar	4.81%	-	3,814
Total others		571,820	565,906
Total		1,206,134	1,223,889

(¹) As agents of the Merchant Marine Fund (Fundo da Marinha Mercante - FMM), BNDES and Banco do Brasil finance the construction of tugboats and shipyard facilities.

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

	30/06/2017 US\$	31/12/2016 US\$
Within one year	56,541	49,780
In the second year	51,921	49,029
In the third to fifth years (inclusive)	98,127	105,953
After five years	158,000	170,768
Total	364,589	375,530
Total current	56,541	49,780
Total non-current	308,048	325,750

	30/06/2017 R\$	31/12/2016 R\$
Within one year	187,050	162,238
In the second year	171,766	159,787
In the third to fifth years (inclusive)	324,623	345,312
After five years	522,695	556,552
Total	1,206,134	1,223,889
Total current	187,050	162,238
Total non-current	1,019,084	1,061,651

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The analysis of borrowings by currency is as follows:

	Real US\$	Real linked to US Dollars US\$	US Dollars US\$	Total US\$
30 June 2017				
Bank loans	26,780	248,763	89,046	364,589
Total	26,780	248,763	89,046	364,589
31 December 2016				
Bank loans	28,437	259,030	88,063	375,530
Total	28,437	259,030	88,063	375,530
	Real R\$	Real linked to US Dollars R\$	US Dollars R\$	Total R\$
30 June 2017				
Bank loans	88,593	822,959	294,582	1,206,134
Total	88,593	822,959	294,582	1,206,134
31 December 2016				
Bank loans	92,678	844,205	287,006	1,223,889
Total	92,678	844,205	287,006	1,223,889

Guarantees

Loans with BNDES and Banco do Brasil rely on a corporate guarantee from Wilson, Sons de Administração e Comércio Ltda. For some contracts, the corporate guarantee is additional to pledge of the respective tug boat financed or lien on the logistics and port operation equipment financed.

The loan agreement for Tecon Salvador from IFC are guaranteed by the totality of its shares, along with receivables, plant and equipment.

The loan agreement for Tecon Rio Grande from 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 pledge on the equipment financed.

The loan agreement for Tecon Rio Grande from Santander for equipment acquisition relies on a corporate guarantee from Wilson, Sons de Administração e Comércio Ltda.

Undrawn credit facilities

At 30 June 2017, the Group had available US\$67.5 million (R\$223.4 million) of undrawn borrowing facilities.

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Fair value

To date, management has not identified or recognised difference the fair value of the Group's borrowings and the book value as follows:

	30/06/2017 US\$	31/12/2016 US\$
Bank loans		
BNDES	191,740	201,891
BB	83,803	85,576
IFC	42,117	48,571
Santander	30,011	14,005
CCB	12,697	19,047
Eximbank	4,221	5,270
Finimp	-	1,170
Total	364,589	375,530
	30/06/2017 R\$	31/12/2016 R\$
Bank loans		
BNDES	634,314	657,983
BB	277,238	278,900
IFC	139,333	158,297
Santander	99,281	45,642
CCB	42,005	62,077
Eximbank	13,963	17,176
Finimp	-	3,814
Total	1,206,134	1,223,889

Covenants

Wilson, Sons de Administração e Comércio Ltda. ("WSAC") as corporate guarantor has to comply with annual loan covenants for both Wilson Sons Estaleiros and Brasco Logística Offshore in respect of loan agreements signed with BNDES.

Tecon Salvador S.A. has to comply with loan covenants including the maintenance of specific liquidity and capital structure ratios in respect of its loan agreement with the International Finance Corporation (IFC).

Tecon Rio Grande has to comply with loan covenants of its respective loan agreements with BNDES and Santander, including a minimum liquidity ratio and capital structure. At 31 December 2016, according to BNDES' view, the subsidiary was not in compliance with loan agreement Net Equity/Total Assets ratio minimum of 0.6. If waiver or prepayment of the debt were not employed the subsidiary could be required to constitute guarantees of at least 130% of the debt's outstanding value by the 4 September 2017, or be subject to a penalty of an additional 1% interest on the outstanding loan until such time as the loan is in compliance. The amount recognized at the reporting date in respect of this loan is US\$4.0 million (R\$13.2 million).

The Company is in compliance with all other clauses in the above mentioned loan agreements.

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16. Deferred taxes

The following deferred tax assets and liabilities were recognised by the Group during the current and prior reporting periods:

	Accelerated and divergent depreciation	Exchange differences on loans	Timing differences	Non- monetary items	Total
	US\$	US\$	US\$	US\$	US\$
At 1 January 2016	(19,087)	41,047	26,225	(68,688)	(20,503)
Charge (credit) to income	(10,124)	(14,305)	3,041	22,376	988
Exchange differences	(900)	1,437	(941)	-	(404)
At 31 December 2016	(30,111)	28,179	28,325	(46,312)	(19,919)
Charge (credit) to income	(4,460)	205	1,830	(229)	(2,654)
Exchange differences	614	(381)	(45)	-	188
At 30 June 2017	(33,957)	28,003	30,110	(46,541)	(22,385)

	Accelerated and divergent depreciation	Exchange differences on loans	Timing differences	Non- monetary items	Total
	R\$	R\$	R\$	R\$	R\$
At 1 January 2016	(74,538)	160,281	85,336	(251,139)	(80,060)
Charge (credit) to income	(35,242)	(50,298)	9,027	78,898	2,385
Translation adjustment to real	11,636	(18,143)	(13,273)	32,537	12,757
At 31 December 2016	(98,144)	91,840	81,090	(139,704)	(64,918)
Charge (credit) to income	(14,205)	801	5,950	(834)	(8,288)
Translation adjustment to real	-	-	981	(1,829)	(848)
At 30 June 2017	(112,349)	92,641	88,021	(142,367)	(74,054)

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:

	30/06/2017 US\$	31/12/2016 US\$
Deferred tax liabilities	(51,560)	(48,974)
Deferred tax assets	29,175	29,055
Total	(22,385)	(19,919)
	30/06/2017 R\$	31/12/2016 R\$
Deferred tax liabilities	(170,571)	(159,611)
Deferred tax assets	96,517	94,693
Total	(74,054)	(64,918)

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At the end of the reporting period, the Group has unused tax loss carry forwards of US\$42.9 million (R\$141.8 million) (2016: US\$42.5 million (R\$138.4 million)) available for offset against future taxable income.

The amount of US\$14.6 million (R\$48.2 million) (2016: US\$12.4 million (R\$40.4 million)) has not been recognized as a deferred tax asset in 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 assets and liabilities arise from exchange effect 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 2016	13,922	54,363
Addition to provision	3,361	10,940
Exchange difference	2,754	-
At 31 December 2016	20,037	65,303
Addition to provision	8	(274)
Exchange difference	(388)	-
At 30 June 2017	19,657	65,029

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

	30/06/2017 US\$	31/12/2016 US\$
Labour claims	15,477	13,612
Tax cases	3,290	4,816
Civil cases	890	1,609
Total	19,657	20,037

	30/06/2017 R\$	31/12/2016 R\$
Labour claims	51,202	44,363
Tax cases	10,885	15,695
Civil cases	2,942	5,245
Total	65,029	65,303

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In the ordinary 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\$142.7 million (R\$472.1 million) (2016: US129.9 million (R\$423.4 million)) with probability of loss estimated by the legal counsels as possible.

The breakdown of possible claims is described as follows:

	30/06/2017	31/12/2016
	US\$	US\$
Tax cases	99,806	93,271
Labour claims	28,670	25,232
Civil cases	14,223	11,411
Total	142,699	129,914
	30/06/2017	31/12/2016
	R\$	R\$
Tax cases	330,177	303,980
Labour claims	94,846	82,233
Civil cases	47,052	37,190
Total	472,075	423,403

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

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

Labour claims - Most claims involve payment of health risks, additional overtime and other allowances.

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

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

Upon receipt of notices of new judicial lawsuits, external lawyers generally classify the claim as possible, 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.

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18. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	US\$	US\$	US\$	US\$
Amounts payable under finance leases:				
Within one year	1,731	1,669	1,218	1,211
From second to fifth years (inclusive)	748	1,721	504	1,085
	2,479	3,390	1,722	2,296
Less future finance charges	(757)	(1,094)	-	-
Present value of lease obligations	1,722	2,296	-	-
Total current	1,218	1,211	-	-
Total non-current	504	1,085	-	-

	Minimum lease payments		Present value of minimum lease payments	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	R\$	R\$	R\$	R\$
Amounts payable under finance leases:				
Within one year	5,726	5,439	4,029	3,947
From second to fifth years (inclusive)	2,475	5,609	1,667	3,536
	8,201	11,048	5,696	7,483
Less future finance charges	(2,505)	(3,565)	-	-
Present value of lease obligations	5,696	7,483	-	-
Total current	4,029	3,947	-	-
Total non-current	1,667	3,536	-	-

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The average original lease term is 60 months, of which an average of 24 months remained outstanding at the June 2017.

For the period ended 30 June 2017 the average effective leasing interest rate was 12.97% (December 2016: 16.43%).

All leases include a fixed repayment and a variable finance charge linked to the Brazilian base interest rate. The interest rates range from 12.37% p.a. to 14.54% p.a. Leases are denominated in Reais.

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

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

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19. Operational and other trade payables

	30/06/2017 US\$	31/12/2016 US\$
Operational trade payables		
Trade payables	39,441	44,462
Advance from customers for construction contracts	3,407	4,580
Total operational trade payables	42,848	49,042
Other trade payables		
Taxes	7,372	12,583
Accruals and other trade payables	5,115	6,008
Advances from customers	196	30
Total other trade payables	12,683	18,621
Total	55,531	67,663
	30/06/2017 R\$	31/12/2016 R\$
Operational trade payables		
Trade payables	130,479	144,905
Advance from customers for construction contracts	11,270	14,928
Total operational trade payables	141,749	159,833
Other trade payables		
Taxes	24,389	41,009
Accruals and other trade payables	16,921	19,580
Advances from customers	648	98
Total other trade payables	41,958	60,687
Total	183,707	220,520
Construction contracts in progress at the end of each reporting period:		
	30/06/2017 US\$	31/12/2016 US\$
Contract costs incurred plus recognised revenues less recognised losses to date	14,472	3,925
Less unbilled services	(17,879)	(8,505)
Net liability included in suppliers	(3,407)	(4,580)
	30/06/2017 R\$	31/12/2016 R\$
Contract costs incurred plus recognised revenues less recognised losses to date	47,877	12,792
Less unbilled services	(59,147)	(27,720)
Net liability included in suppliers	(11,270)	(14,928)

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20. Stock options plan and post-employment benefits

20.1. Stock option plan

The shareholders in special general meeting approved grant of options to eligible participants to be selected by the board on the 8 January 2014 including increase in the authorised 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	(168,894)	791,017	1,742	792,759
07 ESO - 4 Year	10/01/2014	10/01/2018	10/01/2024	31.23	961,653	(168,894)	32,076	760,683	792,759
07 ESO - 5 Year	10/01/2014	10/01/2019	10/01/2024	31.23	990,794	(174,012)	33,048	783,734	816,782
07 ESO - 3 Year	13/11/2014	13/11/2017	13/11/2024	33.98	45,870	(11,880)	4,620	29,370	33,990
07 ESO - 4 Year	13/11/2014	13/11/2018	13/11/2024	33.98	45,870	(11,880)	4,620	29,370	33,990
07 ESO - 5 Year	13/11/2014	13/11/2019	13/11/2024	33.98	47,260	(12,240)	4,760	30,260	35,020
07 ESO - 3 Year	11/08/2016	11/08/2019	11/08/2026	34.03	82,500	-	-	82,500	82,500
07 ESO - 4 Year	11/08/2016	11/08/2019	11/08/2026	34.03	82,500	-	-	82,500	82,500
07 ESO - 5 Year	11/08/2016	11/08/2019	11/08/2026	34.03	85,000	-	-	85,000	85,000
07 ESO - 3 Year	15/05/2017	15/05/2020	15/05/2027	38.00	20,130	-	-	20,130	20,130
07 ESO - 4 Year	15/05/2017	15/05/2021	15/05/2027	38.00	20,130	-	-	20,130	20,130
07 ESO - 5 Year	15/05/2017	15/05/2022	15/05/2027	38.00	20,740	-	-	20,740	20,740
Total					3,364,100	(547,800)	870,141	1,946,159	2,816,300

The options terminate on their 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, among others: injury, disability or retirement; or dismissal without cause.

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

Period commencing	Projected IFRS2 fair value expense US\$	Projected IFRS2 fair value expense R\$
2014	2,826	7,507
2015	3,296	7,848
2016	3,409	8,234
2017	2,335	5,827
2018	1,291	3,345
2019	345	1,047
2020	171	534
2021	67	209
2022	6	18
Total	13,746	34,569

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	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 Company'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 30 June 2017 is US\$0.7 million (R\$2.2 million) (2016: US\$0.6 million (R\$2.1 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

	30/06/2017	31/12/2016
Annual interest rate	11.35%	11.35%
Estimated inflation rate in the long-term	5.00%	5.00%
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

	30/06/2017	31/12/2016
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

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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:

	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	US\$	US\$	R\$	R\$
CiPBO(*) - discount rate + 0.5%	(41)	(41)	(134)	(134)
CiPBO(*) - discount rate - 0.5%	51	52	169	169
CiPBO(*) - Health Care Cost Trend Rate + 1.0%(*)	110	112	364	364
CiPBO(*) - Health Care Cost Trend Rate - 1.0%	(83)	(84)	(274)	(274)

(*) CiPBO means Change in Projected Benefit Obligation.

21. Equity

Share capital

	30/06/2017	31/12/2016
	US\$	US\$
71,144,000 common shares issued and fully paid	9,905	9,905
	30/06/2017	31/12/2016
	R\$	R\$
71,144,000 common shares issued and fully paid	26,815	26,815

Dividends

The Board has approved a dividend policy defined in 2015 proposing a distribution of an amount of 50% of the Company's net profit, provided that:

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

	30/06/2017	31/12/2016
	US\$	US\$
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid for the year ended 31 December 2016 of US\$0.52		
(2015: US\$0.50) per share	36,995	35,572

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Earnings per share

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

	30/06/2017 US\$	30/06/2016 US\$	30/06/2017 R\$	30/06/2016 R\$
Profit for the year attributable to owners of the Company	32,100	47,739	103,650	172,283
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)	45.12	67.10	145.69	242.16
Weighted average number of common shares	73,960,300	73,793,000	73,960,300	73,793,000
Diluted earnings per share (cents per share)	43.40	64.69	140.14	233.47

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 arises from purchase of non-controlling interests in Brasco, sales of shares to non-controlling interests of Tecon Salvador in 2011 and the 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.

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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	
		30/06/2017	31/12/2016
Holding company			
Wilson, Sons de Administração e Comércio Ltda.	Brazil	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%
Allink Transportes 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%	100%
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\$2.6 million (R\$10.5 million) in cash and the settlement of US\$2.8 million (R\$11.3 million) in debt. Following completion of the transaction Wilson Sons now holds 100% of the shares of the subsidiary.

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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	
		30/06/2017	31/12/2016
Towage			
Consórcio de Rebocadores Barra de Coqueiros ⁽¹⁾	Brazil	50%	50%
Consórcio de Rebocadores Baía 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 proportional consolidation of joint operations listed in the previous chart:

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Income	4,821	3,427	8,880	6,683
Expenses	(2,319)	(1,864)	(4,323)	(3,519)
Net income	2,502	1,563	4,557	3,164

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Income	15,503	12,023	28,262	24,684
Expenses	(7,462)	(6,518)	(13,768)	(12,901)
Net income	8,041	5,505	14,494	11,783

	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	US\$	US\$	R\$	R\$
Intangible assets	41	47	135	152
Property, plant & equipment	2,691	2,798	8,903	9,118
Inventories	311	340	1,030	1,107
Trade and other trade receivables	2,509	2,615	8,301	8,524
Cash and cash equivalents	876	614	2,898	2,002
Total assets	6,428	6,414	21,267	20,903
Trade and other trade payables	(6,378)	(6,362)	(21,101)	(20,733)
Deferred tax liabilities	(50)	(52)	(166)	(170)
Total liabilities	(6,428)	(6,414)	(21,267)	(20,903)

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23.2. Joint ventures

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

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Revenue	40,522	33,760	75,074	63,162
Raw materials and consumable used	(2,279)	(1,941)	(4,404)	(3,454)
Employee benefits expense	(11,768)	(9,969)	(23,754)	(18,812)
Depreciation and amortisation expenses	(9,954)	(8,325)	(20,007)	(17,371)
Other operating expenses	(4,633)	(4,082)	(8,493)	(7,798)
Loss on disposal of property, plant and equipment	(11)	-	(11)	(2,136)
Results from operating activities	11,877	9,443	18,405	13,591
Finance income	668	550	987	887
Finance costs	(4,854)	(5,344)	(9,909)	(10,872)
Exchange gain (loss) on translation	(3,060)	5,487	(973)	10,225
Profit before tax	4,631	10,136	8,510	13,831
Income tax expense	(1,507)	(4,875)	(4,894)	(8,069)
Profit for the period	3,124	5,261	3,616	5,762
Participation	50%	50%	50%	50%
Equity result	1,562	2,630	1,808	2,881

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Revenue	130,223	118,441	238,793	233,039
Raw materials and consumable used	(7,331)	(6,797)	(14,007)	(12,793)
Employee benefits expense	(37,800)	(34,978)	(75,487)	(69,466)
Depreciation and amortisation expenses	(31,989)	(29,164)	(63,583)	(64,544)
Other operating expenses	(14,914)	(14,282)	(27,055)	(28,778)
Loss on disposal of property, plant and equipment	(35)	-	(35)	(8,652)
Results from operating activities	38,154	33,220	58,626	48,806
Finance income	2,163	1,966	3,158	3,370
Finance costs	(15,601)	(18,704)	(31,491)	(40,188)
Exchange gain (loss) on translation	(9,893)	18,771	(3,172)	36,047
Profit before tax	14,823	35,253	27,121	48,035
Income tax expense	(4,787)	(16,989)	(15,509)	(28,910)
Profit for the period	10,036	18,264	11,612	19,125
Participation	50%	50%	50%	50%
Equity result	5,018	9,132	5,806	9,562

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	30/06/2017 US\$	31/12/2016 US\$	30/06/2017 R\$	31/12/2016 R\$
Property, plant and equipment	657,992	674,476	2,176,769	2,198,185
Long-term investment	2,103	2,066	6,957	6,733
Other assets	3,796	3,752	12,559	12,226
Trade and other trade receivables	38,534	42,494	127,478	138,492
Derivatives	201	261	665	851
Cash and cash equivalents	19,683	10,859	65,115	35,391
Total assets	722,309	733,908	2,389,543	2,391,878
Bank loans	517,562	533,771	1,712,199	1,739,613
Other non-current liabilities	34,563	30,295	114,341	98,734
Trade and other trade payables	80,764	82,114	267,184	267,617
Equity	89,420	87,728	295,819	285,914
Total liabilities	722,309	733,908	2,389,543	2,391,878

Guarantees

Loan agreements of Wilson, Sons Ultratug Participações S.A. and subsidiaries 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 Administração e Comércio and Remolcadores Ultratug Ltda, each guaranteeing 50% of its subsidiary's debt balance with BNDES.

Wilson, Sons Ultratug Participações S.A. subsidiary's 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 of US\$2.1 million (R\$7.0 million), classified as a long term investment is required to be maintained until full repayment of the loan agreement.

The loan agreements for Atlantic Offshore from Deutsche Verkehrs-Bank "DVB" and Norddeutsche Landesbank Girozentrale Trade "Nord/LB" for the financing of the offshore support vessels is guaranteed by a pledge on the vessels, 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 loans.

Covenants

The Wilson, Sons Ultratug Participações S.A. joint venture has to comply with specific annual financial covenants. For the year ended 2016, the company was in compliance with all clauses in the loan agreements.

Atlantic Offshore S.A. has to comply with specific financial covenants on its two loan agreements with Deutsche Verkehrs-Bank "DVB" and Norddeutsche Landesbank Girozentrale Trade "Nord/LB". The subsidiary is in compliance with the remaining covenants.

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Provisions for tax, labour and civil risks

In its ordinary course of business in Brazil, Wilson, Sons Ultratug Offshore S.A. (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\$0.04 million (R\$0.1 million) (2016: US\$0.02 million (R\$0.1 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\$14.7 million (R\$48.7 million) (2016: US\$13.9 million (R\$45.1 million)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described as follows:

	30/06/2017	31/12/2016
	US\$	US\$
Tax cases	10,334	10,066
Labour claims	4,395	3,784
Civil cases	1	-
Total	14,730	13,850
	31/06/2017	31/12/2016
	R\$	R\$
Tax cases	34,188	32,805
Labour claims	14,541	12,331
Civil cases	2	-
Total	48,731	45,136

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23.3. Investment in joint ventures

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

30/06/2017									
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	86,965	(41,238)	6,850	3,425	22,864	
Atlantic Offshore S.A.	US\$ 10,000	50.00	8,010	2,455	-	(3,234)	(1,617)	1,227	
Total				89,420	(41,238)	3,616	1,808	24,091	
Wilson, Sons Ultratug Participações S.A.	R\$ 45,816,550	50.00	45,817	287,698	(136,424)	21,894	10,947	75,637	
Atlantic Offshore S.A.	R\$ 10,000	50.00	18,345	8,121	-	(10,282)	(5,141)	4,061	
Total				295,819	(136,424)	11,612	5,806	79,698	
31/12/2016									
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	81,975	(43,269)	22,850	11,425	19,353	
Atlantic Offshore S.A.	US\$ 10,000	50.00	8,010	5,753	-	(6,704)	(3,352)	2,877	
Total				87,728	(43,269)	16,146	8,073	22,230	
Wilson, Sons Ultratug Participações S.A.	R\$ 45,816,550	50.00	45,817	267,164	(141,018)	77,746	38,873	63,074	
Atlantic Offshore S.A.	R\$ 10,000	50.00	18,345	18,750	-	(24,726)	(12,363)	9,376	
Total				285,914	(141,018)	53,020	26,510	72,450	

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

	Investments	
	US\$	R\$
At 1 January 2016	18,301	71,462
Share of result of joint ventures	8,073	26,510
Elimination on construction contracts	(4,278)	(13,782)
Derivatives	134	427
Foreign currency loss in respect of translation into Brazilian Reais	-	(12,167)
At 31 December 2016	22,230	72,450
Share of result of joint ventures	1,808	5,806
Elimination on construction contracts	85	261
Derivatives	(32)	(101)
Foreign currency loss in respect of translation into Brazilian Reais	-	1,282
At 30 June 2017	24,091	79,698

24. Operating lease arrangements and other obligations

The Group as lessee

The lease payments under operating leases recognised in net income at 30 June 2017 was US\$9.6 million (R\$30.5 million) (2016: US\$8.1 million (R\$29.7 million)).

Lease commitments for operational areas and buildings with a term between five and sixty years are recognised as an expense on a straight-line basis over the lease term.

The main operating lease arrangements are between Tecon Rio Grande and the Rio Grande port authority, and between Tecon Salvador and the Salvador port authority.

Tecon Rio Grande

The Tecon Rio Grande minimum period extends to 2022 and has 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.

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.

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Tecon Salvador

On 16 November 2016 the Tecon Salvador S.A subsidiary signed the second Amendment to the Lease Agreement which extends the term of the lease for an additional period of 25 years until March 2050. The Company is obligated to complete minimum expansion and maintenance capital expenditure through the end of the concession. Minimum expansion civil work investments were budgeted at approximately R\$398 million using values of base date December 2013. These investments will be completed in three phases expanding the terminal's dynamic capacity to 925 thousand TEUs per year. The first phase construction is expected to commence in nine months after the Amendment signature and will be completed by twenty four months after the commencement of the works (total gross investment of R\$255 million using values of base date December 2013). The second phase construction limit is by 2030 (total gross investment of R\$29 million using values of base date December 2013). And the third phase construction limit is by 2034 (total gross investment of R\$114 million using values of base date December 2013). Additionally, there are investments totalling R\$317 million, related to the maintenance of the operating area and replacement of equipment that will be completed up to 2050.

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 tonne 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 operating lease payments which fall due as follows:

	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	US\$	US\$	R\$	R\$
Within one year	19,446	16,968	64,331	55,300
In the second to fifth year inclusive	65,875	54,136	217,928	176,435
Greater than five years	207,518	198,725	686,511	647,665
Total	292,839	269,829	968,770	879,400

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 optimisation of the debt and equity balance. The Group's capital structure consists of debt (which includes the borrowings disclosed in Note 15), cash and cash equivalents and short-term investments disclosed in Note 14, and equity attributable to owners of the parent company comprising issued capital, reserves, and retained earnings as disclosed in Note 21.

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b. Categories of financial instruments

	Fair value		Book value	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	US\$	US\$	US\$	US\$
Financial instruments classified as loans and receivables				
Cash and cash equivalents	58,549	75,001	58,549	75,001
Short-term Investments	17,400	37,400	17,400	37,400
Operational trade receivables	56,702	54,247	56,702	54,247
Other trade receivables	84,460	82,088	84,460	82,088
Total financial instruments - loans and receivables	217,111	248,736	217,111	248,736
Financial instruments classified as amortised cost				
Bank loans	364,589	375,530	364,589	375,530
Operational trade payables	42,848	49,042	42,848	49,042
Other trade payables	12,683	18,621	12,683	18,621
Total financial instruments - amortised cost	420,120	443,193	420,120	443,193
Financial instruments classified as cash flow hedge				
Derivatives	1,662	1,894	1,662	1,894
Total	421,782	445,087	421,782	445,087

	Fair value		Book value	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	R\$	R\$	R\$	R\$
Financial instruments classified as loans and receivables				
Cash and cash equivalents	193,692	244,436	193,692	244,436
Short-term Investments	57,563	121,890	57,563	121,890
Operational trade receivables	187,581	176,797	187,581	176,797
Other trade receivables	279,411	267,532	279,411	267,532
Total financial instruments - loans and receivables	718,247	810,655	718,247	810,655
Financial instruments classified as amortised cost				
Bank loans	1,206,134	1,223,889	1,206,134	1,223,889
Operational trade payables	141,749	159,833	141,749	159,833
Other trade payables	41,958	60,687	41,958	60,687
Total financial instruments - amortised cost	1,389,841	1,444,409	1,389,841	1,444,409
Financial instruments classified as cash flow hedge				
Derivatives	5,497	6,174	5,497	6,174
Total	1,395,338	1,450,583	1,395,338	1,450,583

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c. Financial risk management objectives

The Group monitors and manages financial risks related to the operations. A financial risk committee 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 minimize 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 those goods or services are acquired and the actual payment date. The resources and their application are monitored with purpose of matching the currency cash flows and payment dates.

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 Group has part of its debt and part of its Cash and cash equivalents denominated in Brazilian Real.

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

	Assets		Liabilities	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	US\$	US\$	US\$	US\$
Amounts denominated in Real	258,173	256,549	186,442	206,286

	Assets		Liabilities	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	R\$	R\$	R\$	R\$
Amounts denominated in Real	854,089	836,118	616,788	672,307

Foreign currency sensitivity analysis

The sensitivity analysis presented in the following sections estimates the impacts of the Brazilian Real devaluation against the US Dollar based on the position at 30 June 2017. Three exchange rate scenarios are contemplated: the likely scenario (Probable) and two 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.

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30/06/2017						
Exchange rates ⁽¹⁾						
Probable scenario		Possible scenario (25%)		Remote scenario (50%)		
R\$3.3000 / US\$1.00		R\$4.1250 / US\$1.00		R\$4.9500 / US\$1.00		
Operation	Risk	Amount US\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R\$	258,173	Exchange effects	642	(51,121)	(85,630)
Total liabilities	R\$	186,442	Exchange effects	(463)	36,918	61,839
				179	(14,203)	(23,791)
Operation	Risk	Amount R\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R\$	854,089	Exchange effects	2,122	(169,120)	(283,281)
Total liabilities	R\$	616,788	Exchange effects	(1,533)	122,132	204,574
				589	(46,988)	(78,707)

⁽¹⁾ Information source: Focus BACEN, report from 14 July 2017.

31/12/2016						
Exchange rates ⁽¹⁾						
Probable scenario		Possible scenario (25%)		Remote scenario (50%)		
R\$3.5000 / US\$1.00		R\$4.3750 / US\$1.00		R\$5.2500 / US\$1.00		
Operation	Risk	Amount US\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R\$	256,549	Exchange effects	(17,658)	(65,436)	(97,288)
Total liabilities	R\$	206,286	Exchange effects	14,198	52,616	78,228
				(3,460)	(12,820)	(19,060)
Operation	Risk	Amount R\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R\$	836,118	Exchange effects	(57,549)	(213,263)	(317,072)
Total liabilities	R\$	672,307	Exchange effects	46,274	171,481	254,952
				(11,275)	(41,782)	(62,120)

⁽¹⁾ Information source: Focus BACEN, report from 20 January 2017

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e. Interest rate risk management

The Group holds most of its debts linked to fixed rates and most of which are with the FMM.

Other loans exposed to floating rates are as follows:

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

The Group's 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 short-term time deposits.

Interest rate sensitivity analysis

The Group does not currently fair value account for financial assets or liabilities through profit or loss. Therefore, a change in interest rates at the reporting date would not change the profit or loss result. The Group uses the Brazilian Central Bank's "Focus" BM&F (*Bolsa de Mercadorias e Futuros*) and Bloomberg data to estimate the probable scenarios.

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

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30/06/2017						
Libor ⁽¹⁾ , CDI ⁽²⁾ , SELIC ⁽³⁾ and TJLP						
Transaction			Probable scenario	Possible scenario (25%)	Remote scenario (50%)	
Loans – Libor			1.74%	2.17%	2.61%	
Loans – SELIC			10.15%	12.69%	15.23%	
Loans – TJLP			7.00%	8.75%	10.50%	
Investments – Libor			2.42%	2.85%	3.28%	
Investments – CDI			10.15%	12.69%	15.23%	

Transaction	Risk	Amount US\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans – Libor	Libor	46,929	Interest	(36)	(94)	(152)
Loans – SELIC	SELIC	321	Interest	-	(6)	(12)
Loans – TJLP	TJLP	25,615	Interest	-	(281)	(558)
Loans – Fixed	N/A	291,724	None	-	-	-
Total loans		364,589		(36)	(381)	(722)
Investments	Libor	17,572	Income	-	76	151
Investments	CDI	50,354	Income	(1,043)	(70)	903
Total investments		67,926		(1,043)	6	1,054
Net income				(1,079)	(375)	332

Transaction	Risk	Amount R\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans – Libor	Libor	155,249	Interest	(119)	(311)	(504)
Loans – SELIC	SELIC	1,061	Interest	-	(20)	(39)
Loans – TJLP	TJLP	84,742	Interest	-	(929)	(1,844)
Loans – Fixed	N/A	965,082	None	-	-	-
Total loans		1,206,134		(119)	(1,260)	(2,387)
Investments	Libor	58,130	Income	-	250	500
Investments	CDI	166,582	Income	(3,451)	(232)	2,988
Total investments		224,712		(3,451)	18	3,488
Net income				(3,570)	(1,242)	1,101

⁽¹⁾ Information source: Bloomberg, report from 14 July 2017.

⁽²⁾ Information source: BM&F (Bolsa de Mercadorias e Futuros), report from 13 July 2017.

⁽³⁾ Information source: BC (Banco Central do Brasil), report from 14 July 2017.

The net effect was obtained by assuming a 12 month period starting 30 June 2017 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the weighted scenario rate and actual rate.

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31/12/2016						
Libor ⁽¹⁾ , CDI ⁽²⁾ and TJLP						
Transaction			Probable scenario	Possible scenario (25%)	Remote scenario (50%)	
Loans – Libor			1.70%	2.13%	2.55%	
Loans – CDI			11.14%	13.93%	16.71%	
Loans – TJLP			7.50%	9.38%	11.25%	
Investments – Libor			1.88%	2.31%	2.73%	
Investments – CDI			11.14%	13.93%	16.71%	

Transaction	Risk	Amount US\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans – Libor	Libor	88,041	Interest	(217)	(420)	(623)
Loans – TJLP	TJLP	27,441	Interest	-	(324)	(643)
Loans – Fixed	N/A	260,026	None	-	-	-
Total loans		375,508		(217)	(744)	(1,266)
Investments	Libor	51,500	Income	-	195	390
Investments	CDI	51,112	Income	(1,650)	(232)	1,187
Total investments		102,612		(1,650)	(37)	1,577
Net income				(1,867)	(781)	311

Transaction	Risk	Amount R\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans – Libor	Libor	286,934	Interest	(708)	(1,370)	(2,031)
Loans – TJLP	TJLP	89,433	Interest	-	(1,056)	(2,096)
Loans – Fixed	N/A	847,450	None	-	-	-
Total loans		1,223,817		(708)	(2,426)	(4,127)
Investments	Libor	167,842	Income	-	635	1,270
Investments	CDI	166,580	Income	(5,379)	(755)	3,868
Total investments		334,422		(5,379)	(120)	5,138
Net income				(6,087)	(2,546)	1,011

⁽¹⁾ Information source: Bloomberg, report 11 January 2017.

⁽²⁾ Information source: BM&F (Bolsa de Mercadorias e Futuros), report from 10 January 2017.

The net effect was obtained by assuming a 12 month period starting 31 December 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.

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Derivative financial instruments

The Group may enter into derivative 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 to hedge a portion of its outstanding floating-rate debt with IFC. On 30 June 2017 the notional amount was US\$42.1 million. This swap converts floating interest rate based on the London Interbank Offered Rate (LIBOR) into fixed-rate interest and expires in March 2020. The derivatives were entered into with Santander Brasil as counterparty and its Standard & Poor's credit rating was AA at 30 June 2017.

Tecon Salvador is required to pay the counterparty interest at rates fixed from 0.553% to 4.250%, according to the schedule agreement and 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	(834)	(2,758)
In the second year	(608)	(2,011)
In the third to fifth years (including)	(220)	(728)
Fair value	(1,662)	(5,497)

Fair Value

The swap fair value was estimated based on the yield curve at 30 June 2017 and represents its carrying value. At 30 June 2017 the interest rate swap liability was US\$1.7 million and the balance in accumulated other comprehensive income on the consolidated balance sheet was US\$2.2 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the period ended 30 June 2017 was an after tax loss of US\$0.2 million.

30 June 2017	Notional amount US\$	Maturity	US\$ Fair value	R\$ Fair value
Financial assets				
Interest rates swap	42,117	Mar/2020	(1,662)	(5,497)
Total			(1,662)	(5,497)

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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.

30/06/2017					
Probable scenario	Possible scenario (25%)	Remote scenario (50%)	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
US\$	US\$	US\$	R\$	R\$	R\$
(1,563)	(1,962)	(2,273)	(5,169)	(6,490)	(7,518)

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 recognised 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 recognised 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 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 utilises the dollar offset method to assess the effectiveness of the swap, analysing 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 30 June 2017. There was no hedge ineffectiveness recognised in profit or loss for the year ended 30 June 2017.

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.

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The Group ensures that 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.

30 June 2017	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
	%	US\$	US\$	US\$	US\$
Variable interest rate instruments	3.43%	18,314	46,023	8,528	72,865
Fixed interest rate instruments	3.18%	38,227	104,025	149,472	291,724
		56,541	150,048	158,000	364,589

30 June 2017	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
	%	R\$	R\$	R\$	R\$
Variable interest rate instruments	3.43%	60,585	152,256	28,211	241,052
Fixed interest rate instruments	3.18%	126,463	344,134	494,485	965,082
		187,048	496,390	522,696	1,206,134

31 December 2016	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
	%	US\$	US\$	US\$	US\$
Variable interest rate instruments	3.73%	27,762	75,307	12,435	115,504
Fixed interest rate instruments	2.85%	22,018	79,675	158,333	260,026
		49,780	154,982	170,768	375,530

31 December 2016	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
	%	R\$	R\$	R\$	R\$
Variable interest rate instruments	3.73%	90,479	245,432	40,528	376,439
Fixed interest rate instruments	2.85%	71,759	259,667	516,024	847,450
		162,238	505,099	556,552	1,223,889

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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 trade receivables disclosed in the balance sheet are shown net of the allowance for bad debts.

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.

	Nota	US\$		R\$	
		30/06/2017	31/12/2016	30/06/2017	31/12/2016
Cash and cash equivalents	14	58,549	75,001	193,692	244,436
Short-term investments	14	17,400	37,400	57,563	121,890
Operational trade receivables	13	56,702	54,247	187,581	176,797
Other trade receivables	13	84,460	82,088	279,411	267,532
Exposed to credit risk		217,111	248,736	718,247	810,655

h. Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at 30 June 2017 and 31 December 2016 at amounts considered similar to the fair value at those dates. These instruments are managed through operating strategies aimed to obtain liquidity, profitability and security. The control policy consists of 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 realisable values of the Group'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 realizable value.

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives:

1. the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements),
2. the second highest priority to 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 2 measurements), and
3. the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

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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 or 3 at 30 June 2017 and 31 December 2016.

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 trade receivables/payables

According to the Group's management the book balances of trade and other trade 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 recognised in the consolidated financial statements are grouped into levels based on the degree to which the fair value is observable.

The fair values of BNDES, BB, IFC, CCB, Santander, Finimp, and Eximbank financing arrangements are considered similar to their carrying amounts as the Group has to date not identified comparable instruments.

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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)	Revenues	Expenses
	US\$	US\$	US\$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	-	1	10
2. Consórcio de Rebocadores Barra de Coqueiros	78	-	-
3. Consórcio de Rebocadores Baía de São Marcos	2,547	290	-
4. Wilson, Sons Ultratug and subsidiaries	13,546	1,031	-
5. Atlantic Offshore S.A.	15,667	-	-
Other:			
6. Gouvêa Vieira Advogados	-	-	37
7. CMMR Intermediação Comercial Ltda.	-	-	100
Six-month period ended 30 June 2017	31,838	1,322	147
Three-month period ended 30 June 2017	(75)	387	71
At 31 December 2016	31,784	20,272	374
Six-month period ended 30 June 2016	14,604	9,354	134
Three-month period ended 30 June 2016	7,048	6,177	79

	Current assets (liabilities)	Revenues	Expenses
	R\$	R\$	R\$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	-	2	32
2. Consórcio de Rebocadores Barra de Coqueiros	258	-	-
3. Consórcio de Rebocadores Baía de São Marcos	8,426	921	-
4. Wilson, Sons Ultratug and subsidiaries	44,813	3,307	-
5. Atlantic Offshore S.A.	51,828	-	-
Other:			
6. Gouvêa Vieira Advogados	-	-	117
7. CMMR Intermediação Comercial Ltda.	-	-	316
Six-month period ended 30 June 2017	105,325	4,230	465
Three-month period ended 30 June 2017	4,212	1,278	224
At 31 December 2016	103,587	69,205	1,271
Six-month period ended 30 June 2016	46,875	33,951	490
Three-month period ended 30 June 2016	19,984	28,904	276

1. Allink Transportes Internacionais Ltda. is 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 other trade payables and receivables from Wilson, Sons Offshore and Magallanes.
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.

Wilson Sons Limited

Notes to the condensed consolidated interim financial information

30 June 2017

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

27. Notes to the consolidated statement of cash flows

	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	R\$	R\$
Profit before tax	52,211	65,090	166,680	237,766
Less: Finance income	(6,588)	(19,238)	(21,140)	(68,782)
Less: Exchange loss on translation	(657)	(6,828)	(2,073)	(23,912)
Less: Share of result of joint ventures	(1,808)	(2,881)	(5,806)	(9,562)
Add: Finance costs	8,090	10,724	25,833	38,523
Operating profit from operations	51,248	46,867	163,494	174,033
Adjustments for:				
Depreciation and amortisation expenses	28,948	24,404	92,033	89,950
Gain (loss) on disposal of property, plant and equipment	1,962	(67)	6,510	(136)
Provision equity-settled share-based payment	1,171	1,649	3,726	6,114
Post-employment benefits	37	93	118	343
Increase in provisions	295	3,679	936	12,599
Operating cash flows before movements in working capital	83,661	76,625	266,817	282,903
Increase in inventories	(520)	(3,217)	(1,654)	(11,017)
Decrease (increase) in trade and other trade receivables	(6,179)	(17,114)	(19,633)	(60,648)
Increase (decrease) in trade and other trade payables	(14,902)	13,479	(47,953)	43,065
Increase in other non-current assets	(89)	(2,474)	(283)	(8,472)
Cash generated by operations	61,971	67,299	197,294	245,831
Income taxes paid	(14,514)	(13,640)	(45,896)	(51,621)
Interest paid – borrowings	(6,598)	(5,954)	(21,082)	(21,799)
Interest paid – leasing	(254)	(172)	(811)	(620)
Interest paid – others	(118)	(52)	(370)	(195)
Net cash from operating activities	40,487	47,481	129,135	171,596

Non-cash transactions

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

	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	R\$	R\$
Additions to fixed assets				
Equipment acquisition through finance leases	16,000	171	48,816	664
Capitalised interest	382	591	1,216	2,277
Effect of acquisition of tugboats	-	(8,416)	-	(31,456)
Acquisition of non controlling interest				
Reversion of debts from purchase of non controlling interest	-	(2,802)	-	(11,329)
Payables from purchase of non controlling interest	-	(742)	-	(3,000)
Taxes settlement				
Income tax offsetting	398	482	1,266	1,651

Wilson Sons Limited

Notes to the condensed consolidated interim financial information

30 June 2017

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

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:

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$	US\$	US\$	US\$
Short-term employee benefits	(6,845)	(6,025)	(8,282)	(7,218)
Post-employment benefits and social charges	(457)	(341)	(806)	(707)
Stock Option	(576)	(824)	(1,171)	(1,649)
Total	(7,878)	(7,190)	(10,259)	(9,574)

	Three-month period ended		Six-month period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	R\$	R\$	R\$	R\$
Short-term employee benefits	(21,610)	(21,369)	(26,123)	(25,992)
Post-employment benefits and social charges	(1,475)	(1,190)	(2,572)	(2,588)
Stock Option	(1,851)	(4,153)	(3,726)	(6,114)
Total	(24,936)	(26,712)	(32,421)	(34,694)

29. Approval of the consolidated financial information

The consolidated financial statements were approved by the board of directors and authorised for issue on 7 August 2017.

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 Statements and the views expressed in the independent auditor's review report.