

# ***Wilson Sons Limited***

*Condensed Consolidated Interim Financial  
Statements for the Quarter Ended  
September 30, 2011 and Report  
on Review of Interim Financial Statements*

Deloitte Touche Tohmatsu Auditores Independente

## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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

### **Introduction**

We have reviewed the accompanying interim condensed consolidated balance sheet of Wilson Sons Limited and Subsidiaries as at September 30, 2011 and the related interim condensed consolidated statements of comprehensive income for the three and nine-month periods then ended, and changes in equity and cash flows for the nine-month period then ended, all expressed in United States Dollars. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statement in accordance with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements 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 statements, expressed in United States Dollars, are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

### **Other matters**

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

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes



Rio de Janeiro, Brazil  
November 10, 2011

# WILSON SONS LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2011

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

	Notes	Three-month period ended		Nine-month period ended		Convenience translation			
		September 30,		September 30,		Three-month period ended		Nine-month period ended	
		2011	2010	2011	2010	September 30,	September 30,	September 30,	September 30,
		US\$	US\$	US\$	US\$	2011	2010	2011	2010
		US\$	US\$	US\$	US\$	R\$	R\$	R\$	R\$
REVENUE	4	182,279	163,914	521,227	416,436	338,018	277,703	966,563	705,525
Raw materials and consumables used		(24,466)	(24,037)	(62,065)	(46,994)	(45,370)	(40,723)	(115,093)	(79,617)
Employee benefits expense	5	(57,118)	(53,089)	(177,050)	(137,188)	(105,920)	(89,943)	(328,322)	(232,424)
Depreciation and amortization expenses		(15,493)	(10,674)	(42,333)	(30,533)	(28,730)	(18,084)	(78,502)	(51,729)
Other operating expenses	6	(55,067)	(51,098)	(163,943)	(141,160)	(102,116)	(86,573)	(304,016)	(239,152)
Gains /(loss) in respect of property, plant and equipment		1,584	(79)	2,672	(46)	2,937	(134)	4,955	(78)
Investment income	7	(7,213)	6,039	2,825	10,168	(13,376)	10,231	5,239	17,227
Finance costs	7	(6,242)	(2,679)	(13,155)	(8,482)	(11,575)	(4,539)	(24,395)	(14,370)
Capital gain on joint venture transaction	23	-	-	-	20,407	-	-	-	34,574
PROFIT BEFORE TAX		18,264	28,297	68,178	82,608	33,868	47,938	126,429	139,956
Income tax expense	8	(24,351)	(3,707)	(40,883)	(20,759)	(45,158)	(6,280)	(75,813)	(35,171)
PROFIT FOR THE PERIOD		(6,087)	24,590	27,295	61,849	(11,290)	41,658	50,616	104,785
Profit for the period attributable to:									
Owners of the Company		(6,159)	24,590	27,018	61,340	(11,423)	41,658	50,102	103,922
Non-controlling interests		72	-	277	509	133	-	514	863
		(6,087)	24,590	27,295	61,849	(11,290)	41,658	50,616	104,785
OTHER COMPREHENSIVE INCOME									
Exchange differences on translating		(17,655)	4,564	(11,230)	3,334	(32,739)	7,733	(20,825)	5,648
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(23,742)	29,154	16,065	65,183	(44,029)	49,391	29,791	110,433
Total comprehensive income for the period attributable to:									
Owners of the Company		(23,363)	29,154	16,063	64,926	(43,327)	49,391	29,787	109,998
Non-controlling interests		(379)	-	2	257	(702)	-	4	435
		(23,742)	29,154	16,065	65,183	(44,029)	49,391	29,791	110,433
Earnings per share from continuing operations									
Basic and diluted (cents per share)	21	(8.66c)	34.56c	37.98c	86.22c	(16.06c)	58.55c	70.42c	146.07c

### Exchange rates

09/30/11 – R\$1.8544/ US\$1.00

12/31/10 – R\$1.6662/ US\$1.00

09/30/10 – R\$1.6942/ US\$1.00

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

## WILSON SONS LIMITED

### CONDENSED CONSOLIDATED BALANCE SHEETS AS AT SEPTEMBER 30, 2011 (Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation)

		2011	2010	Convenience translation	
	Notes	US\$	US\$	2011	2010
		(Unaudited)		R\$	R\$
				(Unaudited)	
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Goodwill	9	15,612	15,612	1,5611	1,6662
Other intangible assets	10	14,350	16,841	28,951	26,013
Property, plant and equipment	11	691,229	560,832	26,611	28,060
Deferred tax assets	16	25,299	28,923	1,281,816	934,458
Trade and other receivables	13	12,031	6,400	46,914	48,192
Long term- investments	14	1,067	-	22,310	10,665
Other non-current assets		8,156	6,552	1,980	-
Total non-current assets		767,744	635,160	15,124	10,918
				1,423,706	1,058,306
<b>CURRENT ASSETS</b>					
Inventories	12	20,869	20,147	38,698	33,569
Trade and other receivables	13	149,861	128,561	277,902	214,206
Short-term investments	14	12,500	36,729	23,180	61,198
Cash and cash equivalents	14	91,660	118,172	169,974	196,898
Total current assets		274,890	303,609	509,754	505,871
<b>TOTAL ASSETS</b>		<b>1,042,634</b>	<b>938,769</b>	<b>1,933,460</b>	<b>1,564,177</b>
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Share capital	21	9,905	9,905	18,368	16,504
Capital reserves		94,324	91,484	174,913	152,431
Profit reserve		1,981	1,981	3,674	3,301
Contributed surplus		9,379	27,449	17,393	45,737
Retained earnings		340,317	313,299	631,084	522,017
Translation reserve		9,969	20,924	18,487	34,864
Equity attributable to owners of the Company		465,875	465,042	863,919	774,854
Non-controlling interests		2,410	-	4,469	-
Total equity		468,285	465,042	868,388	774,854
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	19	2,052	-	3,806	-
Bank loans	15	355,340	288,596	658,942	480,859
Deferred tax liabilities	16	21,788	15,073	40,404	25,115
Provisions for tax, labor and civil risks	17	12,619	12,289	23,401	20,476
Obligations under finance leases	18	4,054	6,305	7,518	10,505
Total non-current liabilities		395,853	322,263	734,071	536,955
<b>CURRENT LIABILITIES</b>					
Trade and other payables	19	139,536	117,698	258,756	196,108
Current tax liabilities		4,376	3,354	8,113	5,588
Obligations under finance leases	18	2,945	4,847	5,461	8,076
Bank overdrafts and loans	15	31,639	25,565	58,671	42,596
Total current liabilities		178,496	151,464	331,001	252,368
Total liabilities		574,349	473,727	1,065,072	789,323
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,042,634</b>	<b>938,769</b>	<b>1,933,460</b>	<b>1,564,177</b>

#### Exchange rates

09/30/11 – R\$1.8544/ US\$1.00

12/31/10 – R\$1.6662/ US\$1.00

09/30/10 – R\$1.6942/ US\$1.00

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

WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011

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

		Share	Capital reserves			Profit	Contributed	Retained	Translation	Attributable	Non-	Total
	Notes	capital	Share	Others	Additional	reserve	surplus	earnings	reserve	to owners of	controlling	
		US\$	premium	US\$	paid- in capital	US\$	US\$	US\$	US\$	the Company	interests	US\$
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
BALANCE AT JANUARY 1, 2010		9,905	117,951	28,383	-	1,981	-	243,303	16,065	417,588	5,891	423,479
Profit for the period		-	-	-	-	-	-	61,340	-	61,340	509	61,849
Other comprehensive income		-	-	-	-	-	-	-	3,586	3,586	(252)	3,334
Total comprehensive income for the period		-	-	-	-	-	-	61,340	3,586	64,926	257	65,183
Purchase of non-controlling interests		-	-	-	(4,850)	-	-	-	-	(4,850)	(4,156)	(9,006)
Transference to contributed surplus		-	(50,000)	-	-	-	50,000	-	-	-	-	-
Dividends		-	-	-	-	-	(22,551)	-	-	(22,551)	(1,992)	(24,543)
BALANCE AT SEPTEMBER 30, 2010	21	<u>9,905</u>	<u>67,951</u>	<u>28,383</u>	<u>(4,850)</u>	<u>1,981</u>	<u>27,449</u>	<u>304,643</u>	<u>19,651</u>	<u>455,113</u>	<u>-</u>	<u>455,113</u>
BALANCE AT JANUARY 1, 2011		9,905	67,951	28,383	(4,850)	1,981	27,449	313,299	20,924	465,042	-	465,042
Profit for the period		-	-	-	-	-	-	27,018	-	27,018	277	27,295
Other comprehensive income		-	-	-	-	-	-	-	(10,955)	(10,955)	(275)	(11,230)
Total comprehensive income for the period		-	-	-	-	-	-	27,018	(10,955)	16,063	2	16,065
Sale of shares to non-controlling		-	-	-	2,840	-	-	-	-	2,840	2,408	5,248
Dividends		-	-	-	-	-	(18,070)	-	-	(18,070)	-	(18,070)
BALANCE AT SEPTEMBER 30, 2011	21	<u>9,905</u>	<u>67,951</u>	<u>28,383</u>	<u>(2,010)</u>	<u>1,981</u>	<u>9,379</u>	<u>340,317</u>	<u>9,969</u>	<u>465,875</u>	<u>2,410</u>	<u>468,285</u>

(continues)

# WILSON SONS LIMITED

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011

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

	Notes	Share capital R\$	Capital reserves			Profit reserve R\$	Contributed surplus R\$	Retained earnings R\$	Translation reserve R\$	Attributable to owners of the parent R\$	Non- controlling interests R\$	Total R\$
			Share premium R\$	Others R\$	Additional paid- in capital R\$							
BALANCE AT JANUARY 1, 2010		17,247	205,377	49,420	-	3,449	-	423,641	27,972	727,106	10,257	737,363
Profit for the period		-	-	-	-	-	-	103,922	-	103,922	863	104,785
Other comprehensive income		-	-	-	-	-	-	-	6,075	6,075	(427)	5,648
Total comprehensive income for the period		-	-	-	-	-	-	103,922	6,075	109,997	436	110,433
Purchase of non-controlling interests		-	-	-	(8,216)	-	-	-	-	(8,216)	(7,041)	(15,257)
Transference to contributed surplus		-	(84,711)	-	-	-	84,711	-	-	-	-	-
Dividends		-	-	-	-	-	(38,205)	-	-	(38,205)	(3,375)	(41,580)
Foreign currency gains/(loss) in respect of translation into to Real		(466)	(5,543)	(1,335)	-	(93)	(2)	(11,437)	(754)	(19,630)	(277)	(19,907)
BALANCE AT SEPTEMBER 30, 2010	21	<u>16,781</u>	<u>115,123</u>	<u>48,085</u>	<u>(8,216)</u>	<u>3,356</u>	<u>46,504</u>	<u>516,126</u>	<u>33,293</u>	<u>771,052</u>	<u>-</u>	<u>771,052</u>
BALANCE AT JANUARY 1, 2011		16,504	113,220	47,291	(8,080)	3,301	45,736	522,019	34,864	774,855	-	774,855
Profit for the period		-	-	-	-	-	-	50,102	-	50,102	514	50,616
Other comprehensive income		-	-	-	-	-	-	-	(20,315)	(20,315)	(510)	(20,825)
Total comprehensive income for the period		-	-	-	-	-	-	50,102	(20,315)	29,787	4	29,791
Sale of shares to non-controlling		-	-	-	5,266	-	-	-	-	5,266	4,466	9,732
Dividends		-	-	-	-	-	(33,509)	-	-	(33,509)	-	(33,509)
Foreign currency gains/(loss) in respect of translation into to Real		<u>1,864</u>	<u>12,788</u>	<u>5,342</u>	<u>(914)</u>	<u>373</u>	<u>5,166</u>	<u>58,963</u>	<u>3,938</u>	<u>87,520</u>	<u>(1)</u>	<u>87,519</u>
BALANCE AT SEPTEMBER 30, 2011	21	<u>18,368</u>	<u>126,008</u>	<u>52,633</u>	<u>(3,728)</u>	<u>(3,674)</u>	<u>17,393</u>	<u>631,084</u>	<u>18,487</u>	<u>863,919</u>	<u>4,469</u>	<u>868,388</u>

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

# WILSON SONS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011

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

				Convenience translation	
	Note	2011 US\$	2010 US\$	2011 R\$	2010 R\$
NET CASH GENERATED BY OPERATING ACTIVITIES	27	79,280	63,004	147,017	106,741
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		6,996	6,662	12,970	11,287
Proceeds from disposal of property, plant and equipment		5,835	537	10,820	910
Purchases of property, plant and equipment		(172,702)	(94,559)	(320,258)	(160,201)
Other intangible assets		-	(14,546)	-	(24,644)
Investments	14	23,162	11,116	42,950	18,833
Advance for future investment		(5,393)	(8,614)	(10,000)	(14,595)
Net cash from the Joint Venture transaction		-	5,040	-	8,539
Net cash used in investing activities		(142,102)	(94,364)	(263,518)	(159,871)
CASH FLOW FROM FINANCING ACTIVITIES					
Dividends paid		(18,070)	(24,545)	(33,509)	(41,584)
Repayments of borrowings		(23,196)	(14,579)	(43,014)	(24,699)
Repayments of obligation under finance leases		(5,007)	(2,906)	(9,286)	(4,924)
New bank loans raised		87,943	40,942	163,081	69,364
Bank overdrafts raised		-	5,991	-	10,150
(Purchase) Sale of non-controlling interest in subsidiary		669	(9,006)	1,243	(15,258)
Net cash generated by financing activities		42,339	(4,103)	78,515	(6,951)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(20,483)	(35,463)	(37,986)	(60,081)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	14	118,172	178,136	196,898	310,170
Effect of foreign exchange rate changes		(6,029)	2,986	(11,180)	5,058
Foreign currency gains / (loss) in respect of translation into Brazilian Real		-	-	22,242	(8,372)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14	<u>91,660</u>	<u>145,659</u>	<u>169,974</u>	<u>246,775</u>

(\*) Exchange rates for convenience translation

09/30/11 – R\$1.8544/ US\$1.00

12/31/10 – R\$1.6662/ US\$1.00

09/30/10 – R\$1.6942/ US\$1.00

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

## WILSON SONS LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011

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

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#### 1. GENERAL INFORMATION

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

##### Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), specifically with International Accounting Standards (“IAS”) 34.

##### Basis of preparation

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

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

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



### Convenience translation

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

The exchange rates used for the purposes of this convenience translation were the PTAX exchange rates prevailing at the end of the reporting period, as disclosed by the Central Bank of Brazil. On September 30, 2011, December 31, 2010 and September 30, 2010 the applicable exchange rates were R\$1.8544, R\$1.6662, and R\$1.6942, respectively. The difference between the applicable exchanges rates applied at the end of the reporting period generates impacts on the translation of the financial statements opening balances in Brazilian Real and the changes therein disclosed in the financial statements for the subsequent period. The effect of this difference is disclosed in the Brazilian Real Condensed Consolidated Statement of Changes in Equity (Other Comprehensive Income).

### 3. SEGMENT INFORMATION

#### Reportable segments

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

Segment information relating to these businesses is presented below:

	2011								
	Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment	Elimination	Consolidated
	US\$	terminals	agency	US\$	US\$	US\$	activities	US\$	US\$
Three-month period ended September 30, 2011									
Revenue	44,528	72,033	5,469	11,747	37,955	36,749	-	(26,202)	182,279
Operating profit	11,345	17,658	1,752	1,917	5,793	6,721	(7,647)	(5,820)	31,719
Finance costs	(1,362)	(2,572)	(2)	(1,137)	(1,097)	-	(72)	-	(6,242)
Operating profit adjusted by finance cost	<u>9,983</u>	<u>15,086</u>	<u>1,750</u>	<u>780</u>	<u>4,696</u>	<u>6,721</u>	<u>(7,719)</u>	<u>(5,820)</u>	<u>25,477</u>
Investment income									(7,213)
Profit before tax									<u>18,264</u>
Other information									
Capital expenditures	(39,602)	(14,410)	(420)	(16,865)	(4,320)	(9,933)	(1,480)	-	(87,030)
Depreciation and amortization	(4,514)	(5,230)	(53)	(2,234)	(2,705)	(28)	(729)	-	(15,493)
	2010								
	Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment	Elimination	Consolidated
	US\$	terminal	agency	US\$	US\$	US\$	activities	US\$	US\$
Three-month period ended September 30, 2010									
Revenue	40,920	64,435	4,661	4,678	26,826	31,005	-	(8,611)	163,914
Operating profit	12,389	19,465	25	1,182	526	4,700	(11,731)	(1,619)	24,937
Finance costs	(976)	(253)	(8)	(61)	(774)	-	(607)	-	(2,679)
Operating profit adjusted by finance cost	<u>11,413</u>	<u>19,212</u>	<u>17</u>	<u>1,121</u>	<u>(248)</u>	<u>4,700</u>	<u>(12,338)</u>	<u>(1,619)</u>	<u>22,258</u>
Investment income									6,039
Profit before tax									<u>28,297</u>
Other information									
Capital expenditures	(9,983)	(6,776)	(158)	(4,085)	(15,219)	(110)	(92)	-	(36,423)
Depreciation and amortization	(3,408)	(3,437)	(43)	(1,181)	(2,078)	(86)	(441)	-	(10,674)

2011									
	Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment activities	Elimination	Consolidated
Nine-month period ended September 30, 2011	US\$	terminals US\$	agency US\$	US\$	US\$	US\$	US\$	US\$	US\$
Revenue	120,888	209,470	14,302	28,788	108,385	114,671	-	(75,277)	521,227
Operating profit	26,206	58,102	984	1,783	12,836	23,743	(30,757)	(14,389)	78,508
Finance costs	(3,547)	(3,088)	(6)	(2,950)	(3,335)	-	(229)	-	(13,155)
Operating profit adjusted by finance cost	<u>22,659</u>	<u>55,014</u>	<u>978</u>	<u>(1,167)</u>	<u>9,501</u>	<u>23,743</u>	<u>(30,986)</u>	<u>(14,389)</u>	<u>65,353</u>
Investment income									2,825
Profit before tax									<u>68,178</u>
Other information									
Capital expenditures	(66,768)	(54,977)	(539)	(31,197)	(15,608)	(20,013)	(2,760)	-	(191,862)
Depreciation and amortization	(12,498)	(13,681)	(160)	(5,986)	(7,979)	(107)	(1,922)	-	(42,333)
Balance sheet									
Segment assets	243,924	312,112	7,595	181,082	82,763	122,328	92,830	-	1,042,634
Segment liabilities	(157,199)	(126,681)	(6,052)	(164,498)	(63,435)	(51,193)	(5,291)	-	(574,349)
2010									
	Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment activities	Elimination	Consolidated
Nine-month period ended September 30, 2010	US\$	terminals US\$	agency US\$	US\$	US\$	US\$	US\$	US\$	US\$
Revenue	114,094	164,638	12,705	24,304	69,069	90,904	-	(59,278)	416,436
Operating profit	30,421	45,727	958	6,273	2,333	12,666	(29,705)	(8,158)	60,515
Finance costs	(2,987)	(1,337)	(9)	(1,760)	(1,875)	(72)	(442)	-	(8,482)
Operating profit adjusted by finance cost	<u>27,434</u>	<u>44,390</u>	<u>949</u>	<u>4,513</u>	<u>458</u>	<u>12,594</u>	<u>(30,147)</u>	<u>(8,158)</u>	<u>52,033</u>
Investment income									10,168
Capital gain in joint venture transaction									20,407
Profit before tax									<u>82,608</u>
Other information									
Capital expenditures	(26,582)	(28,028)	(286)	(19,245)	(20,409)	(552)	(1,988)	-	(97,090)
Depreciation and amortization	(9,539)	(9,768)	(125)	(4,836)	(4,791)	(121)	(1,353)	-	(30,533)
Balance Sheet									
Segment assets	184,112	283,152	7,076	135,677	70,095	77,735	110,318	-	868,165
Segment liabilities	(90,735)	(104,300)	(6,563)	(126,326)	(54,216)	(22,943)	(7,969)	-	(413,052)
2011									
	Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment activities	Elimination	Consolidated
Three-month period ended September 30, 2011	R\$	terminals R\$	agency R\$	R\$	R\$	R\$	R\$	R\$	R\$
Revenue	82,572	133,578	10,142	21,784	70,384	68,147	-	(48,589)	338,018
Operating profit	21,038	32,745	3,249	3,555	10,743	12,463	(14,181)	(10,793)	58,819
Finance costs	(2,525)	(4,770)	(4)	(2,108)	(2,034)	-	(134)	-	(11,575)
Operating profit adjusted by finance cost	<u>18,513</u>	<u>27,975</u>	<u>3,245</u>	<u>1,447</u>	<u>8,709</u>	<u>12,463</u>	<u>(14,315)</u>	<u>(10,793)</u>	<u>47,244</u>
Investment income									(13,376)
Profit before tax									<u>33,868</u>
Other information									
Capital expenditures	(73,438)	(26,722)	(779)	(31,274)	(8,011)	(18,420)	(2,745)	-	(161,389)
Depreciation and amortization	(8,370)	(9,699)	(98)	(4,143)	(5,016)	(52)	(1,352)	-	(28,730)
2010									
	Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment activities	Elimination	Consolidated
Three-month period ended September 30, 2010	R\$	terminals R\$	agency R\$	R\$	R\$	R\$	R\$	R\$	R\$
Revenue	69,325	109,166	7,897	7,926	45,449	52,529	-	(14,589)	277,703
Operating profit	20,989	32,978	42	2,003	891	7,962	(19,875)	(2,744)	42,246
Finance costs	(1,654)	(429)	(14)	(103)	(1,311)	-	(1,028)	-	(4,539)
Operating profit adjusted by finance cost	<u>19,335</u>	<u>32,549</u>	<u>28</u>	<u>1,900</u>	<u>(420)</u>	<u>7,962</u>	<u>(20,903)</u>	<u>(2,744)</u>	<u>37,707</u>
Investment income									10,231
Profit before tax									<u>47,938</u>
Other information									
Capital expenditures	(16,913)	(11,480)	(268)	(6,921)	(25,784)	(186)	(156)	-	(61,708)
Depreciation and amortization	(5,774)	(5,823)	(73)	(2,001)	(3,521)	(146)	(746)	-	(18,084)

2011									
Nine-month period ended	Towage	Port terminals	Ship agency	Offshore	Logistics	Shipyard	Non-segment activities	Elimination	Consolidated
September 30, 2011	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
Revenue	224,175	388,441	26,522	53,384	200,989	212,646	-	(139,594)	966,563
Operating profit	48,597	107,744	1,825	3,306	23,803	44,029	(57,036)	(26,683)	145,585
Finance costs	(6,579)	(5,726)	(11)	(5,470)	(6,184)	-	(425)	-	(24,395)
Operating profit adjusted by finance cost	<u>42,018</u>	<u>102,018</u>	<u>1,814</u>	<u>(2,164)</u>	<u>17,619</u>	<u>44,029</u>	<u>(57,461)</u>	<u>(26,683)</u>	<u>121,190</u>
Investment income									5,239
Capital gain in joint venture transaction									<u>126,429</u>
Profit before tax									
Other information									
Capital expenditures	(123,815)	(101,949)	(1,000)	(57,852)	(28,943)	(37,113)	(5,118)	-	(355,790)
Depreciation and amortization	(23,177)	(25,370)	(297)	(11,100)	(14,796)	(198)	(3,564)	-	(78,502)
Balance Sheet									
Segment assets	452,332	578,780	14,084	335,799	153,476	226,845	172,144	-	1,933,460
Segment liabilities	(291,509)	(234,917)	(11,223)	(305,045)	(117,634)	(94,932)	(9,812)	-	(1,065,072)
2010									
Nine-month period ended	Towage	Port terminals	Ship agency	Offshore	Logistics	Shipyard	Non-segment activities	Elimination	Consolidated
September 30, 2010	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
Revenue	193,297	278,930	21,525	41,176	117,017	154,010	-	(100,430)	705,525
Operating profit	51,538	77,470	1,623	10,628	3,953	21,458	(50,324)	(13,821)	102,525
Finance costs	(5,061)	(2,265)	(15)	(2,982)	(3,177)	(122)	(748)	-	(14,370)
Operating profit adjusted by finance cost	<u>46,477</u>	<u>75,205</u>	<u>1,608</u>	<u>7,646</u>	<u>776</u>	<u>21,336</u>	<u>(51,072)</u>	<u>(13,821)</u>	<u>88,155</u>
Investment income									17,227
Capital gain in joint venture transaction									<u>34,574</u>
Profit before tax									<u>139,956</u>
Other information									
Capital expenditures	(45,035)	(47,485)	(485)	(32,605)	(34,577)	(935)	(3,368)	-	(164,490)
Depreciation and amortization	(16,161)	(16,549)	(212)	(8,193)	(8,117)	(205)	(2,292)	-	(51,729)
Balance Sheet									
Segment assets	311,923	479,716	11,988	229,864	118,755	131,698	186,901	-	1,470,845
Segment liabilities	(153,723)	(176,705)	(11,119)	(214,022)	(91,853)	(38,870)	(13,501)	-	(699,793)

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

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

### Geographical information

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

#### 4. REVENUE

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

	Three-month period ended		Nine-month period ended	
	<u>Sep. 30, 2011</u>	<u>Sep. 30, 2010</u>	<u>Sep. 30, 2011</u>	<u>Sep. 30, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Sales of services	171,780	151,775	483,277	388,057
Revenue from construction contracts	<u>10,499</u>	<u>12,139</u>	<u>37,950</u>	<u>28,379</u>
Total	<u>182,279</u>	<u>163,914</u>	<u>521,227</u>	<u>416,436</u>

  

	Three-month period ended		Nine-month period ended	
	<u>Sep. 30, 2011</u>	<u>Sep. 30, 2010</u>	<u>Sep. 30, 2011</u>	<u>Sep. 30, 2010</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Sales of services	318,550	257,138	896,190	657,446
Revenue from construction contracts	<u>19,468</u>	<u>20,565</u>	<u>70,373</u>	<u>48,079</u>
Total	<u>338,018</u>	<u>277,703</u>	<u>966,563</u>	<u>705,525</u>

#### 5. EMPLOYEE BENEFITS EXPENSE

	Three-month period ended		Nine-month period ended	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Salaries and benefits	51,474	37,585	147,108	103,755
Payroll taxes	12,995	9,896	36,675	27,334
Pension costs	336	224	926	614
Long-term incentive plan (Note 20)	<u>(7,687)</u>	<u>5,384</u>	<u>(7,659)</u>	<u>5,485</u>
Total	<u>57,118</u>	<u>53,089</u>	<u>177,050</u>	<u>137,188</u>

  

	Three-month period ended		Nine-month period ended	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Salaries and benefits	95,453	63,675	272,797	175,782
Payroll taxes	24,098	16,767	68,010	46,309
Pension costs	623	380	1,717	1,040
Long-term incentive plan (Note 20)	<u>(14,254)</u>	<u>9,121</u>	<u>(14,202)</u>	<u>9,293</u>
Total	<u>105,920</u>	<u>89,943</u>	<u>328,322</u>	<u>232,424</u>

Pension costs are for defined contribution retirement benefit schemes for all eligible employees of the Group's Brazilian business. Group contributions to the scheme are made at rates specified in plan rules. Plan assets are held separately from those of the Group, in funds under the control of independent managers. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

## 6. OTHER OPERATING EXPENSES

	Three-month period ended		Nine-month period ended	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Service cost	19,219	17,885	53,043	48,439
Rent of maritime vessels	6,825	6,329	18,567	19,026
Freight	3,632	4,825	13,526	13,381
Other rentals	9,456	6,834	29,845	16,655
Energy, water and communication	4,166	3,628	12,413	10,637
Container handling	4,209	3,262	10,790	8,313
Insurance	1,800	1,063	5,952	5,271
Maintenance	873	1,027	2,695	3,021
Other taxes	3,282	2,520	9,920	7,381
Provisions for tax, labor and civil risks	1,266	806	1,945	2,501
Other expenses	<u>339</u>	<u>2,919</u>	<u>5,247</u>	<u>6,535</u>
Total	<u>55,067</u>	<u>51,098</u>	<u>163,943</u>	<u>141,160</u>

	Three-month period ended		Nine-month period ended	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Service cost	35,640	30,304	98,362	82,065
Rent of maritime vessels	12,657	10,723	34,431	32,234
Freight	6,736	8,174	25,082	22,670
Other rentals	17,535	11,578	55,345	28,216
Energy, water and communication	7,726	6,147	23,018	18,022
Container handling	7,805	5,526	20,009	14,083
Insurance	3,337	1,801	11,037	8,930
Maintenance	1,618	1,740	4,998	5,118
Other taxes	6,085	4,270	18,397	12,506
Provisions for tax, labor and civil risks	2,348	1,365	3,606	4,237
Other expenses	<u>629</u>	<u>4,945</u>	<u>9,731</u>	<u>11,071</u>
Total	<u>102,116</u>	<u>86,573</u>	<u>304,016</u>	<u>239,152</u>

## 7. INVESTMENT INCOME AND FINANCE COSTS

	Three-month period ended		Nine-month period ended	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Interest on investments	3,238	2,499	7,959	6,662
Exchange gain (loss) on investments	(10,824)	3,568	(6,030)	2,985
Other interest income	<u>373</u>	<u>(28)</u>	<u>896</u>	<u>521</u>
Total investment income	<u>(7,213)</u>	<u>6,039</u>	<u>2,825</u>	<u>10,168</u>
Interest on bank loans and overdrafts	(3,572)	(2,438)	(9,507)	(6,852)
Exchange gain (loss) on loans	(2,073)	881	(1,790)	676
Interest on obligations under finance leases	<u>(319)</u>	<u>(429)</u>	<u>(1,149)</u>	<u>(1,295)</u>
Total borrowing costs	(5,964)	(1,986)	(12,446)	(7,471)
Other interest	<u>(278)</u>	<u>(693)</u>	<u>(709)</u>	<u>(1,011)</u>
Total finance costs	<u>(6,242)</u>	<u>(2,679)</u>	<u>(13,155)</u>	<u>(8,482)</u>

	Three-month period ended		Nine-month period ended	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Interest on investments	6,002	4,234	14,759	11,287
Exchange gain on investments	(20,071)	6,044	(11,182)	5,058
Other interest income	<u>693</u>	<u>(47)</u>	<u>1,662</u>	<u>882</u>
Total investment income	<u>(13,376)</u>	<u>10,231</u>	<u>5,239</u>	<u>17,227</u>
Interest on bank loans and overdrafts	(6,625)	(4,130)	(17,630)	(11,609)
Exchange gain on loans	(3,843)	1,493	(3,319)	1,145
Interest on obligations under finance leases	<u>(592)</u>	<u>(727)</u>	<u>(2,131)</u>	<u>(2,194)</u>
Total borrowing costs	(11,060)	(3,364)	(23,080)	(12,658)
Other interest	<u>(515)</u>	<u>(1,175)</u>	<u>(1,315)</u>	<u>(1,712)</u>
Total finance costs	<u>(11,575)</u>	<u>(4,539)</u>	<u>(24,395)</u>	<u>(14,370)</u>

## 8. INCOME TAX EXPENSE

Income tax recognized in profit or loss:

	Three-month period ended		Nine-month period ended	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Current				
Brazilian taxation				
Income tax	8,398	7,181	23,217	16,300
Social contribution	<u>2,924</u>	<u>2,861</u>	<u>8,310</u>	<u>6,204</u>
Total Brazilian current tax	<u>11,322</u>	<u>10,042</u>	<u>31,527</u>	<u>22,504</u>
Deferred tax				
Total deferred tax	<u>13,029</u>	<u>(6,335)</u>	<u>9,356</u>	<u>(1,745)</u>
Total income tax expense	<u>24,351</u>	<u>3,707</u>	<u>40,883</u>	<u>20,759</u>

  

	Three-month period ended		Nine-month period ended	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Current				
Brazilian taxation				
Income tax	15,575	12,166	43,054	27,615
Social contribution	<u>5,421</u>	<u>4,847</u>	<u>15,410</u>	<u>10,511</u>
Total Brazilian current tax	<u>20,996</u>	<u>17,013</u>	<u>58,464</u>	<u>38,126</u>
Deferred tax				
Total deferred tax	<u>24,162</u>	<u>(10,733)</u>	<u>17,349</u>	<u>(2,955)</u>
Total income tax expense	<u>45,158</u>	<u>6,280</u>	<u>75,813</u>	<u>35,171</u>

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

Changes for the period are reconciled to the profit disclosed in the statement of comprehensive income, as follows:

	Three-month period ended		Nine-month period ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
	US\$	US\$	US\$	US\$
Profit before tax	18,264	28,297	68,178	82,608
Tax at statutory Brazilian tax rate (34%)	6,211	9,621	23,181	28,087
Effect of exchange differences arising on translation - IAS 21	39,603	(14,327)	29,378	(7,301)
Reversal of exchange differences on US Dollar loans	(22,049)	8,103	(11,260)	3,234
Effect of different tax rates in other jurisdictions	(2,432)	1,586	(2,107)	2,665
Others	<u>3,018</u>	<u>(1,276)</u>	<u>1,691</u>	<u>(5,926)</u>
Income tax expense	<u>24,351</u>	<u>3,707</u>	<u>40,883</u>	<u>20,759</u>
Effective rate for the period	<u>133%</u>	<u>13%</u>	<u>60%</u>	<u>25%</u>

  

	Three-month period ended		Nine-month period ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
	R\$	R\$	R\$	R\$
Profit before tax	33,868	47,938	126,949	139,956
Tax at statutory Brazilian tax rate (34%)	11,520	16,300	42,987	47,585
Effect of exchange differences arising on translation - IAS 21	73,440	(24,273)	54,479	(12,370)
Reversal of exchange differences on US Dollar loans	(40,887)	13,727	(20,880)	5,480
Effect of different tax rates in other jurisdictions	(4,511)	2,687	(3,907)	4,515
Others	<u>5,596</u>	<u>(2,161)</u>	<u>3,134</u>	<u>(10,039)</u>
Income tax expense	<u>45,158</u>	<u>6,280</u>	<u>75,813</u>	<u>35,171</u>
Effective rate for the period	<u>133%</u>	<u>13%</u>	<u>60%</u>	<u>25%</u>

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

## 9. GOODWILL

	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
	US\$	US\$	R\$	R\$
Cost and carrying amount attributed to:				
Tecon Rio Grande	13,132	13,132	24,352	21,881
Tecon Salvador	<u>2,480</u>	<u>2,480</u>	<u>4,599</u>	<u>4,132</u>
Total	<u>15,612</u>	<u>15,612</u>	<u>28,951</u>	<u>26,013</u>

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

## 10. OTHER INTANGIBLE ASSETS

	<u>US\$</u>	<u>R\$</u>
At January 1, 2010	4,062	7,073
Additions	14,546	24,236
Exchange differences	606	1,009
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>(304)</u>
At December 31, 2010	19,214	32,014
Exchange differences	(1,868)	(3,463)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>3,616</u>
At September 30, 2011	17,346	32,167
Accumulated amortization		
At January 1, 2010	1,823	3,174
Charge for the year	488	813
Exchange differences	62	103
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>(136)</u>
At December 31, 2010	2,373	3,954
Charge for the period	889	1,650
Exchange differences	(266)	(493)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>445</u>
At September 30, 2011	2,996	5,556
Carrying amount		
September 30, 2011	<u>14,350</u>	<u>26,611</u>
December 31, 2010	<u>16,841</u>	<u>28,060</u>

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

Tecon Salvador signed on September 2, 2010, an amendment to the lease agreement with Companhia das Docas do Estado da Bahia (CODEBA). This amendment incorporates the expansion of the area known as Ponta Norte, in the Salvador Harbor, adjacent to TECON Salvador. An initial installment in the total amount of R\$25.0 million (equivalent to US\$14.5 million at the transaction date) was paid as a down payment and a monthly price calculated on the leased area and a new price for container handling and general cargo, which are consistent with the original lease.

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



## 11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Vessels	Vehicles, plant and equipment	Assets under construction	Total
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Cost or valuation					
At January 1, 2010	112,444	284,118	142,286	62,377	601,225
Additions	30,959	6,908	64,175	64,697	166,739
Transfers	-	98,429	-	(98,429)	-
Exchange differences	2,112	-	4,701	-	6,813
Disposals	(485)	(574)	(3,151)	-	(4,210)
Net assets transferred on Joint Venture transaction	<u>(13)</u>	<u>(8,606)</u>	<u>(1,097)</u>	<u>(4,586)</u>	<u>(14,302)</u>
At December 31, 2010	145,017	380,275	206,914	24,059	756,265
Additions	51,597	19,184	46,646	74,435	191,862
Transfers	-	71,831	-	(71,831)	-
Exchange differences	(8,143)	-	(13,653)	-	(21,796)
Disposals	<u>(190)</u>	<u>(1,232)</u>	<u>(7,377)</u>	<u>-</u>	<u>(8,799)</u>
At September 30, 2011	188,281	470,058	232,530	26,663	917,532
Accumulated depreciation					
At January 1, 2010	22,182	88,128	52,037	-	162,347
Charge for the year	5,695	19,806	16,932	-	42,433
Exchange differences	432	-	1,780	-	2,212
Disposals	(397)	(122)	(3,124)	-	(3,643)
Net assets transferred on Joint Venture transaction	<u>(4)</u>	<u>(7,639)</u>	<u>(273)</u>	<u>-</u>	<u>(7,916)</u>
At December 31, 2010	27,908	100,173	67,352	-	195,433
Charge for the year	6,245	18,163	17,036	-	41,444
Exchange differences	(1,214)	-	(4,076)	-	(5,290)
Disposals	<u>(48)</u>	<u>(854)</u>	<u>(4,382)</u>	<u>-</u>	<u>(5,284)</u>
At September 30, 2011	32,891	117,482	75,930	-	226,303
Carrying amount					
September 30, 2011	<u>155,390</u>	<u>352,576</u>	<u>156,600</u>	<u>26,663</u>	<u>691,229</u>
December 31, 2010	<u>117,109</u>	<u>280,102</u>	<u>139,562</u>	<u>24,059</u>	<u>560,832</u>

	Land and buildings	Vessels	Vehicles, plant and equipment	Assets under construction	Total
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Cost or valuation					
At January 1, 2010	195,787	494,706	247,748	108,612	1,046,853
Additions	51,584	11,510	106,928	107,799	277,821
Transfers	-	164,003	-	(164,003)	-
Exchange differences	3,520	-	7,833	-	11,353
Disposals	(808)	(956)	(5,251)	-	(7,015)
Net assets transferred on Joint Venture transaction	(22)	(14,340)	(1,829)	(7,641)	(23,832)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>(8,434)</u>	<u>(21,308)</u>	<u>(10,669)</u>	<u>(4,681)</u>	<u>(45,092)</u>
At December 31, 2010	241,627	633,615	344,760	40,086	1,260,088
Additions	95,682	35,574	86,501	138,033	355,790
Transfers	-	133,204	-	(133,204)	-
Exchange differences	(15,100)	-	(25,318)	-	(40,418)
Disposals	(353)	(2,284)	(13,681)	-	(16,318)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>27,291</u>	<u>71,567</u>	<u>38,943</u>	<u>4,529</u>	<u>142,330</u>
At September 30, 2011	349,147	871,676	431,205	49,444	1,701,472
Accumulated depreciation					
At January 1, 2010	38,623	153,449	90,607	-	282,679
Charge for the period	9,488	33,002	28,212	-	70,702
Exchange differences	720	-	2,967	-	3,687
Disposals	(661)	(203)	(5,206)	-	(6,070)
Net assets transferred on Joint Venture transaction	(6)	(12,728)	(455)	-	(13,189)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>(1,664)</u>	<u>(6,612)</u>	<u>(3,903)</u>	<u>-</u>	<u>(12,179)</u>
At December 31, 2010	46,500	166,908	112,222	-	325,630
Charge for the period	11,581	33,681	31,590	-	76,852
Transfers	30	-	(30)	-	-
Exchange differences	(2,280)	-	(7,530)	-	(9,810)
Disposals	(88)	(1,584)	(8,125)	-	(9,797)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>5,250</u>	<u>18,854</u>	<u>12,677</u>	<u>-</u>	<u>36,781</u>
At September 30, 2011	60,993	217,859	140,804	-	419,656
Carrying amount					
September 30, 2011	<u>288,154</u>	<u>653,817</u>	<u>290,401</u>	<u>49,444</u>	<u>1,281,816</u>
December 31, 2010	<u>195,127</u>	<u>466,707</u>	<u>232,538</u>	<u>40,086</u>	<u>934,458</u>

The cost balance of the Group's vehicles, plant and equipment includes an amount of US\$19.8 million (R\$36.7 million) (2010: US\$24.9 million (R\$41.5 million)) in respect of assets held under finance leases.

Land and buildings with a net carrying amount of US\$0.2 million (R\$0.4 million) (2010: US\$0.4 million (R\$0.6 million)) and tugboats with a net carrying amount of US\$2.4 million (R\$4.5 million) (2010: US\$2.6 million (R\$4.3 million)) have been pledged as guarantee of various lawsuits.

The Group has pledged assets with a carrying amount of approximately US\$412.2 million (R\$764.4 million) (2010: US\$317.1 million (R\$528.4 million)) to secure loans granted to the Group.

The amount of capitalized interest in 2011 is US\$0.9 million (R\$1.6 million) (2010: US\$1.9 million (R\$3.2 million)), at an average interest rate of 3.64 % (2010: 3.83%).

On September 30, 2011, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US\$53.90 million (R\$99.9 million) (2010: US\$116.4 million (R\$194.0 million)). The amount mainly refers to the expansion of Tecon Salvador and Tecon Rio Grande and to the construction of the Guarujá II shipyard.

When the Company entered into the Joint Venture with Magallanes Navegação Brasileira in 2010 the property, plant and equipment was reduced by US\$16.8 million (R\$31.2 million), equivalent to the portion of the net assets transferred to the partner on setting up the joint venture.

On August 5, 2011, the Group acquired 4 tugboats, one under construction, from Navemar Transportes e Comércio Marítimo Ltda., for a consideration of US\$10.9 million (R\$20.0 million at the transaction date) in cash, plus the assumption of a total debt of US\$9.0 million (R\$16.7 million at the transaction date) with BNDES, as agent for the Fundo da Marinha Mercante (FMM), for three of them. Until September 30, 2011 the amount paid in cash totaled US\$5.9 million (equivalent to R\$11.0 million at the transaction date), remaining with an open balance of US\$4.3 million (R\$8.0 million at the transaction date), accounted for under trade payables, due to the ongoing construction, which is expected to be concluded on November, 2011.

## 12. INVENTORIES

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Operating materials	12,953	11,024	24,019	18,368
Raw materials for construction contracts (external customers)	<u>7,916</u>	<u>9,123</u>	<u>14,679</u>	<u>15,201</u>
Total	<u>20,869</u>	<u>20,147</u>	<u>38,698</u>	<u>33,569</u>

## 13. TRADE AND OTHER RECEIVABLES

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Receivables for services rendered	68,518	65,240	127,060	108,703
Allowance for doubtful debts	(1,046)	(1,320)	(1,940)	(2,200)
Income tax recoverable	8,842	8,203	16,397	13,667
Prepayment and recoverable taxes and levies	<u>85,578</u>	<u>62,838</u>	<u>158,695</u>	<u>104,701</u>
Total	<u>161,892</u>	<u>134,961</u>	<u>300,212</u>	<u>224,871</u>
Total current	<u>149,861</u>	<u>128,561</u>	<u>277,902</u>	<u>214,206</u>
Total non-current	<u>12,031</u>	<u>6,400</u>	<u>22,310</u>	<u>10,665</u>

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

Long-term trade receivables refer to: recoverable taxes with maturity dates in excess of 365 days, which refers mainly to PIS, COFINS, ISS and INSS and receivables from Intermarítima (Note 22). There is no impairment evidence related to these tax assets.

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 aging list of receivables for services rendered is as follows:

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Current	58,696	52,518	108,846	87,506
Overdue but not impaired:				
01 to 30 days	5,456	7,351	10,118	12,248
31 to 90 days	2,062	3,442	3,824	5,735
91 to 180 days	1,258	609	2,332	1,014
Impaired:				
More than 180 days	<u>1,046</u>	<u>1,320</u>	<u>1,940</u>	<u>2,200</u>
Total	<u>68,518</u>	<u>65,240</u>	<u>127,060</u>	<u>108,703</u>

On average, interest of 1 percent per month plus a two-percent penalty are charged on overdue balances. The Group has recognized an allowance for doubtful debts of 100% against all receivables over 180 days because historical experience shows that receivables that are past due beyond 180 days are not recoverable. Allowances for doubtful debts are recognized as a reduction of receivables, and are recognized whenever a loss is identified, based on estimated unrecoverable amounts determined by reference to past default experience of the counterparty and based on an analysis of the counterparty's current financial position.

Changes in allowance for doubtful debts are as follows:

	<u>US\$</u>	<u>R\$</u>
At January 1, 2010	1,637	2,850
Amounts written off during the year	(2,288)	(3,812)
Increase in allowance	1,910	3,182
Exchange difference	61	103
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	(123)
At December 31, 2010	<u>1,320</u>	<u>2,200</u>
Amounts written off during the period	(1,827)	(3,389)
Increase in allowance	1,686	3,127
Exchange difference	(133)	(246)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	248
At September 30, 2011	<u>1,046</u>	<u>1,940</u>

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

## 14. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hands, bank accounts and short-term investments that are highly liquid and readily convertible to known amounts of cash, and which are subject to an 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.

### Long-term investments

Long term investments comprise restricted cash related to a loan agreement with Banco do Brasil held by a joint venture of the Group. This investment will be retained until financing settlement, with minimum remuneration at savings account or by other financial instrument with similar risk, at financial institution discretion, and operated exclusively by the financial institution.

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

	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
	US\$	US\$	R\$	R\$
Denominated in US dollar:				
Cash and cash equivalents	13,025	32,403	24,154	53,990
Short-term investments	12,500	36,729	23,180	61,198
Long-term investments	<u>1,067</u>	<u>-</u>	<u>1,980</u>	<u>-</u>
Total	26,592	69,132	49,314	115,188
Denominated in Brazilian Real:				
Cash and cash equivalents	<u>78,635</u>	<u>85,769</u>	<u>145,820</u>	<u>142,908</u>
Total	78,635	85,769	145,820	142,908
Total cash and cash equivalents	<u>91,660</u>	<u>118,172</u>	<u>169,974</u>	<u>196,898</u>
Total short-term investments	<u>12,500</u>	<u>36,729</u>	<u>23,180</u>	<u>61,198</u>
Total long-term investments	<u>1,067</u>	<u>-</u>	<u>1,980</u>	<u>-</u>

### Private investment fund

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

About 96% of the securities included in the portfolio of the Private Investment Fund have daily liquidity and are marked to fair value on a daily basis against current earnings. This private investment fund does not have significant financial obligations. Any financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses.

## 15. BANK OVERDRAFTS AND LOANS

	Interest rate - %	Sep 30, 2011 US\$	Dec 31, 2010 US\$	Sep 30, 2011 R\$	Dec 31, 2010 R\$
<u>Unsecured borrowings</u>					
Bank overdrafts - Real	12.40% to 15.45% p.a.	3,948	6,479	7,321	10,795
Total unsecured borrowings		<u>3,948</u>	<u>6,479</u>	<u>7,321</u>	<u>10,795</u>
<u>Secured borrowings</u>					
BNDES - FINAME Real	4.5% to 14% p.a.	29,633	26,789	54,952	44,636
BNDES - FMM linked to US Dollar	2.11% to 5% p.a.	257,645	198,192	477,777	330,228
BNDES - linked to US Dollar	5.36% p.a.	14,082	-	26,113	-
Total BNDES		<u>301,360</u>	<u>224,981</u>	<u>558,842</u>	<u>374,864</u>
IFC - US Dollar	2.5% to 8.49% p.a.	6,643	9,813	12,319	16,350
IFC - linked to Real	14.09% p.a.	3,534	4,888	6,553	8,145
Total IFC		<u>10,177</u>	<u>14,701</u>	<u>18,872</u>	<u>24,495</u>
Eximbank - US Dollar	2.43% p.a.	15,684	14,818	29,085	24,690
Finimp - US Dollar	2.12% to 2.27% p.a.	3,121	4,051	5,788	6,749
BB - FMM linked to US Dollar	3.10% p.a.	52,235	49,131	96,864	81,862
Carterpillar - Real	4.35% p.a.	454	-	841	-
Total others		<u>71,494</u>	<u>68,000</u>	<u>132,578</u>	<u>113,301</u>
Total secured borrowings		<u>383,031</u>	<u>307,682</u>	<u>710,292</u>	<u>512,660</u>
Total		<u>386,979</u>	<u>314,161</u>	<u>717,613</u>	<u>523,455</u>

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

	Sep 30, 2011 US\$	Dec 31, 2010 US\$	Sep 30, 2011 R\$	Dec 31, 2010 R\$
Within one year	31,639	25,565	58,671	42,596
In the second year	35,213	26,194	65,299	43,644
In the third to fifth years (including)	95,629	82,187	177,334	136,941
After five years	<u>224,498</u>	<u>180,215</u>	<u>416,309</u>	<u>300,274</u>
Total	<u>386,979</u>	<u>314,161</u>	<u>717,613</u>	<u>523,455</u>
Total current	<u>31,639</u>	<u>25,565</u>	<u>58,671</u>	<u>42,596</u>
Total non-current	<u>355,340</u>	<u>288,596</u>	<u>658,942</u>	<u>480,859</u>

The analysis of borrowings by currency is as follows:

	Real US\$	Real linked to US Dollars US\$	US Dollars US\$	Total US\$	Real R\$	Real linked to US Dollars R\$	US Dollars R\$	Total R\$
<u>September 30, 2011</u>								
Bank overdrafts	3,948	-	-	3,948	7,321	-	-	7,321
Bank loans	<u>33,621</u>	<u>323,962</u>	<u>25,448</u>	<u>383,031</u>	<u>62,346</u>	<u>600,754</u>	<u>47,192</u>	<u>710,292</u>
Total	<u>37,569</u>	<u>323,962</u>	<u>25,448</u>	<u>386,979</u>	<u>69,667</u>	<u>600,754</u>	<u>47,192</u>	<u>717,613</u>
<u>December 31, 2010</u>								
Bank overdrafts	6,479	-	-	6,479	10,795	-	-	10,795
Bank loans	<u>31,677</u>	<u>247,323</u>	<u>28,682</u>	<u>307,682</u>	<u>52,781</u>	<u>412,090</u>	<u>47,789</u>	<u>512,660</u>
Total	<u>38,156</u>	<u>247,323</u>	<u>28,682</u>	<u>314,161</u>	<u>63,576</u>	<u>412,090</u>	<u>47,789</u>	<u>523,455</u>

The Group's main lenders are described as follows:

Banco Nacional de Desenvolvimento Econmico e Social ("BNDES") as an agent of Fundo da Marinha Mercante ("FMM") finances tugboats, platform supply vessels, and shipyard building as Fundo da Marinha Mercante's ("FMM") financial agent. Outstanding debt amount was US\$257.6 million (R\$477.8 million) on September 30, 2011 (2010: US\$198.2 million (R\$330.2 million).; BNDES's FINAME credit line through various financial agents funds logistics and port operation equipment acquisition amounting US\$29.6 million (R\$54.9 million) on September, 30 2011 (2010: US\$26.8 million (R\$44.6 million)); BNDES is also financing Tecon Rio Grande's improvement of existing fixed assets amounting US\$ 14.1 million (R\$ 26.1 million) on September, 30 2011. The outstanding amounts are repayable over different periods up to 21 years. Loans denominated in US Dollars, bear fixed interest rates between 2.64% p.a. and 5% p.a., whereas loans denominated in Real, have interest rates fixed between 4.5 % p.a. and 14 % p.a., while others bear floating interest rates of "Taxa de Juros Longo Prazo" ("TJLP") plus a spread ranging from 1.0% p.a.to 14 % p.a.or/and "Unidade Monetria BNDES" ("UMBDES") plus a spread of 1.48 % p.a..

On August 5, 2011, the Group acquired 4 tugboats, one under construction, from Navemar Transportes e Comércio Marítimo Ltda., for a consideration of US\$10.9 million (R\$20.0 million at the transaction date) in cash, plus the assumption of a total debt of US\$9.0 million (R\$16.7 million at the transaction date) with BNDES, as agent for the Fundo da Marinha Mercante (FMM), for three of them. Until September 30, 2011 the amount paid in cash totaled US\$5.9 million (equivalent to R\$11.0 million at the transaction date), remaining with an open balance of US\$4.3 million (R\$8.0 million at the transaction date), accounted for under trade payables, due to the ongoing construction, which is expected to be concluded on November, 2011.

Banco do Brasil ("BB") finances, as agent of "Fundo da Marinha Mercante" ("FMM"), acquisition of platform supply vessels, with an outstanding amount US\$52.2 million (R\$96.9 million), on September 30, 2011 (2010: US\$49.1 million (R\$81.9 million)). This debt was assumed when the Company entered into a joint venture with acknowledged fifty percent of this liability when the Wilson, Sons Ultratug Offshore joint venture with Remolcadores Ultratug Ltda. was officially formed. Contract tenor is 17 years, beginning in January 2012. This loan is denominated in U.S. dollars and bear a fixed interest rate of 3.1% p.a..

International Finance Corporation ("IFC") finances both container terminals – Tecon Rio Grande and Tecon Salvador. There are two loan agreements, one for each terminal. The outstanding amount of US\$ 10.1 million (R\$18.9 million) on September 30, 2011 (2010: US\$ 14.7 million (R\$24.5 million) is repayable over different periods up to 6 years. These loans are denominated partly in US Dollar and partly in Real. For the first part, one of the loans has a fixed interest rate at 8.49 % p.a., while the others bear floating interest rates of Libor (6 months) plus spread of 3 % p.a. to 4 p.a., whereas for the part denominated in Real, the interest rate is fixed at 14.09 % p.a.

The Export-Import Bank of China (“Eximbank”), finances Tecon Rio Grande’s equipment acquisition. The outstanding amount of US\$ 15.7 million (R\$29.1 million) on September 30, 2011 (2010: US\$ 14.8 million (R\$24.7 million)) is repayable over 8 years. Amortization and interest payment are semiannual. The loan is denominated in US Dollars with a floating interest rate of Libor (6 months) plus a spread of 1.7 p.a. and there is also a guarantee fee paid to Banco Itaú BBA of 2.0 % p.a.

Banco Itaú BBA S.A: An Import Finance Facility with Banco Itaú BBA finances Tecon Rio Grande’s mobile crane acquisition. The amount of US\$3.1 million (R\$5.7 million) (2010: 4.0 million (R\$6.8 million)) is repayable in 5 years, including one year of grace period. The amortization and interest payment are semiannual. The loan is denominated in US Dollars with a variable interest rate of Libor (6 months) plus spread of 1.63 p.a. The local fee for Banco Itaú BBA S.A. is 1.75 % p.a.

### Guarantees

All loans with BNDES are guaranteed by Wilson Sons Administração e Comércio Ltda. Corporate Guarantee added to: (i) pledge of the respective tug boat and platform supply vessel financed, and, for the three of the of Company’s PSVs, additional guarantee of Petrobras contract receivables; (ii) financial covenants on Wilson Sons Administração e Comércio Ltda., for shipyard construction; (iii) financial covenants on Tecon Rio Grande S/A, for its expansion and modernization project; and (iv) lien of logistics and port operations equipment financed.

Loans with BB are guaranteed by pledge over the financed supply vessels, “Standby Letter of Credit” and fiduciary assignment of Petrobras long-term contracts.

The loans that Tecon Salvador and Tecon Rio Grande hold with IFC are guaranteed by shares of each terminal, projects’ cash flows, and, in the case of Tecon Rio Grande, equipment and building.

The loan with “The Export-Import Bank of China” is guaranteed by a “Standby Letter of Credit” issued for Tecon Rio Grande, with the financing bank as beneficiary. As counter-guarantee, Tecon Rio Grande obtained a formal authorization from IFC trustee to dispose the equipment funded by “The Export-Import Bank of China” to the bank Itaú BBA.

The subsidiary Magallanes Navegação Brasileira SA, in accordance to a Financing Agreement with Banco do Brasil, constituted a restricted cash account, accounted for under Long term investments, in the amount of US\$1,067 (R\$1,980). This reserve will be retained until financing settlement, with minimum remuneration at savings account or by other financial instrument with similar risk, at financial institution discretion, and operated exclusively by the financial institution.

### Undrawn credit facilities

At September 30, 2011, the Group had available US\$376.8 million of undrawn borrowing facilities. This value includes fifty percent of the loan agreements on September 28, 2010, as described below. For every disbursement there is a set of conditions precedent that should be fulfilled.



Loan agreements signed

On September 9, 2011, Tecon Salvador signed a US\$80 million Financing Agreement with IFC. This loan includes a 18 months grace period plus 7 years of repayment period, is denominated in US Dollars with a floating interest rate of Libor (6 months) plus a spread of 2.75 p.a. and is intended to: (i) the refurbishment of 2 berths with a combined total length of 617 meters; (ii) the installation of 3 Post-Panamax Ship-to-Shore Cranes and 6 Rubber Tyred Gantries Cranes; (iii) the refurbishment of existing buildings and expansion of the container yard from 5.9 hectares to 9.5 hectares; (iv) the development of supporting electrical infrastructure; (v) the payment of the concession fee from the expansions rights; and (vi) the prepayment under the 2007 Subscription and Loan Agreement of the outstanding principal amount of the B Loan up to US\$3.9 million.

The civil works are expected to be concluded in June, 2012 and the equipments is expected to be installed in January, 2012.

Fair value

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

	Sep 30, 2011 US\$	Dec 31, 2010 US\$	Sep 30, 2011 R\$	Dec 31, 2010 R\$
Bank overdrafts	3,948	6,479	7,321	10,794
Bank loans				
BNDES	301,360	224,981	558,842	374,864
IFC	11,301	15,096	20,957	25,152
Eximbank	15,684	14,818	29,085	24,690
Finimp	3,121	4,051	5,788	6,749
BB	52,235	49,131	96,864	81,862
Carterpillar	454	-	841	-
Total bank loans	384,155	308,077	712,377	513,317
Total	388,103	314,556	719,698	524,111

Covenants

The financing agreements entered into by subsidiaries Tecon Rio Grande and Tecon Salvador with financial institutions contain specific restrictive covenants, basically related to the maintenance of liquidity ratios. At September 30, 2011, the Group is in compliance with all covenants of these agreements.

## 16. DEFERRED TAXES

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

	Accelerated depreciation US\$	Exchange Differences on loans US\$	Timing differences US\$	Non- monetary items US\$	Total US\$
At January 1, 2010	(21,594)	(13,247)	13,138	31,062	9,359
(Charge) credit to income	(5,869)	(1,484)	1,415	6,613	675
Deferred tax booked in disposed investment	5,058	2,885	216	(4,686)	3,473
Exchange differences	-	35	308	-	343
At December 31, 2010	(22,405)	(11,811)	15,077	32,989	13,850
(Charge)/credit to income	(1,644)	14,649	7,350	(29,711)	(9,356)
Exchange differences	-	(71)	(910)	-	(983)
At September 30, 2011	24,049	2,767	21,517	3,278	3,511

	Accelerated <u>depreciation</u> <u>R\$</u>	Exchange Differences <u>on loans</u> <u>R\$</u>	Timing <u>differences</u> <u>R\$</u>	Non- monetary <u>items</u> <u>R\$</u>	<u>Total</u> <u>R\$</u>
At January 1, 2010	(37,599)	(23,066)	22,876	54,085	16,296
(Charge) credit to income	(9,779)	(2,473)	2,358	11,019	1,125
Deferred tax booked in disposed investment	8,427	4,806	359	(7,808)	5,784
Exchange differences	-	58	513	-	571
Foreign currency gains/(loss) in respect of translation into Brazilian Real	1,619	995	(983)	(2,330)	(699)
At December 31, 2010	(37,332)	(19,680)	25,123	54,966	23,077
(Charge)/credit to income	(3,049)	27,165	13,630	(55,096)	(17,350)
Exchange differences	-	(135)	(1,688)	-	(1,823)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	(4,218)	(2,221)	2,836	6,209	2,606
At September 30, 2011	44,599	5,129	39,901	6,079	6,510

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

	<u>Sep 30, 2011</u> <u>US\$</u>	<u>Dec 31, 2010</u> <u>US\$</u>	<u>Sep 30, 2011</u> <u>R\$</u>	<u>Dec 31, 2010</u> <u>R\$</u>
Deferred tax liabilities	(21,788)	(15,073)	(40,404)	(25,115)
Deferred tax assets	25,299	28,923	46,914	48,192
Total	3,511	13,850	6,510	23,077

At the end of the reporting period, the Group has unutilized tax loss carryforwards of US\$45,840 (R\$85,005) (2010: US\$30,487 (R\$50,797)) available for offset against future taxable income. No deferred tax asset has been recognized in the amount of US\$15,586 (R\$28,902) (2010: US\$10,366 (R\$17,272)) due to the unpredictability of future flows of related taxable income, only in some entities.

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

Deferred tax liabilities arise from exchange gains on the Group's US dollar-denominated borrowings and the real-denominated loans pegged to the US dollar that are taxable when settled and not in the period in which the gains arise.

## 17. PROVISIONS FOR TAX, LABOR AND CIVIL RISKS

	US\$	R\$
At January 1, 2010	<u>9,831</u>	<u>17,118</u>
Addition to provision	4,464	7,437
Reversal of provision	(2,575)	(4,290)
Exchange difference	569	947
Foreign currency gains/(loss) in respect of translation into Brazilian real	-	(736)
At December 31, 2010	<u>12,289</u>	<u>20,476</u>
Addition to provision	4,648	8,619
Reversal of provision	(2,936)	(5,444)
Exchange difference	(1,382)	(2,562)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	2,312
At September 30, 2011	<u>12,619</u>	<u>23,401</u>

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

	Sep 30, 2011 US\$	Dec 31, 2010 US\$	Sep 30, 2011 R\$	Dec 31, 2010 R\$
Civil cases	1,688	1,128	3,130	1,879
Tax cases	152	261	282	435
Labor claims	<u>10,779</u>	<u>10,900</u>	<u>19,989</u>	<u>18,162</u>
Total	<u>12,619</u>	<u>12,289</u>	<u>23,401</u>	<u>20,476</u>

In the normal course of business in Brazil, the Group continues to be exposed to numerous local legal claims. It is the Group's policy to vigorously contest such claims, many of which appear to have little substance in merit, and to manage such claims through its legal counsel. There are no material claims outstanding at September 30, 2011 that have not been accrued, and which the Group's legal counsel consider are more probable than not to result in a financial settlement against the Group.

In addition to the cases for which the Group booked the provision there are other tax, civil and labor disputes amounting to US\$62,126 (R\$115,206) (2010: US\$53,404 (R\$88,981)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described below as follows:

	Sep 30, 2011 US\$	Dec 31, 2010 US\$	Sep 30, 2011 R\$	Dec 31, 2010 R\$
Civil cases	5,282	7,259	9,795	12,094
Tax cases	21,220	15,829	39,350	26,375
Labor claims	<u>35,624</u>	<u>30,316</u>	<u>66,061</u>	<u>50,512</u>
Total	<u>62,126</u>	<u>53,404</u>	<u>115,206</u>	<u>88,981</u>

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

- Civil and environmental cases: Discussions on contractual matters related to an occasional disagreement on transport supply contract and casuals demands based on service contracts, regarding some of its obligations.
- Labor claims: These lawsuits claim payment of salary differences, overtime worked without payment, and other allowances.
- Tax cases: The Group itself litigates against governments in respect of assessments considered inappropriate.

## 18. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
	US\$	US\$	US\$	US\$
Payables under finance leases:				
Within one year	3,750	5,921	2,945	4,847
From second to fifth years, inclusive	<u>4,985</u>	<u>7,098</u>	<u>4,054</u>	<u>6,305</u>
	8,735	13,019	<u>6,999</u>	<u>11,152</u>
Less future finance charges	(1,736)	(1,867)		
Present value of lease obligations	<u>6,999</u>	<u>11,152</u>		
Total current	<u>2,945</u>	<u>4,847</u>		
Total non-current	<u>4,054</u>	<u>6,305</u>		

	Minimum lease payments		Present value of minimum lease payments	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
	R\$	R\$	R\$	R\$
Amounts payable under finance leases:				
Within one year	6,954	9,866	5,461	8,076
From second to fifth years inclusive	<u>9,243</u>	<u>11,826</u>	<u>7,518</u>	<u>10,505</u>
	16,197	21,692	<u>12,979</u>	<u>18,581</u>
Less future finance charges	(3,218)	(3,111)		
Present value of lease obligations	<u>12,979</u>	<u>18,581</u>		
Total current	<u>5,461</u>	<u>8,076</u>		
Total non-current	<u>7,518</u>	<u>10,505</u>		

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The average lease term is 48 months, of which, at the end of September 2011, only 28 months on average remained.

For the period ended September 30, 2011, the average effective leasing interest rate was 16.90 percent per annum (2010: 15.87 percent). Interest rates are set at contract date

All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. The interest rates ranges from 9.80 to 20.39 percent per annum.

Leases are denominated in Reais.

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

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

## 19. TRADE AND OTHER PAYABLES

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Trade payables	99,697	70,353	184,888	117,222
Taxes	17,094	16,657	31,699	27,754
Share-based payment (provision)	15,592	23,795	28,914	39,647
Accruals and other payables	<u>9,205</u>	<u>6,893</u>	<u>17,061</u>	<u>11,485</u>
	<u>141,588</u>	<u>117,698</u>	<u>262,562</u>	<u>196,108</u>
Total current	<u>139,536</u>	<u>117,698</u>	<u>258,756</u>	<u>196,108</u>
Total non-current	<u>2,052</u>	<u>-</u>	<u>3,806</u>	<u>-</u>

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

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

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Contract costs incurred plus recognized revenues				
less recognized losses to date	30,473	41,632	56,509	69,367
Less unbilled services	<u>(55,969)</u>	<u>(58,705)</u>	<u>(103,789)</u>	<u>(97,814)</u>
Net liability included in suppliers	<u>(25,496)</u>	<u>(17,073)</u>	<u>(47,280)</u>	<u>(28,447)</u>

## 20. CASH-SETTLED SHARE-BASED PAYMENTS

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

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

	<u>US\$</u>	<u>R\$</u>
Liability at January 1, 2010	<u>10,592</u>	<u>18,441</u>
Charge for the year	13,204	22,001
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	(795)
Liability at December 31, 2010	<u>23,796</u>	<u>39,647</u>
Charge for the period	(7,659)	(14,202)
Payment for the period	(545)	(1,011)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	4,480
Liability at September 30, 2011	<u>15,592</u>	<u>28,914</u>

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

Outstanding stock options are broken down as follows:

	<u>Number of share options</u>
Outstanding at January 1, 2010	3,912,760
Lapsed during the year	<u>(15,000)</u>
Outstanding at December 31, 2010	3,897,760
Exercised/lapsed during the period	<u>(219,500)</u>
Outstanding at September 30, 2011	<u>3,678,260</u>

The fair value of the recorded liability in the amount of US\$15,592 (R\$28,914) (2010: US\$23,795 (R\$39,647)) was determined using the Binomial model based on the assumptions mentioned below:

	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
Closing share price (in real)	R\$26,00	R\$26,51
Expected volatility	27-31%	25-32%
Expected life	10 years	10 years
Risk free rate	8,96%	8,70%
Expected dividend yield	1,58%	2,10%

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

<u>Options series</u>	<u>Number</u>	<u>Grant date</u>	<u>Vesting date</u>	<u>Expiry date</u>	<u>Exercise price (R\$)</u>
07 ESO – 2 Year	875,440	5/5/2007	5/5/2009	5/5/2017	23.77
07 ESO – 3 Year	877,440	5/5/2007	5/5/2010	5/5/2017	23.77
07 ESO – 4 Year	901,440	5/5/2007	5/5/2011	5/5/2017	23.77
07 ESO – 5 Year	901,440	5/5/2007	5/5/2012	5/5/2017	23.77
08 ESO – 2 Year	21,250	15/8/2008	17/8/2010	17/8/2018	18.70
08 ESO – 3 Year	33,750	15/8/2008	17/8/2011	17/8/2018	18.70
08 ESO – 4 Year	33,750	15/8/2008	17/8/2012	17/8/2018	18.70
08 ESO – 5 Year	33,750	15/8/2008	17/8/2013	17/8/2018	18.70

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

Share options outstanding at the end of the period had a weighted average exercise price of R\$23.60 (2010: R\$23.59) and a weighted average remaining contractual life of 2,060 days (2010: 2,346 days).

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

	<u>Actual</u>	<u>(+10%)</u>	<u>(-10%)</u>
Share price at September 30, 2011 - R\$	26.00	28.60	23.40
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Balance sheet liability at September 30, 2011	15,592	17,966	12,629
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Balance sheet liability at September 30, 2011	28,914	33,316	23,420

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

## 21. EQUITY

### Share Capital

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
71,144,000 common shares issued and fully paid	9,905	9,905	18,368	16,504

### Dividends

According to the Company's by-laws, an amount of no less than 25% of the Adjusted Net Profit for the current year shall be declared by the Board as a dividend to be paid to the Members before the next Annual General Meeting. The by-laws provided that the dividend will be mandatory unless the Board considers that the payment of such dividends will not be in the interests of the Company. The final dividend is subject to approval by shareholders at the Annual General Meeting.

At the Board Meeting held on May 6, 2011, the Board of Directors declared the payment of a dividend of US\$0.254 cents per share (2010: US\$0.317 cents per shares), totaling US\$18,070 (2010: US\$22,551) to shareholders, recognized on May 11, 2011, and the payment of such dividend on May 13, 2011.

### Earnings per share

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

	<u>Three-month period ended</u>		<u>Nine-month period ended</u>	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Profit for the period attributable to owners of the Company	(6,159)	24,590	27,018	61,340
Weighted average number of common shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic and diluted earnings per share (cents per share)	(8.66)	34.56	37.98	86.22
	<u>Three-month period ended</u>		<u>Nine-month period ended</u>	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Profit for the period attributable to owners of the Company	(11,423)	41,658	50,102	103,922
Weighted average number of common shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic and diluted earnings per share (cents per share)	(16.06)	58.55	70.42	146.07

## 22. SUBSIDIARIES

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

The transaction was completed on June 16, 2010, for a total consideration of R\$15.5 million (equivalent to US\$9.0 million at the transaction date) measured by reference to the fair value, for the acquisition of shares equivalent to 25% of Brasco's share capital. This transaction resulted in additional paid-in capital totaling R\$8.7 million (equivalent to US\$4.8 million at the transaction date) reported in the consolidated statement of changes in equity.

During the period, the Group disposed of 7.5% equity interest in Tecon Salvador S.A. to Intermarítima, reducing its continuing interest to 92.5%.

Part of the proceeds of R\$11.2 million from this transaction (equivalent to US\$6.7 million at the transaction date) were received in cash and the remaining will be received in the following years. An amount of R\$3.8 million (equivalent to US\$2.4 million at the transaction date) corresponding to the proportionate share in the carrying amount of Tecon Salvador S.A.'s net assets has been transferred to non-controlling interests. The amount of R\$4.4 million (equivalent to US\$2.8 million at the transaction date), being the difference between the increase in non-controlling interests and the consideration received, net of taxes, has been credited in the consolidated statement of changes in equity.

The Group announced that on the June 2, 2011 it had, through its wholly-owned subsidiary Brasco Logística Offshore Ltda. (Brasco), signed a contract for the acquisition of 100% of the issued share capital of Bric Brazilian Intermodal Complex S/A. ("Briclog") for a consideration of R\$125.0 million (equivalent to US\$79.0 million on contract execution date). Briclog provides port services to the oil & gas industry. The acquisition completion and the change in control are subject to various conditions precedent, including a 30-year lease right to operate in a defined 66,860 square meter area in the Guanabara Bay, Rio de Janeiro, Brazil, together with the assignment of certain other lease contracts to Briclog.

Consideration for the acquisition is payable in three installments, R\$10.0 million (equivalent to US\$6.3 million on contract execution date) was paid on contract signature (accounted for in "trade and other receivables"), R\$60 million (US\$37.9 million on the contract date execution) is payable on satisfaction of all conditions precedent, and the remaining R\$55.0 million (equivalent to US\$34.8 million on contract execution date) within 360 days from contract execution, where the later two payments will be adjusted using the Brazilian consumer price index (IPCA). As at September 30, 2011, no business combination transaction has been applied in this combined consolidated interim financial statement.



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

	Place of incorporation and operation	Proportion of ownership interest	
		Sep 30, 2011	Dec 30, 2010
<u>Holding company</u>			
Wilson, Sons de Administração e Comércio Ltda.	Brazil	100%	100%
Vis Limited	Guernsey	100%	100%
WS Participações S.A.	Brazil	100%	100%
<u>Towage</u>			
Saveiros Camuyrano Serviços Marítimos S.A.	Brazil	100%	100%
Sobrare-Servemar Ltda.	Brazil	100%	100%
Wilson, Sons Apoio Marítimo Ltda.	Brazil	100%	100%
Wilson, Sons Operações Marítimas Especiais Ltda.	Brazil	100%	100%
<u>Shipyard</u>			
Wilson, Sons S.A. Comércio, Indústria, e Agência de Navegação Ltda.	Brazil	100%	100%
Wilson, Sons Estaleiro Ltda.	Brazil	100%	100%
<u>Ship Agency</u>			
Wilson, Sons Agência Marítima Ltda.	Brazil	100%	100%
Wilson, Sons Navegação Ltda.	Brazil	100%	100%
Transamérica Visas Serviços de Despachos Ltda.	Brazil	100%	100%
<u>Logistics</u>			
Wilson, Sons Logística Ltda.	Brazil	100%	100%
EADI Santo André Terminal de Carga Ltda.	Brazil	100%	100%
<u>Port terminal</u>			
Brasco Logística Offshore Ltda.	Brazil	100%	100%
Tecon Rio Grande S.A.	Brazil	100%	100%
Tecon Salvador S.A.	Brazil	92.5%	100%
Wilport Operadores Portuários Ltda.	Brazil	100%	100%
Wilson, Sons Operadores Portuários Ltda.	Brazil	100%	100%
Wilson, Sons Terminais de Cargas Ltda.	Brazil	100%	100%

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

## 23. JOINT VENTURES

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

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

A gain of US\$20.4 million calculated based on SIC13 was realized on the formation of the joint venture, as follows.

	<u>US\$</u>	<u>R\$</u>
Wilsons Sons share of fair value of the assets contributed by Magallanes	16,165	27,388
Less carrying value of Wilsons Sons Offshore S.A.	(6,208)	(10,518)
Consolidation elimination of intragroup profits	<u>10,450</u>	<u>17,704</u>
Wilsons Sons contribution at net book value	<u>4,242</u>	<u>7,187</u>
Total gain on joint venture formation	<u>20,407</u>	<u>34,574</u>

Consolidation elimination of intragroup profit represents profits on the construction of PSVs in the Group's shipyards, previously eliminated on consolidation.

The Group holds the following significant interests in joint ventures at September 30, 2011:

	Place of incorporation and operation	Proportion of ownership interest	
		<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
<u>Towage</u>			
Consórcio de Rebocadores Barra de Coqueiros	Brazil	50%	50%
Consórcio de Rebocadores Baía de São Marcos	Brazil	50%	50%
<u>Logistics</u>			
Allink Transportes Internacionais Ltda.	Brazil	50%	50%
<u>Offshore</u>			
Wilson, Sons Ultratug Participações S.A.*	Brazil	50%	50%

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

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

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Current assets	17,942	17,991	33,272	29,977
Non-current assets	167,796	127,213	311,161	211,962
Current liabilities	(52,250)	(31,976)	(96,892)	(53,278)
Non-current liabilities	(136,173)	(109,242)	(252,519)	(182,019)

	<u>Three-month period ending</u>		<u>Nine-month period ending</u>	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Income	18,670	11,260	45,867	21,885
Expenses	(13,604)	(6,440)	(36,349)	(16,572)

	<u>Three-month period ending</u>		<u>Nine-month period ending</u>	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Income	34,622	19,077	85,056	37,078
Expenses	(25,227)	(10,911)	(67,406)	(28,077)

In May 2010, Wilson, Sons Ultratug S.A. became a joint venture and its proportional contribution is equivalent to four-months results.

## 24. OPERATING LEASE ARRANGEMENTS AND OTHER OBLIGATIONS

The Group as lessee

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Minimum lease payments under operating leases recognized in income for the year	13,054	14,528	24,207	24,207

On September 30, 2011, the minimum amount due by the Group for future minimum lease payments under cancellable operating leases was US\$13,054 (R\$24,207) (2010: US\$14,528 (R\$24,207)).

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

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

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

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

	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Sep 30, 2011</u>	<u>Dec 31, 2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Within one year	1,987	2,211	3,684	3,684
In the second to fifth year inclusive	<u>15,065</u>	<u>18,425</u>	<u>27,937</u>	<u>30,700</u>
Total	<u>17,052</u>	<u>20,636</u>	<u>31,621</u>	<u>34,384</u>

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

In November, 2008 the Group's renewed the concession to operate EADI Santo Andre (a bonded warehouse) for a further ten years. With this, the Group's management renewed the rental agreement contract of the bonded warehouse used by EADI Santo Andre for the same period. The unexpired lease period at September 30, 2011 is 8 years and 7 months. These rental payments are updated by a Brazilian general inflation index (IGPM - General Market Price Index).

### Other obligations

The Group entered into an agreement on August 15, 2011 with the City of Guarujá and State of São Paulo's Prosecutor, revoking the subpoena that ordered the suspension of construction of the Guaruja II shipyard. The agreement states that the Company will make investments in social and environmental projects for the city of Guaruja, from 2011 through 2014. During this period, up to US\$2.7 million (equivalent to R\$5.0 million at the transaction date) will be invested in these projects as an additional cost necessary for the completion of the shipyard construction. All projects are located within the area of influence of the shipyard in the city of Guaruja.

The liability is accounted for at its present value of US\$2.6 million (equivalent to R\$4.7 million at the transaction date), under trade payables with counterpart in fixed assets.

## 25. FINANCIAL INSTRUMENTS AND RISK ASSESSMENT

### a) Capital risk management

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

### b) Categories of financial instruments:

	Fair value		Book value	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
	US\$	US\$	US\$	US\$
Financial assets:				
Loans and receivables (includes: cash and cash equivalents, short-term investments, long-term investments and trade and other receivables)	267,119	289,861	267,119	289,862
Financial liabilities:				
Other financial liabilities (includes: bank loans and overdrafts, obligations under finance leases and trade and other payables)	536,690	443,406	535,566	443,011
	Fair value		Book value	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
	R\$	R\$	R\$	R\$
Financial assets:				
Loans and receivables (includes: cash and cash equivalents, short-term investments, long-term investments and trade and other receivables)	495,346	482,968	495,346	482,968
Financial liabilities:				
Other financial liabilities (includes: bank loans and overdrafts, obligations under finance leases and trade and other payables)	995,237	738,803	993,154	738,145

### c) Financial risk management objectives

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

## d) Foreign currency risk management

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

Cash flows from investments in fixed assets are mostly denominated in Brazilian real and US dollars. These investments are subject to currency fluctuations between the time goods or services are contracted and price is determined and the actual payment date of such goods and services. These flows are monitored for the purpose of matching the currencies of sources and uses of funds and their due dates.

The Group has contracted US dollar-denominated and Brazilian real-denominated debt, and the cash and cash equivalents balances are also invested in US dollar-denominated and Brazilian real-denominated vehicles.

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

	Assets		Liabilities	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
	US\$	US\$	US\$	US\$
Amounts denominated in Real	270,938	255,565	224,945	159,567

  

	Assets		Liabilities	
	Sep 30, 2011	Dec 31, 2010	Sep 30, 2011	Dec 31, 2010
	R\$	R\$	R\$	R\$
Amounts denominated in Real	502,427	425,822	417,138	265,871

Foreign currency sensitivity analysis

				Exchange rates (i)		
		Probable scenario	Possible scenario (25%)	Remote scenario (50%)		
		R\$1.75/US\$1.00	R\$2.19/US\$1.00	R\$2.62/US\$1.00		
Operation	Risk	Amount USD	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	BRL	270,938	Exchange effects	16,163	(41,257)	(79,537)
Total liabilities	BRL	224,945	Exchange effects	(13,420)	34,253	66,035
			Net effect	2,743	(7,004)	(13,502)

(i) Information source: Focus BACEN

## e) Interest rate risk management

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

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

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

The Brazilian real-denominated investments yield interest rates corresponding to the "DI" (Brazilian interbank interest rates) daily fluctuation for privately-issued securities and/or "Selic-Over" government-issued bonds. The US dollar-denominated investments are time deposits, with short-term maturities.

#### Interest rate sensitivity analysis

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

LIBOR (i)			
<u>Transaction</u>	<u>Probable scenario</u>	<u>Possible scenario 25%</u>	<u>Remote scenario 50%</u>
Loans	0.92%	1.15%	1.38%
Investments	0.60%	0.75%	0.90%

<u>Transaction</u>	<u>Risk</u>	<u>Amount USD</u>	<u>Result</u>	<u>Probable scenario</u>	<u>Possible scenario (25%)</u>	<u>Remote scenario (50%)</u>
IFC loan	Libor	3,933	Interest	(7)	(12)	(16)
Eximbank loan	Libor	15,684	Interest	(50)	(73)	(96)
Finimp loan	Libor	3,117	Interest	(7)	(10)	(13)
Investments	Libor	24,500	Income	(130)	(94)	(57)
			Net effect	(194)	(189)	(182)

CDI (ii)						
<u>Transaction</u>		<u>Probable scenario</u>		<u>Possible scenario 25%</u>		<u>Remote scenario 50%</u>
Investments		10.27%		12.84%		15.41%
<u>Transaction</u>	<u>Risk</u>	<u>Principal US dollars</u>	<u>Result</u>	<u>Probable scenario</u>	<u>Possible scenario 25%</u>	<u>Remote scenario 50%</u>
Investments	CDI	73,526	Income	(841)	1,087	3,016
			Net effect	(841)	1,087	3,016

(i) Information source: Bloomberg;

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

The net effect was obtained by assuming a scenario for the 12 months starting September 30, 2011 in which interest rates and all other variables remain constant.

The other loans bear a fixed interest rate and represent 90.9% of total loans.

The investment rate risk mix is 24.8% Libor, 74.2% CDI, and 1.0% on exchange rate variation (Ptax).

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.

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.

	Weighted average effective interest rate %	Less than 12 months US\$	1-5 years US\$	More than 5 years US\$	Total US\$
<u>September 30, 2011</u>					
Finance lease liabilities	16.80%	2,945	3,896	159	7,000
Variable interest rate instruments	5.20%	7,088	23,514	3,852	34,453
Fixed interest rate instruments	3.90%	<u>24,551</u>	<u>107,330</u>	<u>220,647</u>	<u>352,528</u>
	4.20%	<u>34,584</u>	<u>134,740</u>	<u>224,658</u>	<u>393,981</u>

	Weighted average effective interest rate %	Less than 12 months US\$	1-5 years US\$	More than 5 years US\$	Total US\$
<u>December 31, 2010</u>					
Finance lease liabilities	15.87%	4,847	6,184	121	11,152
Variable interest rate instruments	4.73%	5,261	19,669	7,851	32,781
Fixed interest rate instruments	3.95%	<u>20,304</u>	<u>88,712</u>	<u>172,364</u>	<u>281,380</u>
		<u>30,412</u>	<u>114,565</u>	<u>180,336</u>	<u>325,313</u>

g) Credit Risk

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

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

## h) Derivatives

The Group may enter into derivatives contracts to manage risks arising from exchange rate fluctuations and interest. In 2011, the Group entered into a Future Interbank (Fut DI) contract in order to swap a government bonds (*Letra do Tesouro Nacional – LTN*) pre fixed rate into post fixed. The impact of the derivative was a decrease of US\$8 (R\$15) and the impact of the asset was an increase of US\$52 (R\$97), resulting a net gain of US\$34 (R\$52) until September 30, 2011 (2010: US\$45 (R\$76) loss).

The following is a position of FutDI in September 30, 2011

Financial Instruments	Index	Fair value		Fair value	
		Pre fixed	Post fixed	Pre fixed	Post fixed
		US\$	US\$	R\$	R\$
Fut DI	DI	8,532	8,568	15,822	15,888

## i) Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at September 30, 2011 and December 31, 2010 at amounts similar to the fair value at those dates. These instruments are managed through operating strategies aimed to obtain liquidity, profitability and security. The control policy consists of an ongoing monitoring of rates agreed versus those in force in the market and confirmation as to whether its short-term financial investments are being properly marked to market by the institutions dealing with its funds.

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

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

Cash and cash equivalents

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

Investments

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

Trade and other receivables/payables

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



Bank Overdrafts and Loans

Fair value of loans arrangements were calculated at their present value determined by future cash flows and at interest rates applicable to instruments of similar nature, terms and risks or at market quotations of these securities. Fair value measurements recognised in the condensed consolidated financial statements are grouped into levels based on the degree to which the fair value is observable, level 3.

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

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

## 26. RELATED-PARTY TRANSACTIONS

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

	<u>Current liabilities</u> <u>US\$</u>	<u>Revenues</u> <u>US\$</u>	<u>Expenses</u> <u>US\$</u>
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	(2)	25	-
2. Consórcio de Rebocadores Barra de Coqueiros	55	227	-
3. Consórcio de Rebocadores Baía de São Marcos	(1,601)	18	98
4. Wilson Sons Ultratug and subsidiaries	9,608	35,209	-
Other:			
5. Gouvêa Vieira Advogados	-	-	189
6. CMMR Intermediação Comercial Ltda.	-	-	193
7. Transamérica Ag. Marítima	1,578	-	138
Nine-month period ended September 30, 2011	<u>9,638</u>	<u>35,479</u>	<u>618</u>
Three-month period ended September 30, 2011		<u>18,271</u>	<u>542</u>
At December 31, 2010	<u>7,651</u>	<u>40,964</u>	<u>5,218</u>
Nine-month period ended September 30, 2010	<u>9,984</u>	<u>28,545</u>	<u>1,401</u>
Three-month period ended September 30, 2010		<u>27,060</u>	<u>1,219</u>

	<u>Current Liabilities</u> <u>R\$</u>	<u>Revenues</u> <u>R\$</u>	<u>Expenses</u> <u>R\$</u>
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	(4)-	46	-
2. Consórcio de Rebocadores Barra de Coqueiros	101	421	-
3. Consórcio de Rebocadores Baía de São Marcos	(2,969)	33	182
4. Wilson Sons Ultratug and subsidiaries	17,815	65,292	-
Other:			
5. Gouvêa Vieira Advogados	-	-	350
6. CMMR Intermediação Comercial Ltda.	-	-	358
7. Transamérica Ag. Marítima	2,926	-	256
Nine-month period ended September 30, 2011	<u>17,869</u>	<u>65,792</u>	<u>1,146</u>
Three-month period ended September 30, 2011		<u>33,882</u>	<u>(659)</u>
At December 31, 2010	<u>12,746</u>	<u>68,256</u>	<u>8,696</u>
Nine-month period ended September 30, 2010	<u>16,918</u>	<u>48,366</u>	<u>2,374</u>
Three-month period ended September 30, 2010		<u>35,846</u>	<u>2,067</u>

1. Allink Transportes Internacionais Ltda. is 50% owned by the Group and rents office space and terminal warehousing from the Group.
- 2-3. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation.
4. Intragroup loans with Wilson, Sons Ultratug (interest – 0.3% per month; with no maturity) and trade payables from Wilson, Sons Offshore and Magallanes to Wilson, Sons shipyards relate to proportionate amounts of vessel construction not eliminated on consolidation
5. Mr. J.F. Gouvea Vieira is a managing partner with the law firm Gouvea Vieira Advogados. Fees were paid to Gouvea Vieira Advogados for legal services.
6. Mr. C. M. Marote is a shareholder and director of CMMR Intermediação Comercial Ltda., Fees were paid to CMMR Intermediação Comercial Ltda. for consultancy services to the Wilson, Sons towage segment.
7. Trade and other payables to Transamérica (interest – 1% per month; with no maturity).

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

## 27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
	US\$	US\$	R\$	R\$
Profit before tax	68,178	82,608	126,429	139,956
Less: Investments income	(2,825)	(10,168)	(5,239)	(17,227)
Less: Capital gain on joint venture transaction	-	(20,407)	-	(34,574)
Plus: Finance costs	<u>13,155</u>	<u>8,482</u>	<u>24,395</u>	<u>14,370</u>
Operating profit	78,508	60,515	145,585	102,525
Adjustments for:				
Depreciation and amortization expenses	42,333	30,533	78,502	51,729
(Gain) Loss on disposal of property, plant and equipment	(2,672)	46	(4,955)	78
Provision for cash-settled share-based payment	(7,659)	5,485	(14,203)	9,293
Increase in provisions	<u>330</u>	<u>2,886</u>	<u>612</u>	<u>4,889</u>
Operating cash flows before movements in working capital	110,840	99,465	205,541	168,515
Decrease (increase) in inventories	(722)	4,852	(1,339)	8,220
Increase in trade and other receivables	(16,103)	(34,777)	(29,861)	(58,917)
Increase in trade and other payables	24,669	13,736	45,746	23,271
Decrease (increase) in other non-current assets	<u>(1,600)</u>	<u>4,169</u>	<u>(2,966)</u>	<u>7,061</u>
Cash generated by operations	117,084	87,445	217,121	148,149
Income taxes paid	(25,634)	(17,751)	(47,536)	(30,074)
Interest paid	<u>(12,170)</u>	<u>(6,690)</u>	<u>(22,568)</u>	<u>(11,334)</u>
Net cash from operating activities	<u>79,280</u>	<u>63,004</u>	<u>147,017</u>	<u>106,741</u>

Non-cash transactions:

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

	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
	US\$	US\$	R\$	R\$
<u>Additions to fixed assets</u>				
Cost of construction from agreement of Guarujá II	2,565	-	4,756	-
Tugboats acquisition through loans	9,167	-	16,999	-
Tugboats acquisition through payables	4,314	-	8,000	-
Equipment acquisition through finance leases	2,032	1,054	3,768	1,899
Fixed assets suppliers	771	1,462	1,429	2,634
Capitalized interest	882	932	1,635	1,679
<u>Taxes Settlement</u>				
Income tax compensation	278	2,796	515	5,037
<u>Receivables</u>				
Receivables from Intermarítima transaction	6,281	-	11,647	-

Supplemental notes related to the Statement of Cash Flows:

Effect of joint venture transaction on the statement of cash flows:

	2010	
	US\$	R\$
Cash and cash equivalents	5,040	8,539
Property, plant and equipment	(6,386)	(10,819)
Other non-current assets	49	83
Inventories	(515)	(873)
Trade and other receivables	(2,639)	(4,471)
Bank overdrafts and loans	12,002	20,334
Others liabilities	<u>12,856</u>	<u>21,781</u>
Total	<u>20,407</u>	<u>34,574</u>

## 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		Nine-month period ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
	US\$	US\$	US\$	US\$
Short-term employee benefits	384	1,827	7,908	8,945
Post-employment benefits and payroll taxes	378	614	1,589	1,585
Accrued share-based provision	<u>(7,687)</u>	<u>5,384</u>	<u>(7,659)</u>	<u>5,485</u>
Total	<u>(6,925)</u>	<u>7,825</u>	<u>1,838</u>	<u>16,015</u>

  

	Three-month period ended		Nine-month period ended	
	Sep 30, 2011	Sep 30, 2010	Sep 30, 2011	Sep 30, 2010
	R\$	R\$	R\$	R\$
Short-term employee benefits	712	3,095	14,665	15,155
Post-employment benefits and payroll taxes	701	1,040	2,946	2,685
Accrued share-based provision	<u>(14,255)</u>	<u>9,122</u>	<u>(14,203)</u>	<u>9,293</u>
Total	<u>(12,842)</u>	<u>13,257</u>	<u>3,408</u>	<u>27,133</u>

## 29. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors and authorized for issue on November 10, 2011.