

Wilson Sons Limited

**Condensed consolidated interim
financial information at
30 September 2016**

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

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

Introduction

We have reviewed the condensed consolidated interim financial information of Wilson Sons Limited ("the Company"), contained in the quarterly information form for the quarter ended September 30, 2016, which comprises the condensed consolidated statement of financial position as at September 30, 2016 and the respective condensed consolidated statements of profit or loss and other comprehensive income for the three and nine-month periods ended at that date and changes in equity and cash flows for the nine-month period then ended, as well as the explanatory notes.

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

Scope of the review

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



Conclusion on the condensed consolidated interim financial information

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

Rio de Janeiro, November 10, 2016

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

A handwritten signature in blue ink, appearing to read 'Marcelo Luiz Ferreira'.

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

Wilson Sons Limited

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

For the period ended 30 September 2016 and 2015 (Unaudited)

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

		Three-month period ended		Nine-month periods ended		Three-month period ended		Nine-month periods ended	
		30 September 2016 US\$	30 September 2015 US\$	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 R\$	30 September 2015 R\$	30 September 2016 R\$	30 September 2015 R\$
Notes									
Revenue	4	125,546	122,399	340,216	391,298	407,477	432,705	1,200,735	1,229,920
Raw materials and consumables used		(11,628)	(10,325)	(27,941)	(43,611)	(37,741)	(36,975)	(98,439)	(135,024)
Employee benefits expense	5	(34,983)	(33,162)	(102,743)	(114,761)	(113,599)	(117,976)	(363,075)	(359,425)
Depreciation and amortisation expenses		(13,964)	(11,434)	(38,368)	(40,337)	(45,501)	(40,028)	(135,451)	(125,245)
Other operating expenses	6	(33,230)	(34,067)	(92,623)	(103,317)	(107,867)	(118,971)	(327,104)	(324,785)
Profit on disposal of property, plant and equipment		541	(252)	608	(111)	1,737	(818)	1,873	(384)
Results from operating activities		32,282	33,159	79,149	89,161	104,506	117,937	278,539	285,057
Share of result of joint ventures		2,864	500	5,745	2,593	9,290	1,846	18,852	8,546
Finance income	7	1,730	4,206	16,312	9,869	5,605	14,830	58,287	31,552
Finance costs	7	(3,468)	(23,127)	(9,536)	(43,535)	(11,260)	(81,764)	(33,683)	(142,553)
Exchange gain (loss) on translation	7	1,456	(10,313)	8,284	(17,075)	4,785	(41,973)	28,697	(56,405)
Profit before tax		34,864	4,425	99,954	41,013	112,926	10,876	350,692	126,197
Income tax expense	8	(12,125)	(10,729)	(29,344)	(31,442)	(39,276)	(38,857)	(104,291)	(101,028)
Profit for the period		22,739	(6,304)	70,610	9,571	73,650	(27,981)	246,401	25,169
Profit for the period attributable to:									
Owners of the Company		22,726	(6,207)	70,465	8,683	73,610	(27,643)	245,893	22,608
No-controlling interests		13	(97)	145	888	40	(338)	508	2,561
		22,739	(6,304)	70,610	9,571	73,650	(27,981)	246,401	25,169
Other comprehensive income									
Items that are or may be reclassified to profit or loss									
Exchange differences on translating		(3,243)	(48,227)	33,653	(83,748)	8,884	216,635	(175,989)	330,842
Effective portion of changes in fair value of cash flow hedges		649	(990)	1,076	(1,842)	1,086	(3,636)	2,440	(6,089)
Total comprehensive income for the period		20,145	(55,521)	105,339	(76,019)	83,620	185,018	72,852	349,922
Total comprehensive income for the period attributable to:									
Owners of the Company		20,183	(54,901)	105,075	(75,869)	83,697	185,627	72,499	347,816
Non-controlling interests		(38)	(620)	264	(150)	(77)	(609)	353	2,106
		20,145	(55,521)	105,339	(76,019)	83,620	185,018	72,852	349,922
Earnings per share from continuing operations									
Basic (cents per share)	21	31.94c	(8.72c)	99.05c	12.20c	103.47c	(38.86c)	345.63c	31.78c
Diluted (cents per share)	21	30.71c	(8.38c)	95.21c	11.72c	99.46c	(37.31c)	332.26c	30.51c

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

Wilson Sons Limited

Condensed consolidated interim statements of financial position

For the period ended 30 September 2016 and year ended 31 December 2015

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

		30 September 2016 US\$ (Unaudited)	31 December 2015 US\$	30 September 2016 R\$ (Unaudited)	31 December 2015 R\$
Notes					
Assets					
Non-current assets					
Goodwill	9	30,684	27,389	99,606	106,950
Other intangible assets	10	30,792	26,274	99,957	102,595
Property, plant and equipment	11	644,467	557,185	2,092,069	2,175,696
Deferred tax assets	16	29,540	32,128	95,893	125,453
Investment in joint ventures	23	21,017	18,301	68,225	71,462
Other receivables	13	46,849	44,328	152,081	173,092
Other non-current assets		12,495	8,018	40,561	31,309
Total non-current assets		815,844	713,623	2,648,392	2,786,557
Current assets					
Inventories	12	24,987	28,285	81,113	110,447
Operational trade receivables	13	45,893	43,540	148,977	170,016
Other receivables	13	34,096	36,660	110,684	143,150
Short-term investments	14	30,500	40,723	99,010	159,015
Cash and cash equivalents	14	60,072	90,401	195,005	352,998
Total current assets		195,548	239,609	634,789	935,626
Total assets		1,011,392	953,232	3,283,181	3,722,183
Equity and liabilities					
Capital and reserves					
Share capital	21	9,905	9,905	26,815	26,815
Capital reserves		89,196	94,324	187,817	208,550
Profit reserve and derivatives		(403)	(1,490)	(3,340)	(5,852)
Share Options		8,898	6,380	21,338	15,346
Retained earnings		447,537	412,644	1,011,764	891,601
Translation reserve		(55,355)	(88,851)	377,988	553,977
Equity attributable to owners of the Company		499,778	432,912	1,622,382	1,690,437
Non-controlling interests		704	1,096	2,286	4,279
Total equity		500,482	434,008	1,624,668	1,694,716
Non-current liabilities					
Bank loans	15	309,899	322,265	1,005,994	1,258,380
Deferred tax liabilities	16	51,937	52,631	168,597	205,513
Derivatives	25	1,478	1,547	4,796	6,040
Post-employment benefits	20.2	1,732	1,308	5,623	5,108
Provisions for tax, labour and civil risks	17	17,763	13,922	57,662	54,363
Obligations under finance leases	18	1,330	1,536	4,317	5,998
Total non-current liabilities		384,139	393,209	1,246,989	1,535,402
Current liabilities					
Operational trade payables	19	51,967	57,631	168,697	225,038
Other payables	19	20,836	20,631	67,637	80,560
Derivatives	25	580	1,339	1,884	5,228
Current tax liabilities		3,143	3,732	10,201	14,574
Obligations under finance leases	18	1,206	1,192	3,915	4,655
Bank loans	15	49,039	41,490	159,190	162,010
Total current liabilities		126,771	126,015	411,524	492,065
Total liabilities		510,910	519,224	1,658,513	2,027,467
Total equity and liabilities		1,011,392	953,232	3,283,181	3,722,183

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

Wilson Sons Limited

Condensed consolidated interim statements of changes in equity

For the period ended 30 September 2016 and 2015(Unaudited)

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

		Capital reserves									Attributable	Non-	
	Notes	Share capital US\$	Share premium US\$	Others US\$	Additional paid- in capital US\$	Derivatives US\$	Profit reserve US\$	Share Options US\$	Retained earnings US\$	Translation Reserve US\$	to owners of the Company US\$	controlling interests US\$	Total US\$
Balance at 1 January 2015		9,905	67,951	28,383	(2,010)	(2,574)	1,981	3,066	411,595	(7,845)	510,452	2,880	513,332
Profit for the period		-	-	-	-	-	-	-	8,683	-	8,683	888	9,571
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(1,704)	-	-	-	-	(1,704)	(138)	(1,842)
Other comprehensive loss		-	-	-	-	-	-	-	-	(82,848)	(82,848)	(900)	(83,748)
Total comprehensive income (loss) for the period		-	-	-	-	(1,704)	-	-	8,683	(82,848)	(75,869)	(150)	(76,019)
Derivatives		-	-	-	-	486	-	-	-	-	486	-	486
Share Options		-	-	-	-	-	-	2,484	-	-	2,484	-	2,484
Dividends		-	-	-	-	-	-	-	(29,027)	-	(29,027)	(1,218)	(30,245)
Balance at 30 September 2015	21	9,905	67,951	28,383	(2,010)	(3,792)	1,981	5,550	391,251	(90,693)	408,526	1,512	410,038
Balance at 1 January 2016	21	9,905	67,951	28,383	(2,010)	(3,471)	1,981	6,380	412,644	(88,851)	432,912	1,096	434,008
Profit for the period		-	-	-	-	-	-	-	70,465	-	70,465	145	70,610
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	1,114	-	-	-	-	1,114	(38)	1,076
Other comprehensive income		-	-	-	-	-	-	-	-	33,496	33,496	157	33,653
Total comprehensive income for the period		-	-	-	-	1,114	-	-	70,465	33,496	105,075	264	105,339
Derivatives		-	-	-	-	(27)	-	-	-	-	(27)	-	(27)
Share Options		-	-	-	-	-	-	2,518	-	-	2,518	-	2,518
Purchase of non-controlling interest (Tecon SSA)	22	-	-	-	(5,128)	-	-	-	-	-	(5,128)	(271)	(5,399)
Dividends		-	-	-	-	-	-	-	(35,572)	-	(35,572)	(385)	(35,957)
Balance at 30 September 2016	21	9,905	67,951	28,383	(7,138)	(2,384)	1,981	8,898	447,537	(55,355)	499,778	704	500,482

(continues)

Wilson Sons Limited

Condensed consolidated interim statements of changes in equity

For the period ended 30 September 2016 and 2015 (Unaudited)

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

			Capital reserves										
	Notes	Share capital R\$	Share premium R\$	Others R\$	Additional paid- in capital R\$	Derivatives R\$	Profit reserve R\$	Share Options R\$	Retained earnings R\$	Translation Reserve R\$	Attributable to owners of the Company R\$	Non-controlling interests R\$	Total R\$
Balance at 1 January 2015		26,815	136,396	76,018	(3,864)	(5,994)	3,342	7,453	874,651	241,044	1,355,861	7,650	1,363,511
Profit for the period		-	-	-	-	-	-	-	22,608	-	22,608	2,561	25,169
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(5,634)	-	-	-	-	(5,634)	(455)	(6,089)
Other comprehensive income		-	-	-	-	-	-	-	-	330,842	330,842	-	330,842
Total comprehensive income (loss) for the period		-	-	-	-	(5,634)	-	-	22,608	330,842	347,816	2,106	349,922
Derivatives		-	-	-	-	1,192	-	-	-	-	1,192	-	1,192
Share Options		-	-	-	-	-	-	5,915	-	-	5,915	-	5,915
Dividends		-	-	-	-	-	-	-	(87,748)	-	(87,748)	(3,750)	(91,498)
Balance at 30 September 2015	21	26,815	136,396	76,018	(3,864)	(10,436)	3,342	13,368	809,511	571,886	1,623,036	6,006	1,629,042
Balance at 1 January 2016	21	26,815	136,396	76,018	(3,864)	(9,194)	3,342	15,346	891,601	553,977	1,690,437	4,279	1,694,716
Profit for the period		-	-	-	-	-	-	-	245,893	-	245,893	508	246,401
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	2,595	-	-	-	-	2,595	(155)	2,440
Other comprehensive loss		-	-	-	-	-	-	-	-	(175,989)	(175,989)	-	(175,989)
Total comprehensive income (loss) for the period		-	-	-	-	2,595	-	-	245,893	(175,989)	72,499	353	72,852
Derivatives		-	-	-	-	(83)	-	-	-	-	(83)	-	(83)
Share Options		-	-	-	-	-	-	5,992	-	-	5,992	-	5,992
Purchase of non-controlling interest (Tecon SSA)	22	-	-	-	(20,733)	-	-	-	-	-	(20,733)	(1,096)	(21,829)
Dividends		-	-	-	-	-	-	-	(125,730)	-	(125,730)	(1,250)	(126,980)
Balance at 30 September 2016	21	26,815	136,396	76,018	(24,597)	(6,682)	3,342	21,338	1,011,764	377,988	1,622,382	2,286	1,624,668

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

Wilson Sons Limited

Condensed consolidated interim statements of cash flows

For the period ended 30 September 2016 and 2015 *(Unaudited)*

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

	Note	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 R\$	30 September 2015 R\$
Net cash generated by operating activities	27	74,563	131,035	260,096	415,293
Cash flow from investing activities					
Interest received		5,444	8,457	19,471	27,383
Proceeds on disposal of property, plant and equipment		2,067	702	7,460	2,297
Purchases of property, plant and equipment		(80,913)	(53,486)	(284,333)	(165,328)
Other intangible assets		(4,248)	(486)	(15,516)	(1,583)
Short-term investment		10,223	8,380	33,290	26,550
Acquisition of non controlling interest		(1,855)	-	(7,500)	-
Net cash used in investing activities		(69,282)	(36,433)	(247,128)	(110,681)
Cash flow from financing activities					
Dividends paid		(35,572)	(29,027)	(125,730)	(87,748)
Dividends paid - non controlling interest		(385)	(1,218)	(1,250)	(3,750)
Repayments of borrowings		(34,520)	(44,365)	(121,390)	(142,139)
Repayments of obligation under finance leases		(873)	(801)	(3,061)	(2,554)
Derivative paid		(638)	(152)	(2,291)	(513)
New borrowings obtained		24,039	19,698	82,544	64,618
Net cash used in financing activities		(47,949)	(55,865)	(171,178)	(172,086)
Net increase (decrease) in cash and cash equivalents		(42,668)	38,737	(158,210)	132,526
Cash and cash equivalents at the beginning of the period		90,401	85,533	352,998	227,193
Effect of foreign exchange rate changes		12,339	(28,621)	217	20,283
Cash and cash equivalents at the end of the period		60,072	95,649	195,005	380,002

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

Notes to the condensed consolidated interim financial information

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

1 General information

Wilson Sons Limited (the “Group” or “Company”) is a limited company incorporated in Bermuda under the Companies Act 1981. The address of the registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The Group is one of the largest providers of integrated port and maritime logistics and supply chain solutions in Brazil. With over 179 years in the Brazilian market, the Company has developed a nation-wide network and provides a variety of services related to international trade and the oil and gas industry, particularly in the port and maritime sectors. The Company’s principal activities are divided into the following segments: towage and agency services, port terminals, offshore vessels, logistics and shipyards.

2 Significant accounting policies and critical accounting judgements

Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board - IASB.

Basis of preparation

The condensed consolidated interim financial information is presented in US Dollars, which is the Company’s functional currency, because that is the currency of the primary economic environment in which the Group operates. Entities with a functional currency other than US Dollars are included in accordance with the accounting policies described below. All financial information presented in dollar has been rounded to the nearest thousands, except when otherwise indicated.

The condensed consolidated interim financial information has been prepared on the historical cost basis except for derivatives that are measured at fair values, as explained in the accounting policies.

The accounting policies and most significant judgments adopted by the Group’s management were not modified in relation to those presented in the consolidated financial statements for the year ended 31 December 2015 approved on 20 March 2016.

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

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

Estimates

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

In preparing this condensed consolidated interim financial information, significant judgments were made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2015.

Reclassification

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

Previous financial figures and those reclassified are as follows:

	As presented 30 September 2015 US\$	Reclassified 30 September 2015 US\$	As presented 30 September 2015 R\$	Reclassified 30 September 2015 R\$
Revenue	-	(569)	-	(2,260)
Employee benefits expense	-	(1,998)	-	(7,939)
Other operating expenses	(4,782)	(1,318)	(18,999)	(5,236)
Income tax expense	-	(897)	-	(3,564)
Total	<u>(4,782)</u>	<u>(4,782)</u>	<u>(18,999)</u>	<u>(18,999)</u>

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

3 Segment information

Reportable segments

For management purposes, the Group is currently organized into five reportable segments: towage and agency services, port terminals, offshore vessels, logistics and shipyards. These divisions are reported for the purposes of resource allocation and assessment of segment performance.

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

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

Segment information relating to these businesses is presented below:

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	2016							
	Towage and agency services US\$	Port terminals US\$	Offshore US\$	Logistics US\$	Shipyard US\$	Non segmented activities US\$	Elimination US\$	Consolidated US\$
30 September 2016								
(Three-month period ended)								
Revenue	57,737	47,564	-	10,925	27,853	-	(18,533)	125,546
Operating profit	23,040	14,409	-	(1,266)	3,015	(5,565)	(1,351)	32,282
Finance costs	(1,817)	(1,959)	-	(44)	(219)	571	-	(3,468)
Operating profit adjusted by finance cost	21,223	12,450	-	(1,310)	2,796	(4,994)	(1,351)	28,814
Share of result of joint ventures	-	-	2,864	-	-	-	-	2,864
Finance income	-	-	-	-	-	-	-	1,730
Exchange gain on translation	-	-	-	-	-	-	-	1,456
Profit before tax	-	-	-	-	-	-	-	34,864
Other information:								
Capital expenditures	(6,373)	(3,579)	-	(357)	(163)	(346)	-	(10,818)
Depreciation and amortisation	(6,147)	(6,134)	-	(458)	(356)	(869)	-	(13,964)
	2015							
	Towage and agency services US\$	Port terminals US\$	Offshore US\$	Logistics US\$	Shipyard US\$	Non segmented activities US\$	Elimination US\$	Consolidated US\$
30 September 2015								
(Three-month period ended)								
Revenue	58,048	43,469	-	11,193	23,724	-	(14,035)	122,399
Operating profit	21,997	15,298	-	109	432	(6,210)	1,533	33,159
Finance costs	(1,542)	(21,864)	-	(154)	(242)	675	-	(23,127)
Operating profit adjusted by finance cost	20,455	(6,566)	-	(45)	190	(5,535)	1,533	10,032
Share of result of joint ventures	-	-	500	-	-	-	-	500
Finance income	-	-	-	-	-	-	-	4,206
Exchange gain on translation	-	-	-	-	-	-	-	(10,313)
Profit before tax	-	-	-	-	-	-	-	4,425
Other information:								
Capital expenditures	(14,217)	(6,441)	-	(206)	(556)	(46)	-	(21,466)
Depreciation and amortisation	(4,397)	(4,791)	-	(571)	(163)	(1,512)	-	(11,434)

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		2016						
		Towage and agency services US\$	Port terminals US\$	Offshore US\$	Logistics US\$	Shipyard US\$	Non segmented activities US\$	Consolidated US\$
30 September 2016								
(Nine-month period ended)								
Revenue		163,785	124,755	-	31,369	61,764	-	340,216
Operating profit		61,650	33,774	-	(2,639)	6,172	(16,880)	79,149
Finance costs		(4,915)	(5,329)	-	(167)	(658)	1,533	(9,536)
Operating profit adjusted by finance cost		56,735	28,445	-	(2,806)	5,514	(15,347)	69,613
Share of result of joint ventures		-	-	5,745	-	-	-	5,745
Finance income		-	-	-	-	-	-	16,312
Exchange gain on translation		-	-	-	-	-	-	8,284
Profit before tax		-	-	-	-	-	-	99,954
Other information:								
Capital expenditures		(46,993)	(34,448)	-	(529)	(399)	(2,419)	(84,788)
Depreciation and amortisation		(17,354)	(15,963)	-	(1,230)	(547)	(3,274)	(38,368)
		2015						
		Towage and agency services US\$	Port terminals US\$	Offshore US\$	Logistics US\$	Shipyard US\$	Non segmented activities US\$	Consolidated US\$
30 September 2015								
(Nine-month period ended)								
Revenue		172,807	136,143	-	39,470	76,581	-	391,298
Operating profit		62,213	38,733	-	2,085	3,328	(20,190)	89,161
Finance costs		(4,668)	(39,896)	-	(653)	(726)	2,408	(43,535)
Operating profit adjusted by finance cost		57,545	(1,163)	-	1,432	2,602	(17,782)	45,626
Share of result of joint ventures		-	-	2,593	-	-	-	2,593
Finance income		-	-	-	-	-	-	9,869
Exchange loss on translation		-	-	-	-	-	-	(17,075)
Profit before tax		-	-	-	-	-	-	41,013
Other information:								
Capital expenditures		(38,740)	(14,324)	-	(771)	(1,177)	(176)	(55,188)
Depreciation and amortisation		(15,296)	(17,803)	-	(2,089)	(399)	(4,750)	(40,337)

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2016								
	Towage and agency services R\$	Port terminals R\$	Offshore R\$	Logistics R\$	Shipyard R\$	Non segmented activities R\$	Elimination R\$	Consolidated R\$
30 September 2016								
(Three-month period ended)								
Revenue	187,426	154,363	-	35,451	90,414	-	(60,177)	407,477
Operating profit	74,773	46,707	-	(4,131)	9,747	(18,072)	(4,518)	104,506
Finance costs	(5,900)	(6,364)	-	(145)	(711)	1,860	-	(11,260)
Operating profit adjusted by finance cost	68,873	40,343	-	(4,276)	9,036	(16,212)	(4,518)	93,246
Share of result of joint ventures	-	-	9,290	-	-	-	-	9,290
Finance income	-	-	-	-	-	-	-	5,605
Exchange gain on translation	-	-	-	-	-	-	-	4,785
Profit before tax	-	-	-	-	-	-	-	112,926
Other information:								
Capital expenditures	(20,504)	(11,605)	-	(1,125)	(607)	(1,109)	-	(34,950)
Depreciation and amortisation	(19,958)	(19,925)	-	(1,486)	(1,312)	(2,820)	-	(45,501)
2015								
	Towage and agency services R\$	Port terminals R\$	Offshore R\$	Logistics R\$	Shipyard R\$	Non segmented activities R\$	Elimination R\$	Consolidated R\$
30 September 2015								
(Three-month period ended)								
Revenue	204,671	153,695	-	39,433	85,012	-	(50,106)	432,705
Operating profit	78,124	54,156	-	(63)	1,541	(21,187)	5,366	117,937
Finance costs	(5,459)	(77,312)	-	(524)	(857)	2,388	-	(81,764)
Operating profit adjusted by finance cost	72,665	(23,156)	-	(587)	684	(18,799)	5,366	36,173
Share of result of joint ventures	-	-	1,846	-	-	-	-	1,846
Finance income	-	-	-	-	-	-	-	14,830
Exchange gain on translation	-	-	-	-	-	-	-	(41,973)
Profit before tax	-	-	-	-	-	-	-	10,876
Other information:								
Capital expenditures	(49,042)	(21,413)	-	(726)	(1,825)	(161)	-	(73,167)
Depreciation and amortisation	(15,063)	(16,898)	-	(2,018)	(685)	(5,364)	-	(40,028)

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2016								
	Towage and agency services R\$	Port terminals R\$	Offshore R\$	Logistics R\$	Shipyard R\$	Non segmented activities R\$	Elimination R\$	Consolidated R\$
30 September 2016								
(Nine-month period ended)								
Revenue	579,996	438,569	-	111,465	214,301	-	(143,596)	1,200,735
Operating profit	218,099	118,023	-	(8,462)	20,182	(59,986)	(9,317)	278,539
Finance costs	(17,377)	(18,746)	-	(604)	(2,342)	5,386	-	(33,683)
Operating profit adjusted by finance cost	200,722	99,277	-	(9,066)	17,840	(54,600)	(9,317)	244,856
Share of result of joint ventures	-	-	18,852	-	-	-	-	18,852
Finance income	-	-	-	-	-	-	-	58,287
Exchange gain on translation	-	-	-	-	-	-	-	28,697
Profit before tax	-	-	-	-	-	-	-	350,692
Other information:								
Capital expenditures	(168,091)	(123,423)	-	(1,790)	(1,367)	(8,430)	-	(303,101)
Depreciation and amortisation	(61,314)	(56,128)	-	(4,321)	(1,821)	(11,867)	-	(135,451)
2015								
	Towage and agency services R\$	Port terminals R\$	Offshore R\$	Logistics R\$	Shipyard R\$	Non segmented activities R\$	Elimination R\$	Consolidated R\$
30 September 2015								
(Nine-month period ended)								
Revenue	546,102	428,349	-	122,616	241,555	-	(108,702)	1,229,920
Operating profit	198,114	124,161	-	5,674	10,382	(62,944)	9,670	285,057
Finance costs	(14,731)	(131,047)	-	(2,000)	(2,292)	7,517	-	(142,553)
Operating profit adjusted by finance cost	183,383	(6,886)	-	3,674	8,090	(55,427)	9,670	142,504
Share of result of joint ventures	-	-	8,546	-	-	-	-	8,546
Finance income	-	-	-	-	-	-	-	31,552
Exchange loss on translation	-	-	-	-	-	-	-	(56,405)
Profit before tax	-	-	-	-	-	-	-	126,197
Other information:								
Capital expenditures	(119,464)	(44,805)	-	(2,326)	(3,604)	(558)	-	(170,757)
Depreciation and amortisation	(47,538)	(54,880)	-	(6,481)	(1,285)	(15,061)	-	(125,245)

Geographical information

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

4 Revenue

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

	<u>Three-month period ended</u>		<u>Nine-month period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Sales of services	116,226	112,710	319,909	348,420
Revenue from construction contracts	9,320	9,689	20,307	42,878
Total	<u>125,546</u>	<u>122,399</u>	<u>340,216</u>	<u>391,298</u>

	<u>Three-month period ended</u>		<u>Nine-month period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Sales of services	377,240	397,799	1,130,030	1,097,067
Revenue from construction contracts	30,237	34,906	70,705	132,853
Total	<u>407,477</u>	<u>432,705</u>	<u>1,200,735</u>	<u>1,229,920</u>

5 Employee charges and benefits expenses

	<u>Three-month period ended</u>		<u>Nine-month period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Salaries and benefits	29,382	26,388	84,724	94,868
Payroll taxes	4,467	5,711	14,785	16,663
Pension costs	265	232	716	746
Long-term incentive plan	869	831	2,518	2,484
Total	<u>34,983</u>	<u>33,162</u>	<u>102,743</u>	<u>114,761</u>

	<u>Three-month period ended</u>		<u>Nine-month period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Salaries and benefits	95,417	93,000	299,447	295,637
Payroll taxes	14,503	21,214	52,166	53,584
Pension costs	858	817	2,527	2,339
Long-term incentive plan	2,821	2,945	8,935	7,865
Total	<u>113,599</u>	<u>117,976</u>	<u>363,075</u>	<u>359,425</u>

6 Other operating expenses

	Three-month period ended		Nine-month period ended	
	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 US\$	30 September 2015 US\$
Service cost	8,676	7,868	24,720	26,762
Rent of tugs	5,872	8,441	19,394	22,703
Container handling	5,032	2,526	12,260	7,522
Energy, water and communication	3,875	3,794	11,017	12,302
Other rentals	3,515	3,769	8,804	13,017
Other taxes	2,094	1,693	5,784	6,646
Freight	1,697	1,858	5,333	5,064
Insurance	1,054	1,463	2,907	3,912
Other expenses	1,415	2,655	2,404	5,389
Total	33,230	34,067	92,623	103,317

	Three-month period ended		Nine-month period ended	
	30 September 2016 R\$	30 September 2015 R\$	30 September 2016 R\$	30 September 2015 R\$
Service cost	28,153	27,715	87,107	83,833
Rent of tugs	19,070	30,009	69,215	72,441
Container handling	16,335	8,956	42,873	23,912
Energy, water and communication	12,582	13,383	38,963	38,583
Other rentals	11,409	13,321	30,988	40,787
Other taxes	6,798	5,951	20,352	20,473
Freight	5,512	6,512	19,031	16,039
Insurance	3,418	5,158	10,260	12,410
Other expenses	4,590	7,966	8,315	16,307
Total	107,867	118,971	327,104	324,785

7 Finance income and finance costs

	Three-month period ended		Nine-month period ended	
	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 US\$	30 September 2015 US\$
Interest on investments	2,088	3,737	4,991	7,887
Exchange gain (loss) on investments	221	218	(3,094)	308
Exchange gain (loss) on loans	(931)	-	12,989	-
Other interest income	352	251	1,426	1,674
Total finance income	1,730	4,206	16,312	9,869
Interest on bank loans	(3,277)	(2,845)	(8,953)	(9,324)
Exchange loss on loans	-	(20,150)	-	(33,961)
Interest on obligations under finance leases	(108)	(134)	(327)	(448)
Total borrowing costs	(3,385)	(23,129)	(9,280)	(43,733)
Other interest	(83)	2	(256)	198
Total finance costs	(3,468)	(23,127)	(9,536)	(43,535)
Exchange gain (loss) on translation	1,456	(10,313)	8,284	(17,075)

	Three-month period ended		Nine-month period ended	
	30 September 2016 R\$	30 September 2015 R\$	30 September 2016 R\$	30 September 2015 R\$
Interest on investments	6,782	13,132	17,858	25,516
Exchange gain (loss) on investments	723	825	(10,620)	857
Exchange gain (loss) on loans	(3,045)	-	45,942	-
Other interest income	1,145	873	5,107	5,179
Total finance income	5,605	14,830	58,287	31,552
Interest on bank loans	(10,642)	(10,025)	(31,587)	(29,226)
Exchange loss on loans	-	(71,280)	-	(112,519)
Interest on obligations under finance leases	(350)	(472)	(1,162)	(1,405)
Total borrowing costs	(10,992)	(81,777)	(32,749)	(143,150)
Other interest	(268)	13	(934)	597
Total finance costs	(11,260)	(81,764)	(33,683)	(142,553)
Exchange gain (loss) on translation	4,785	(41,973)	28,697	(56,405)

8 Income tax expense

Income tax recognized in profit or loss:

	Three-month period ended		Nine-month period ended	
	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 US\$	30 September 2015 US\$
Current				
Brazilian taxation				
Income tax	7,518	7,246	19,897	21,803
Social contribution	3,082	2,549	8,070	8,446
Total Brazilian current tax	10,600	9,795	27,967	30,249
Deferred tax				
Total deferred tax	1,525	934	1,377	1,193
Total income tax expense	12,125	10,729	29,344	31,442

	Three-month period ended		Nine-month period ended	
	30 September 2016 R\$	30 September 2015 R\$	30 September 2016 R\$	30 September 2015 R\$
Current				
Brazilian taxation				
Income tax	24,368	26,989	70,369	70,796
Social contribution	9,996	9,228	28,451	26,948
Total Brazilian current tax	34,364	36,217	98,820	97,744
Deferred tax				
Total deferred tax	4,912	2,640	5,471	3,284
Total income tax expense	39,276	38,857	104,291	101,028

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

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

	Three-month period ended		Nine-month period ended	
	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 US\$	30 September 2015 US\$
Profit before tax	34,864	4,425	99,954	41,013
Tax at statutory Brazilian tax rate (34%)	11,854	1,505	33,984	13,944
Effect of exchange differences arising on translation - IAS 21	913	18,752	(21,322)	31,204
Reversal of exchange variation in loans on US Dollar	(677)	(12,659)	12,238	(21,516)
Long-term incentive plan	296	234	856	844
Effect of different tax rates in other jurisdictions	43	81	140	237
Effect of tax losses unrecognized in deferred tax assets	304	(165)	3,830	3,144
Equity in subsidiaries	(973)	(169)	(1,953)	(881)
Others	365	3,150	1,571	4,466
Income tax expense	12,125	10,729	29,344	31,442

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	Three-month period ended		Nine-month period ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	R\$	R\$	R\$	R\$
Profit before tax	112,926	10,876	350,692	126,197
Tax at statutory Brazilian tax rate (34%)	38,395	3,698	119,235	42,907
Effect of exchange differences arising on translation - IAS 21	2,995	66,114	(75,783)	103,204
Reversal of exchange variation in loans on US Dollar	(3,851)	(42,995)	41,795	(71,651)
Long-term incentive plan	959	853	3,038	2,674
Effect of different tax rates in other jurisdictions	139	2,504	508	2,988
Effect of tax losses unrecognized in deferred tax assets	1,115	1,122	12,434	11,401
Equity in subsidiaries	(3,159)	(628)	(6,410)	(2,906)
Others	2,683	8,189	9,474	12,411
Income tax expense	<u>39,276</u>	<u>38,857</u>	<u>104,291</u>	<u>101,028</u>

9 Goodwill

	30 September	31 December
	2016	2015
	US\$	US\$
Cost and carrying amount attributed to:		
Brasco	15,883	13,205
Tecon Rio Grande	12,321	11,704
Tecon Salvador	<u>2,480</u>	<u>2,480</u>
Total	<u>30,684</u>	<u>27,389</u>
	30 September	31 December
	2016	2015
	R\$	R\$
Cost and carrying amount attributed to:		
Brasco	51,561	51,561
Tecon Rio Grande	39,994	45,703
Tecon Salvador	<u>8,051</u>	<u>9,686</u>
Total	<u>99,606</u>	<u>106,950</u>

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

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

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

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

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

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

10 Other intangible assets

	US\$	R\$
Cost		
At 1 January 2015	64,348	170,921
Additions	2,238	8,404
Disposals	(58)	(215)
Exchange differences	(12,579)	-
Foreign currency gain in respect of translation into Brazilian Real	-	31,550
At 31 December 2015	53,949	210,660
Additions	4,248	15,516
Disposals	(15)	(58)
Exchange differences	6,129	-
Foreign currency loss in respect of translation into Brazilian Real	-	(17,352)
At 30 September 2016	64,311	208,766
Accumulated amortisation		
At 1 January 2015	25,783	68,485
Charge for the year	5,651	18,667
Disposals	(52)	(191)
Exchange differences	(3,707)	-
Foreign currency gain in respect of translation into Brazilian Real	-	21,104
At 31 December 2015	27,675	108,065
Charge for the period	3,968	14,091
Disposals	(14)	(55)
Exchange differences	1,890	-
Foreign currency loss in respect of translation into Brazilian Real	-	(13,292)
At 30 September 2016	33,519	108,809
Carrying amount		
30 September 2016	30,792	99,957
31 December 2015	26,274	102,595

The breakdown of intangibles by type is as follows:

	30 September 2016 US\$	31 December 2015 US\$
Lease right - Brasco Caju	14,039	11,998
Lease right - Tecon Salvador	5,142	4,624
Computer software - SAP	1,586	3,025
Other	10,025	6,627
Total	30,792	26,274

	30 September 2016 R\$	31 December 2015 R\$
Lease right - Brasco Caju	45,573	46,850
Lease right - Tecon Salvador	16,692	18,056
Computer software - SAP	5,148	11,814
Other	32,544	25,875
Total	99,957	102,595

11 Property, plant and equipment

	Land and buildings US\$	Vessels US\$	Vehicles, plant and equipment US\$	Assets under construction US\$	Total US\$
Cost or valuation					
At 1 January 2015	326,663	369,587	241,961	11,470	949,681
Additions	15,296	12,394	8,665	31,296	67,651
Transfers	59	13,440	(59)	(13,440)	-
Exchange differences	(86,226)	-	(68,686)	-	(154,912)
Disposals and impairment	(98)	(3,264)	(4,694)	-	(8,056)
At 31 December 2015	255,694	392,157	177,187	29,326	854,364
Additions	3,987	28,264	30,296	17,993	80,540
Transfers	(39)	37,682	(16)	(37,627)	-
Exchange differences	39,467	-	30,854	-	70,321
Disposals	(63)	(15,155)	(8,761)	-	(23,979)
At 30 September 2016	299,046	442,948	229,560	9,692	981,246
Accumulated depreciation					
At 1 January 2015	75,344	124,499	110,368	-	310,211
Charge for the year	12,095	15,434	20,033	-	47,562
Elimination on construction contracts	-	2,553	-	-	2,553
Exchange differences	(23,755)	-	(33,750)	-	(57,505)
Disposals and impairment	(88)	(2,655)	(2,899)	-	(5,642)
At 31 December 2015	63,596	139,831	93,752	-	297,179
Charge for the period	8,089	14,077	12,234	-	34,400
Elimination on construction contracts	-	1,014	-	-	1,014
Exchange differences	11,626	-	15,153	-	26,779
Disposals	(23)	(14,736)	(7,834)	-	(22,593)
At 30 September 2016	83,288	140,186	113,305	-	336,779
Carrying amount					
30 September 2016	215,758	302,762	116,255	9,692	644,467
31 December 2015	192,098	252,326	83,435	29,326	557,185

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	Land and buildings R\$	Vessels R\$	Vehicles, plant and equipment R\$	Assets under construction R\$	Total R\$
Cost or valuation					
At 1 January 2015	867,683	981,697	642,697	30,467	2,522,544
Additions	53,125	38,388	29,021	100,930	221,464
Transfers	144	51,115	(144)	(51,115)	-
Disposals and impairment	(371)	(11,415)	(17,385)	-	(29,171)
Foreign currency gain in respect of translation into Brazilian Real	77,853	471,508	37,695	34,230	621,286
At 31 December 2015	998,434	1,531,293	691,884	114,512	3,336,123
Additions	13,920	98,997	108,147	66,521	287,585
Transfers	(157)	134,985	(41)	(134,787)	-
Disposals	(247)	(52,132)	(34,193)	-	(86,572)
Foreign currency loss in respect of translation into Brazilian Real	(41,189)	(275,247)	(20,599)	(14,781)	(351,816)
At 30 September 2016	970,761	1,437,896	745,198	31,465	3,185,320
Accumulated depreciation					
At 1 January 2015	200,130	330,694	293,160	-	823,984
Charge for the year	39,053	50,423	66,644	-	156,120
Elimination on construction contracts	-	8,601	-	-	8,601
Disposals and impairment	(332)	(9,435)	(10,492)	-	(20,259)
Foreign currency gain in respect of translation into Brazilian Real	9,481	165,726	16,774	-	191,981
At 31 December 2015	248,332	546,009	366,086	-	1,160,427
Charge for the period	28,556	49,585	43,219	-	121,360
Elimination on construction contracts	-	3,779	-	-	3,779
Disposals	(87)	(50,536)	(30,920)	-	(81,543)
Foreign currency loss in respect of translation into Brazilian Real	(6,433)	(93,765)	(10,574)	-	(110,772)
At 30 September 2016	270,368	455,072	367,811	-	1,093,251
Carrying amount					
30 September 2016	700,393	982,824	377,387	31,465	2,092,069
31 December 2015	750,102	985,284	325,798	114,512	2,175,696

The cost balance of the Group's vehicles, plant and equipment includes an amount of US\$11.7 million (R\$38.1 million) (2015: US\$12.9 million (R\$50.2 million)) in respect of assets held under finance leases.

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

The Group has pledged assets with a carrying amount of approximately US\$286.9 million (R\$931.3 million) (2015: US\$254.1 million (R\$992.2 million)) to secure loans granted to the Group.

The amount of borrowing costs capitalized in 2016 is US\$0.7 million (R\$2.6 million) (2015: US\$1.5 million (R\$5.2 million)), at an average interest rate of 3.12% (2015: 3.00%).

On 30 September 2016, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US\$12.0 million (R\$38.8 million) (2015: US\$13.5 million (R\$52.9 million)). The amount mainly refers to the expansion of Brasco Caju, investments in Tecon Salvador and Tecon Rio Grande and purchase of raw materials for shipyard's production.

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

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

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

12 Inventories

	30 September 2016 US\$	31 December 2015 US\$
Operating materials	9,730	8,657
Raw materials for construction contracts (external customers)	15,257	19,628
Total	<u>24,987</u>	<u>28,285</u>
	30 September 2016 R\$	31 December 2015 R\$
Operating materials	31,586	33,804
Raw materials for construction contracts (external customers)	49,527	76,643
Total	<u>81,113</u>	<u>110,447</u>

13 Trade and other receivables

	30 September 2016 US\$	31 December 2015 US\$
Operational trade receivables		
Receivable for services rendered	47,147	44,386
Allowance for doubtful debts	<u>(1,254)</u>	<u>(846)</u>
Total operational trade and other receivables	<u>45,893</u>	<u>43,540</u>
Other receivables		
Income tax recoverable	6,645	5,728
Recoverable taxes and levies	32,653	25,340
Intergroup loans	28,847	28,392
Prepayment	4,220	11,360
Other receivables	<u>8,580</u>	<u>10,168</u>
Total other receivables	<u>80,945</u>	<u>80,988</u>
Total	<u>126,838</u>	<u>124,528</u>
Total Operational trade receivables current	<u>45,893</u>	<u>43,540</u>
Total Other receivables current	<u>34,096</u>	<u>36,660</u>
Total Other receivables non-current	<u>46,849</u>	<u>44,328</u>

	30 September 2016 R\$	31 December 2015 R\$
Operational trade receivables		
Receivable for services rendered	153,049	173,319
Allowance for doubtful debts	<u>(4,072)</u>	<u>(3,303)</u>
Total operational other receivables	<u>148,977</u>	<u>170,016</u>
Other receivables		
Income tax recoverable	21,573	22,366
Recoverable taxes and levies	105,998	98,948
Intergroup loans	93,643	110,865
Prepayment	13,699	44,359
Other receivables	<u>27,852</u>	<u>39,704</u>
Total other receivables	<u>262,765</u>	<u>316,242</u>
Total	<u>411,742</u>	<u>486,258</u>
Total Operational trade receivables current	<u>148,977</u>	<u>170,016</u>
Total Other receivables current	<u>110,684</u>	<u>143,150</u>
Total Other receivables non-current	<u>152,081</u>	<u>173,092</u>

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

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

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

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

	30 September 2016 US\$	31 December 2015 US\$
Current	<u>35,476</u>	<u>34,522</u>
Overdue but not impaired:		
01 to 30 days	6,027	6,004
31 to 90 days	2,539	1,491
91 to 180 days	1,851	1,523
Impaired:		
More than 180 days	<u>1,254</u>	<u>846</u>
Total	<u><u>47,147</u></u>	<u><u>44,386</u></u>

	30 September 2016 R\$	31 December 2015 R\$
Current	<u>115,162</u>	<u>134,803</u>
Overdue but not impaired:		
01 to 30 days	19,564	23,444
31 to 90 days	8,243	5,821
91 to 180 days	6,008	5,948
Impaired:		
More than 180 days	<u>4,072</u>	<u>3,303</u>
Total	<u><u>153,049</u></u>	<u><u>173,319</u></u>

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

Changes in allowance for doubtful debts are as follows:

	US\$	R\$
At 1 January 2015	1,154	3,065
Increase in allowance	76	238
Exchange difference	(384)	-
At 31 December 2015	<u>846</u>	<u>3,303</u>
Increase in allowance	221	769
Exchange difference	<u>187</u>	<u>-</u>
At 30 September 2016	<u><u>1,254</u></u>	<u><u>4,072</u></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 hand, bank accounts and short-term investments that are highly liquid and readily convertible to known amounts of cash, and which are subject to an immaterial risk of changes in value.

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

Short-term investments

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

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

	30 September 2016 US\$	31 December 2015 US\$
Denominated in US dollar:		
Cash and cash equivalents	9,486	7,059
Short-term investments	<u>30,500</u>	<u>40,723</u>
Total	<u><u>39,986</u></u>	<u><u>47,782</u></u>
Denominated in Brazilian Real:		
Cash and cash equivalents	<u>50,586</u>	<u>83,342</u>
Total	<u><u>90,572</u></u>	<u><u>131,124</u></u>
Total cash and cash equivalents	<u><u>60,072</u></u>	<u><u>90,401</u></u>
Total short-term investments	<u><u>30,500</u></u>	<u><u>40,723</u></u>

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	30 September 2016 R\$	31 December 2015 R\$
Denominated in US dollar:		
Cash and cash equivalents	30,791	27,564
Short-term investments	99,010	159,015
Total	<u>129,801</u>	<u>186,579</u>
Denominated in Brazilian Real:		
Cash and cash equivalents	164,214	325,434
Total	<u>294,015</u>	<u>512,013</u>
Total cash and cash equivalents	<u>195,005</u>	<u>352,998</u>
Total short-term investments	<u>99,010</u>	<u>159,015</u>

Private investment fund

The Group has investments in a private investment fund called the Hydrus Fixed Income Private Credit Investment Fund that is consolidated in this financial information. This fund comprises deposit certificates, financial notes and debentures, with final maturities ranging from September 2016 to September 2021. The fund portfolio is marked to fair value on a daily basis against current earnings. The fund's financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses. The fund's investments are highly liquid which are readily convertible to known amounts of cash and which is subjected to as insignificant risk of changes in value.

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

15 Bank loans

Secured borrowings	Interest rate - % p.a.	30 September 2016 US\$	31 December 2015 US\$
BNDES - FMM linked to US Dollar ¹	2.07% - 4.13%	165,858	176,792
BNDES - FMM linked to US Dollar ¹	5.00% - 6.00%	6,304	7,291
BNDES - Real	7.50% - 9.69%	26,569	23,232
BNDES - linked to US Dollar	5.07% - 5.36%	5,611	7,239
BNDES - FMM Real ¹	8.90% - 11.21%	1,890	1,684
BNDES - FINAME Real	4.50% - 13.40%	1,214	1,952
Total BNDES		<u>207,446</u>	<u>218,190</u>
BB - FMM linked to US Dollar ¹	2.00% - 3.00%	77,775	75,387
IFC - US Dollar	5.25%	48,080	58,971
China Construction Bank - US Dollar	4.36%	19,247	-
Eximbank - US Dollar	2.71%	5,234	7,356
Finimp - US Dollar	4.81%	1,156	3,503
IFC - Real	14.09%	-	348
Total others		<u>151,492</u>	<u>145,565</u>
Total		<u>358,938</u>	<u>363,755</u>

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Secured borrowings	Interest rate - % p.a.	30 September 2016 R\$	31 December 2015 R\$
BNDES - FMM linked to US Dollar ¹	2.07% - 4.13%	538,408	690,337
BNDES - FMM linked to US Dollar ¹	5.00% - 6.00%	20,464	28,470
BNDES - Real	7.50% - 9.69%	86,249	90,718
BNDES - linked to US Dollar	5.07% - 5.36%	18,215	28,265
BNDES - FMM Real ¹	8.90% - 11.21%	6,134	6,576
BNDES - FINAME Real	4.50% - 13.40%	3,941	7,620
Total BNDES		<u>673,411</u>	<u>851,986</u>
BB - FMM linked to US Dollar ¹	2.00% - 3.00%	252,474	294,373
IFC - US Dollar	5.25%	156,077	230,270
China Construction Bank - US Dollar	4.36%	62,478	-
Eximbank - US Dollar	2.71%	16,991	28,725
Finimp - US Dollar	4.81%	3,753	13,678
IFC - Real	14.09%	-	1,358
Total others		<u>491,773</u>	<u>568,404</u>
Total		<u>1,165,184</u>	<u>1,420,390</u>

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

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

	30 September 2016 US\$	31 December 2015 US\$
Within one year	49,039	41,490
In the second year	48,779	40,231
In the third to fifth years (including)	98,492	107,996
After five years	<u>162,628</u>	<u>174,038</u>
Total	<u>358,938</u>	<u>363,755</u>
Total current	<u>49,039</u>	<u>41,490</u>
Total non-current	<u>309,899</u>	<u>322,265</u>

	30 September 2016 R\$	31 December 2015 R\$
Within one year	159,190	162,010
In the second year	158,348	157,094
In the third to fifth years (including)	319,723	421,701
After five years	<u>527,923</u>	<u>679,585</u>
Total	<u>1,165,184</u>	<u>1,420,390</u>
Total current	<u>159,190</u>	<u>162,010</u>
Total non-current	<u>1,005,994</u>	<u>1,258,380</u>

The analysis of borrowings by currency is as follows:

	Real US\$	Real linked to US Dollars US\$	US Dollars US\$	Total US\$
30 September 2016				
Bank loans	29,673	255,548	73,717	358,938
Total	<u>29,673</u>	<u>255,548</u>	<u>73,717</u>	<u>358,938</u>
31 December 2015				
Bank loans	27,216	266,709	69,830	363,755
Total	<u>27,216</u>	<u>266,709</u>	<u>69,830</u>	<u>363,755</u>
	Real R\$	Real linked to US Dollars R\$	US Dollars R\$	Total R\$
30 September 2016				
Bank loans	96,324	829,561	239,299	1,165,184
Total	<u>96,324</u>	<u>829,561</u>	<u>239,299</u>	<u>1,165,184</u>
31 December 2015				
Bank loans	106,272	1,041,445	272,673	1,420,390
Total	<u>106,272</u>	<u>1,041,445</u>	<u>272,673</u>	<u>1,420,390</u>

Guarantees

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

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

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

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

Undrawn credit facilities

At 30 September 2016, the Group had available US\$37.7 million (R\$122.5 million) of undrawn borrowing facilities. For each disbursement, there is a set of conditions precedent that must be satisfied.

In October 2016, the subsidiary Tecon Rio Grande S/A signed a financing agreement with Santander Bank in the amount of US\$34.0 million (R\$ 110.4 million) to finance the acquisition of 8 Electric Rubber Tyred Gantry Cranes ("RTG") and 3 Ship to Shore Container Gantry Cranes ("STS"). The financing is secured by the China Export & Credit Insurance Corporation ("Sinosure").

Fair value

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

	30 September 2016 US\$	31 December 2015 US\$
Bank loans		
BNDES	207,446	218,190
BB	77,775	75,387
IFC	48,080	59,319
CCB	19,247	-
Eximbank	5,234	7,356
Finimp	1,156	3,503
	<hr/>	<hr/>
Total	<u>358,938</u>	<u>363,755</u>
	30 September 2016 R\$	31 December 2015 R\$
Bank loans		
BNDES	673,411	851,986
BB	252,474	294,373
IFC	156,077	231,628
CCB	62,478	-
Eximbank	16,991	28,725
Finimp	3,753	13,678
	<hr/>	<hr/>
Total	<u>1,165,184</u>	<u>1,420,390</u>

Covenants

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

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

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

At 30 September 2016, the Company was in compliance with all clauses in the above mentioned loan contracts.

16 Deferred taxes

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

	Accelerated depreciation US\$	Exchange differences on loans US\$	Timing differences US\$	Non- monetary items US\$	Total US\$
At 1 January 2015	(19,910)	24,600	23,463	(41,685)	(13,532)
(Charge) credit to income	4,070	24,999	(3,711)	(27,003)	(1,645)
Deferred tax transferred to current taxes	-	(3,859)	-	-	(3,859)
Exchange differences	43	(4,693)	3,183	-	(1,467)
At 31 December 2015	(15,797)	41,047	22,935	(68,688)	(20,503)
(Charge) credit to income	(5,545)	(14,563)	(2,591)	21,322	(1,377)
Exchange differences	-	1,444	(1,961)	-	(517)
At 30 September 2016	(21,342)	27,928	18,383	(47,366)	(22,397)

	Accelerated depreciation R\$	Exchange differences on loans R\$	Timing differences R\$	Non- monetary items R\$	Total R\$
At 1 January 2015	(52,885)	65,342	62,324	(110,724)	(35,943)
(Charge) credit to income	13,303	80,789	(12,107)	(86,999)	(5,014)
Deferred tax transferred to current taxes	-	(12,115)	-	-	(12,115)
Translation adjustment to real	(22,103)	26,265	22,266	(53,416)	(26,988)
At 31 December 2015	(61,685)	160,281	72,483	(251,139)	(80,060)
(Charge) credit to income	(19,543)	(51,373)	(10,338)	75,783	(5,471)
Translation adjustment to real	11,947	(18,246)	(13,637)	32,763	12,827
At 30 September 2016	(69,281)	90,662	48,508	(142,593)	(72,704)

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

	30 September 2016 US\$	31 December 2015 US\$
Deferred tax liabilities	(51,937)	(52,631)
Deferred tax assets	29,540	32,128
Total	(22,397)	(20,503)

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	30 September 2016 R\$	31 December 2015 R\$
Deferred tax liabilities	(168,597)	(205,513)
Deferred tax assets	<u>95,893</u>	<u>125,453</u>
Total	<u><u>(72,704)</u></u>	<u><u>(80,060)</u></u>

At the end of the reporting period, the Group has unutilized tax loss carry forwards of US\$33.4 million (R\$108.5 million) (2015: US\$17.9 million (R\$69.9 million)) available for offset against future taxable income.

A deferred tax asset in the amount of US\$11.4 million (R\$36.9 million) (2015: US\$6.1 million (R\$23.8 million)) has not been recognized due to the unpredictability of this portion of future flows of related taxable income.

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

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

17 Provisions for tax, labour and civil risks

	US\$	R\$
At 1 January 2015	15,702	41,708
Addition to provision	3,706	12,655
Exchange difference	<u>(5,486)</u>	<u>-</u>
At 31 December 2015	13,922	54,363
Addition to provision	983	3,299
Exchange difference	<u>2,858</u>	<u>-</u>
At 30 September 2016	<u><u>17,763</u></u>	<u><u>57,662</u></u>

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

	30 September 2016 US\$	31 December 2015 US\$
Labour claims	13,055	9,211
Tax cases	3,134	2,492
Civil cases	<u>1,574</u>	<u>2,219</u>
Total	<u><u>17,763</u></u>	<u><u>13,922</u></u>

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	30 September 2016 R\$	31 December 2015 R\$
Labour claims	42,378	35,966
Tax cases	10,174	9,731
Civil cases	5,110	8,666
Total	<u>57,662</u>	<u>54,363</u>

In the normal course of business in Brazil, the Group is exposed to numerous local legal claims. It is the Group's policy to vigorously contest such claims, many of which appear to have little substance or merit, and to manage such claims through its lawyers.

In addition to the cases for which the Group booked the provision there are other tax, civil and labour disputes amounting to US\$129.6 million (R\$420.6 million) (2015: US\$84.1 million (R\$328.5 million)) with probability of loss estimated by the legal counsels as possible.

The breakdown of possible claims is described as follows:

	30 September 2016 US\$	31 December 2015 US\$
Tax cases	95,575	63,056
Labour claims	23,583	16,609
Civil cases	10,410	4,453
Total	<u>129,568</u>	<u>84,118</u>

	30 September 2016 R\$	31 December 2015 R\$
Tax cases	310,255	246,220
Labour claims	76,555	64,856
Civil cases	33,793	17,388
Total	<u>420,603</u>	<u>328,464</u>

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

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

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

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

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

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

Exceptionally, if there is sufficient knowledge from the beginning that there is very high or very low risk of loss, the lawyers may classify the claim as a probable loss or remote loss.

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

When classifying the claim as a probable loss, the lawyers estimate the amount at risk for such claim.

The Group considers as relevant processes involving amounts, assets or rights over US\$1.5 million (R\$5.0 million).

18 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2016 US\$	31 December 2015 US\$	30 September 2016 US\$	31 December 2015 US\$
Amounts payable under finance leases:				
Within one year	1,693	1,517	1,206	1,192
From second to fifth years (including)	2,068	2,399	1,330	1,536
	<u>3,761</u>	<u>3,916</u>	<u>2,536</u>	<u>2,728</u>
Less future finance charges	<u>(1,225)</u>	<u>(1,188)</u>	<u>-</u>	<u>-</u>
Present value of lease obligations	<u>2,536</u>	<u>2,728</u>	<u>-</u>	<u>-</u>
Total current	<u>1,206</u>	<u>1,192</u>	<u>-</u>	<u>-</u>
Total non-current	<u>1,330</u>	<u>1,536</u>	<u>-</u>	<u>-</u>

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2016 R\$	31 December 2015 R\$	30 September 2016 R\$	31 December 2015 R\$
Amounts payable under finance leases:				
Within one year	5,496	5,924	3,915	4,655
From second to fifth years (including)	6,712	9,368	4,317	5,998
	<u>12,208</u>	<u>15,292</u>	<u>8,232</u>	<u>10,653</u>
Less future finance charges	<u>(3,976)</u>	<u>(4,639)</u>	<u>-</u>	<u>-</u>
Present value of lease obligations	<u>8,232</u>	<u>10,653</u>	<u>-</u>	<u>-</u>
Total current	<u>3,915</u>	<u>4,655</u>	<u>-</u>	<u>-</u>
Total non-current	<u>4,317</u>	<u>5,998</u>	<u>-</u>	<u>-</u>

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The average original lease term is 60 months, of which an average of 31 months remained outstanding at the 30 September 2016.

For the period ended 30 September 2016, the average effective leasing interest rate was 16.92% (31 December 2015: 16.75%). Interest rates are set at contract date.

All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. The interest rates range from 16.36% p.a. to 18.53% p.a. Leases are denominated in Reais.

There is a no significant difference between the fair value and the present value of the Group's lease obligations. The present value is calculated with its own interest rate over the future installments of each contract.

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

19 Trade and other payables

	30 September 2016 US\$	31 December 2015 US\$
Operational trade payables		
Trade payables	42,545	39,773
Advance from customers for construction contracts	<u>9,422</u>	<u>17,858</u>
Total operational trade payables	<u>51,967</u>	<u>57,631</u>
Other payables		
Taxes	6,495	7,704
Advances from customers	6,858	5,241
Accruals and other payables	<u>7,483</u>	<u>7,686</u>
Total other payables	<u>20,836</u>	<u>20,631</u>
Total	<u>72,803</u>	<u>78,262</u>

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	30 September 2016 R\$	31 December 2015 R\$
Operational trade payables		
Trade payables	138,112	155,306
Advance from customers for construction contracts	<u>30,585</u>	<u>69,732</u>
Total operational trade payables	<u>168,697</u>	<u>225,038</u>
Other payables		
Taxes	21,084	30,083
Advances from customers	22,262	20,465
Accruals and other payables	<u>24,291</u>	<u>30,012</u>
Total other payables	<u>67,637</u>	<u>80,560</u>
Total	<u>236,334</u>	<u>305,598</u>

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

	30 September 2016 US\$	31 December 2015 US\$
Contract costs incurred plus recognized revenues less recognized losses to date	41,247	72,019
Less unbilled services	<u>(50,669)</u>	<u>(89,877)</u>
Net liability included in suppliers	<u>(9,422)</u>	<u>(17,858)</u>

	30 September 2016 R\$	31 December 2015 R\$
Contract costs incurred plus recognized revenues less recognized losses to date	133,898	281,220
Less unbilled services	<u>(164,483)</u>	<u>(350,952)</u>
Net liability included in suppliers	<u>(30,585)</u>	<u>(69,732)</u>

20 Stock options plan and post-employment benefits

20.1. Stock option plan

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

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Options series	Grant date	Original vesting date	Expiry date	Exercise price (R\$)	Number	Expired	Vested	Outstanding not Vested	Total Subsisting
07 ESO - 3 Year	10/01/2014	10/01/2017	10/01/2024	31.23	961,653	(133,353)	13,497	814,803	828,300
07 ESO - 4 Year	10/01/2014	10/01/2018	10/01/2024	31.23	961,653	(133,353)	13,497	814,803	828,300
07 ESO - 5 Year	10/01/2014	10/01/2019	10/01/2024	31.23	990,794	(137,394)	13,906	839,494	853,400
07 ESO - 3 Year	13/11/2014	13/11/2017	13/11/2024	33.98	45,870	(11,880)	-	33,990	33,990
07 ESO - 4 Year	13/11/2014	13/11/2018	13/11/2024	33.98	45,870	(11,880)	-	33,990	33,990
07 ESO - 5 Year	13/11/2014	13/11/2019	13/11/2024	33.98	47,260	(12,240)	-	35,020	35,020
07 ESO - 3 Year	11/08/2016	11/08/2019	11/08/2026	34.03	82,500	-	-	82,500	82,500
07 ESO - 4 Year	11/08/2016	11/08/2020	11/08/2026	34.03	82,500	-	-	82,500	82,500
07 ESO - 5 Year	11/08/2016	11/08/2021	11/08/2026	34.03	85,000	-	-	85,000	85,000
Total					<u>3,303,100</u>	<u>(440,100)</u>	<u>40,900</u>	<u>2,822,100</u>	<u>2,863,000</u>

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

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

Period commencing	Projected IFRS2 Fair Value expense R\$	Projected IFRS2 Fair Value expense US\$
10 January 2014	7,507	2,826
10 January 2015	7,848	3,296
10 January 2016	8,234	3,409
10 January 2017	5,606	2,255
10 January 2018	3,061	1,192
10 January 2019	788	256
10 January 2020	386	123
10 January 2021	133	42
Total	<u>33,563</u>	<u>13,399</u>

10 January 2014

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

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

20.2. Post-employment benefits

The Group operates a private medical insurance scheme for its employees which require the eligible employees to pay fixed monthly contributions. In accordance with regulation of the Brazilian law, eligible employees with greater than ten years service acquire the right to remain in the plan following retirement or termination of employment, generating a post-employment commitment for the Group. Ex-employees remaining in the plan will be liable for paying the full cost of their continued scheme membership. The present value of actuarial liabilities in 30 September 2016 is US\$1.7 million (R\$5.6 million) (2015: US\$1.3 million (R\$5.1 million). The future actuarial liability for the Group relates to the potential increase in plan costs resulting from additional claims as a result of the expanded membership of the scheme.

Actuarial assumptions

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

Economic and Financial Assumptions

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

Biometric and Demographic Assumptions

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

Sensitivity analysis

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

	30 September 2016 US\$	31 December 2015 US\$	30 September 2016 R\$	31 December 2015 R\$
CiPBO(*) - discount rate + 0.5%	(115)	(96)	(374)	(374)
CiPBO(*) - discount rate - 0.5%	130	108	421	421
CiPBO(*) - Health Care Cost Trend Rate + 1.0%(*)	287	239	933	933
CiPBO(*) - Health Care Cost Trend Rate - 1.0%	(228)	(190)	(741)	(741)

(*) CiPBO means Change in projected benefit obligation

21 Equity

Share Capital

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

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

Dividends

At the meeting held on 20 and 21 March 2016, the Board approved the continuation of the dividend policy defined in 2014 proposing a distribution of an amount of approximately 50% of the Company's net profit, provided that:

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

	30 September 2016 US\$	31 December 2015 US\$
Amounts recognized as distributions to equity holders in the period:		
Final dividend paid for the period of US\$0.50 (2015: US\$0.408) per share	35,572	29,027

Earnings per share

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

	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 R\$	30 September 2015 R\$
Profit for the period attributable to owners of the Company	70,465	8,683	245,893	22,608
Weighted average number of common shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic earnings per share (cents per share)	99.05	12.20	345.63	31.78
Weighted average number of common shares	74,007,000	74,093,000	74,007,000	74,093,000
Diluted earnings per share (cents per share)	95.21	11.72	332.26	30.51

Capital reserves

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

Profit reserve

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

Additional paid in capital

The additional paid in capital arises from purchase of non-controlling interests in Brasco, sales of shares to non-controlling interests of Tecon Salvador in 2011 and the purchase of non-controlling interests in Tecon Salvador in 2016.

Translation reserve

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

22 Subsidiaries

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

	Place of incorporation and operation	Proportion of ownership interest	
		30 September 2016	31 December 2015
Holding company			
Wilson, Sons de Administração e Comércio Ltda.	Brazil	100%	100%
Vis Limited	Guernsey	100%	100%
WS Participações S.A.	Brazil	100%	100%
WS Participaciones S.A.	Uruguay	100%	100%
Wilson, Sons Administração de Bens Ltda.	Brazil	100%	100%
Towage			
Saveiros Camuyrano Serviços Marítimos S.A.	Brazil	100%	100%
Shipyards			
Wilson, Sons Comércio, Indústria, e Agência de Navegação Ltda.	Brazil	100%	100%
Wilson, Sons Estaleiro Ltda.	Brazil	100%	100%
Ship Agency			
Wilson, Sons Agência Marítima Ltda.	Brazil	100%	100%
Transamérica Visas Serviços de Despachos Ltda.	Brazil	100%	100%
Logistics			
Wilson, Sons Logística Ltda.	Brazil	100%	100%
EADI Santo André Terminal de Carga Ltda.	Brazil	100%	100%
Consórcio EADI Santo André	Brazil	100%	100%
AllinkTransportes Internacionais Ltda. (¹)	Brazil	50%	50%
Port terminal			
Brasco Logística Offshore Ltda.	Brazil	100%	100%
Tecon Rio Grande S.A.	Brazil	100%	100%
Tecon Salvador S.A.	Brazil	100%	92.5%
Wilport Operadores Portuários Ltda.	Brazil	100%	100%

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

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

On 17 October Wilson Sons Limited passed special resolution to voluntarily liquidate the subsidiary Vis Limited passing all of its assets directly to Wilson Sons Limited.

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

23 Joint ventures and Joint Operations

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

	Place of incorporation and operation	Proportion of ownership interest	
		30 September 2016	31 December 2015
Towage			
Consórcio de Rebocadores Barra de Coqueiros ⁽¹⁾	Brazil	50%	50%
Consórcio de Rebocadores Baía de São Marcos ⁽¹⁾	Brazil	50%	50%
Logistics			
Porto Campinas, Logística e Intermodal Ltda. ⁽¹⁾	Brazil	50%	50%
Offshore			
Wilson, Sons Ultratug Participações S.A. ⁽²⁾	Brazil	50%	50%
Atlantic Offshore S.A. ⁽³⁾	Panama	50%	50%

⁽¹⁾ Joint Operations.

⁽²⁾ Wilson, Sons Ultratug Participações S.A. controls Wilson, Sons Offshore S.A. and Magallanes Navegação Brasileira S.A.. These latter two companies are indirect joint ventures of the Company.

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

23.1 Joint operations

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

	Three-month period ended		Nine-month period ended	
	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 US\$	30 September 2015 US\$
Income	3,746	3,583	10,429	10,699
Expenses	(1,801)	(970)	(5,320)	(3,771)
Net income	1,945	2,613	5,109	6,928
	Three-month period ended		Nine-month period ended	
	30 September 2016 R\$	30 September 2015 R\$	30 September 2016 R\$	30 September 2015 R\$
Income	12,156	12,768	36,840	33,988
Expenses	(5,848)	(3,389)	(18,749)	(11,681)
Net Income	6,308	9,379	18,091	22,307

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	30 September 2016 US\$	31 December 2015 US\$	30 September 2016 R\$	31 December 2015 R\$
Intangible assets	49	57	160	221
Property, plant & equipment	2,520	2,448	8,181	9,559
Inventories	297	258	964	1,009
Trade and other receivables	1,947	1,608	6,321	6,282
Cash and cash equivalents	987	1,139	3,202	4,446
Total assets	<u>5,800</u>	<u>5,510</u>	<u>18,828</u>	<u>21,517</u>
Trade and other payables	(5,727)	(5,153)	(18,590)	(20,123)
Deferred tax liabilities	(73)	(357)	(238)	(1,394)
Total liabilities	<u>(5,800)</u>	<u>(5,510)</u>	<u>(18,828)</u>	<u>(21,517)</u>

23.2 Joint ventures

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

	Three-month period ended		Nine-month period ended	
	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 US\$	30 September 2015 US\$
Revenue	38,144	36,018	101,306	108,253
Raw materials and consumable used	(1,968)	(1,070)	(5,422)	(3,602)
Employee benefits expense	(10,995)	(9,348)	(29,807)	(31,432)
Depreciation and amortisation expenses	(8,391)	(8,490)	(25,762)	(26,108)
Other operating expenses	(4,678)	(3,641)	(12,476)	(11,417)
Profit on disposals of property, Plant & Equipment	(54)	(32)	(2,190)	(253)
Results from operating activities	<u>12,058</u>	<u>13,437</u>	<u>25,649</u>	<u>35,441</u>
Investment income	1,104	3,192	1,991	6,542
Finance costs	(5,246)	(4,329)	(16,118)	(14,051)
Exchange gain (loss) on translation	(339)	(14,499)	9,886	(24,922)
Profit before tax	<u>7,577</u>	<u>(2,199)</u>	<u>21,408</u>	<u>3,010</u>
Income tax expense	<u>(1,849)</u>	<u>3,198</u>	<u>(9,918)</u>	<u>2,174</u>
Profit for the period	<u>5,728</u>	<u>999</u>	<u>11,490</u>	<u>5,184</u>
Participation	50%	50%	50%	50%
Equity result	2,864	500	5,745	2,593

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	Three-month period ended		Nine-month period ended	
	30 September 2016 R\$	30 September 2015 R\$	30 September 2016 R\$	30 September 2015 R\$
Revenue	123,819	127,562	356,858	342,380
Raw materials and consumable used	(7,240)	(3,708)	(20,033)	(11,181)
Employee benefits expense	(35,702)	(33,015)	(105,168)	(98,416)
Depreciation and amortisation expenses	(27,252)	(30,092)	(91,796)	(82,342)
Other operating expenses	(14,349)	(12,864)	(43,127)	(35,745)
Profit on disposals of property, Plant & Equipment	(172)	(126)	(8,824)	(742)
Results from operating activities	39,104	47,757	87,910	113,954
Investment income	3,595	11,344	6,965	21,117
Finance costs	(17,036)	(15,333)	(57,224)	(44,226)
Exchange gain (loss) on translation	(1,109)	(50,978)	34,938	(81,816)
Profit before tax	24,554	(7,210)	72,589	9,029
Income tax expense	(5,975)	10,902	(34,885)	8,063
Profit for the period	18,579	3,692	37,704	17,092
Participation	50%	50%	50%	50%
Equity result	9,290	1,846	18,852	8,546

	30 September 2016 US\$	31 December 2015 US\$	30 September 2016 R\$	31 December 2015 R\$
Property, plant and equipment	677,814	666,656	2,200,320	2,603,154
Long-term investment	2,064	2,041	6,700	7,970
Other assets	3,609	2,470	11,716	9,645
Trade and other receivables	40,936	32,415	132,886	126,574
Cash and cash equivalents	15,956	21,011	51,796	82,044
Total assets	740,379	724,593	2,403,418	2,829,387
Bank overdrafts and loans	532,475	547,550	1,728,520	2,138,073
Other non-current liabilities	27,535	21,819	89,384	85,199
Trade and other payables	96,692	81,126	313,882	316,781
Equity	83,677	74,098	271,632	289,334
Total liabilities	740,379	724,593	2,403,418	2,829,387

Guarantees

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

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

under long term investments, funded with US\$2.1 million (R\$6.7 million) should be maintained until full repayment of the loan agreement.

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

Covenants

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

Atlantic Offshore S.A. has to comply with specific financial covenants on its two loan agreements with Deutsche Verkehrs-Bank "DVB" and Norddeutsche Landesbank Girozentrale Trade "Nord/LB". Atlantic Offshore S.A. received a temporary waiver of non-compliance with Debt Service Coverage Ratio for both loans up to 31 March 2017, and is in compliance with the remaining covenants.

Provisions for tax, labour and civil risks

In the normal course of business in Brazil, the Wilson Sons Ultratug Offshore S.A. (WSUT) remains exposed to numerous local legal claims. It is the WSUT policy to vigorously contest such claims, many of which appear to have little substance in merit, and to manage such claims through its legal counsel.

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

In addition to the cases for which WSUT booked the provision, there are other tax, civil and labour disputes amounting to US\$13.6 million (R\$44.3 million) (2015: US\$9.7 million (R\$37.8 million)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described as follows:

	30 September 2016 US\$	31 December 2015 US\$
Tax cases	9,873	7,600
Labour claims	3,768	2,089
Civil cases	-	1
Total	<u>13,641</u>	<u>9,690</u>
	30 September 2016 R\$	31 December 2015 R\$
Tax cases	32,048	29,675
Labour claims	12,231	8,157
Civil cases	-	5
Total	<u><u>44,279</u></u>	<u><u>37,837</u></u>

23.3 Investment in joint ventures

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

30 September 2016									
	Currency	Number of shares	Ownership interest - %	Share capital	Investee's adjusted shareholders' equity	Elimination of profit on Construction Contracts	Investee's adjusted profit or loss	Equity in subsidiaries	Book value of investment
Wilson, Sons Ultratug Participações S.A.	US\$	45,816,550	50.00	25,131	77,171	(41,645)	17,118	8,559	17,763
Atlantic Offshore S.A.	US\$	10,000	50.00	8,010	6,506	-	(5,628)	(2,814)	3,254
Total					83,677	(41,645)	11,490	5,745	21,017
Wilson, Sons Ultratug Participações S.A.	R\$	45,816,550	50.00	45,817	250,513	(135,188)	58,879	29,440	57,665
Atlantic Offshore S.A.	R\$	10,000	50.00	18,345	21,119	-	(21,175)	(10,588)	10,560
Total					271,632	(135,188)	37,704	18,852	68,225
31 December 2015									
	Currency	Number of shares	Ownership interest - %	Share capital	Investee's adjusted shareholders' equity	Elimination of profit on Construction Contracts	Investee's adjusted profit or loss	Equity in subsidiaries	Book value of investment
Wilson, Sons Ultratug Participações S.A.	US\$	45,816,550	50.00	25,131	61,911	(37,499)	6,876	3,438	12,207
Atlantic Offshore S.A.	US\$	10,000	50.00	8,010	12,187	-	2,811	1,405	6,094
Total					74,098	(37,499)	9,687	4,843	18,301
Wilson, Sons Ultratug Participações S.A.	R\$	45,816,550	50.00	45,817	241,747	(146,426)	25,612	12,806	47,666
Atlantic Offshore S.A.	R\$	10,000	50.00	18,345	47,587	-	8,809	4,405	23,796
Total					289,334	(146,426)	34,421	17,211	71,462

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

	Investment	
	US\$	R\$
At 1 January 2015	11,500	30,546
Share of result of joint ventures	4,843	17,211
Elimination on Construction Contracts	1,472	4,749
Derivatives	486	1,192
Foreign currency gains/(loss) in respect of translation into Brazilian Reais	-	17,764
At 31 December 2015	18,301	71,462
Share of result of joint ventures	5,745	18,852
Elimination on Construction Contracts	(3,002)	(9,721)
Derivatives	(27)	(83)
Foreign currency gains/(loss) in respect of translation into Brazilian Reais	-	(12,285)
At 30 September 2016	21,017	68,225

24 Operating lease arrangements and other obligations

The Group as lessee

The minimum lease payments under operating leases recognized in net income at 30 September 2016 was US\$1.2 million (R\$4.3 million) (2015 US\$4.8 million (R\$18.6 million)).

On 30 September 2016, the minimum amount due by the Group for future lease payments under cancellable operating leases was US\$8.6 million (R\$27.9 million) (2015: US\$8.1 million (R\$31.7 million)).

Lease commitments for land and buildings with a term of over 5 years are recognized as an expense on a straight-line basis over the lease term. These operating lease arrangements are mainly concluded between Tecon Rio Grande and the Rio Grande port authority, and between Tecon Salvador and the Salvador port authority. The Tecon Rio Grande minimum period extends to 2022 and the Tecon Salvador minimum period extends to 2025. Both have an option to renew the concession for a maximum period of 25 years.

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

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

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

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

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

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	30 September 2016 US\$	31 December 2015 US\$	30 September 2016 R\$	31 December 2015 R\$
Within one year	19,107	15,655	62,025	61,130
In the second to fifth year inclusive	59,125	51,660	191,932	201,722
Greater than five years	46,591	47,751	151,244	186,458
Total	124,823	115,066	405,201	449,310

The Group as lessor

The Group leases out part of assets and machinery related to dedicated operations, which were discontinued in the logistics segment. At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases were less than US\$0.1 million for the period end at 30 September 2016 (2015: US\$0.2 million (R\$0.5 million)), fully receivable within one year. Also, the rental related to these non-cancellable operating leases were recognized in profit or loss amounting to US\$0.1 million (R\$0.5 million) (2015: US\$0.9 million (R\$3.1 million)).

25 Financial instruments and risk assessment

a. Capital risk management

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

b. Categories of financial instruments

	Fair value		Book value	
	30 September 2016 US\$	31 December 2015 US\$	30 September 2016 US\$	31 December 2015 US\$
Financial instruments classified as loans and receivables				
Cash and cash equivalents	60,072	90,401	60,072	90,401
Short-term Investments	30,500	40,723	30,500	40,723
Operational trade receivables	45,893	43,540	45,893	43,540
Other receivables	80,945	80,636	80,945	80,636
Total financial instruments - loans and receivables	217,410	255,300	217,410	255,300
Financial instruments classified as amortized cost				
Bank loans and overdrafts	358,938	363,755	358,938	363,755
Operational trade payables	51,967	57,631	51,967	57,631
Other payables	20,836	20,631	20,836	20,631
Total financial instruments - amortized cost	431,741	442,017	431,741	442,017
Financial instruments classified as cash flow hedge				
Derivatives	2,058	2,886	2,058	2,886
Total	433,799	444,903	433,799	444,903

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	Fair value		Book value	
	30 September 2016 R\$	31 December 2015 R\$	30 September 2016 R\$	31 December 2015 R\$
Financial instruments classified as loans and receivables				
Cash and cash equivalents	195,005	352,998	195,005	352,998
Short-term investments	99,010	159,015	99,010	159,015
Operational trade receivables	148,977	170,016	148,977	170,016
Other receivables	262,765	314,867	262,765	314,867
Total financial instruments - loans and receivables	<u>705,757</u>	<u>996,896</u>	<u>705,757</u>	<u>996,896</u>
Financial instruments classified as amortized cost				
Bank loans and overdrafts	1,165,184	1,420,390	1,165,184	1,420,390
Operational trade payables	168,697	225,038	168,697	225,038
Other payables	67,637	80,560	67,637	80,560
Total financial instruments - amortized cost	<u>1,401,518</u>	<u>1,725,988</u>	<u>1,401,518</u>	<u>1,725,988</u>
Financial instruments classified as cash flow hedge				
Derivatives	<u>6,680</u>	<u>11,268</u>	<u>6,680</u>	<u>11,268</u>
Total	<u>1,408,198</u>	<u>1,737,256</u>	<u>1,408,198</u>	<u>1,737,256</u>

c. Financial risk management objectives

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

These risks include market risk, credit risk and liquidity risk. The primary objective is to minimize exposure to those risks by using financial instruments and by assessing and controlling the credit and liquidity risks. The Group may use derivatives and other financial instruments for hedging purposes only.

d. Foreign currency risk management

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

Cash flows from investments in fixed assets are denominated partly in Brazilian Real. These investments are subject to currency fluctuations between the moment when the prices of those goods or services are settled and the actual payment date. Funding and its application is monitored with the purpose of matching the currency cash flows and due dates.

The Group has undertaken part of its debt denominated in Brazilian Real. Cash and cash equivalents are denominated part in Brazilian Real and part in US Dollar.

In general terms, the Group seeks to neutralize the currency risk of operating cash flows by matching revenues and expenses. Furthermore, the Group seeks to generate an operating cash surplus in the same currency in which the debt service of each business is denominated.

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

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	Assets		Liabilities	
	30 September 2016 US\$	31 December 2015 US\$	30 September 2016 US\$	31 December 2015 US\$
Amounts denominated in Real	291,275	370,096	260,691	315,553

	Assets		Liabilities	
	30 September 2016 R\$	31 December 2015 R\$	30 September 2016 R\$	31 December 2015 R\$
Amounts denominated in Real	945,536	1,445,151	846,256	1,232,171

Foreign currency sensitivity analysis

The sensitivity analysis presented in the following sections, which refer to the position on 30 September 2016, estimates the impacts of the Brazilian Real devaluation against the US Dollar. Three exchange rate scenarios are contemplated: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate. The Group uses the Brazilian Central Bank's "Focus" report to determine the probable scenario.

30 September 2016						
Exchange rates (i)						
		Probable scenario R\$3.3000 / US\$1.00	Possible scenario (25%) R\$4.1250 / US\$1.00	Remote scenario (50%) R\$4.9500 / US\$1.00		
Operation	Risk	Amount US\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R\$	291,275	Exchange Effects	(4,749)	(62,054)	(100,257)
Total liabilities	R\$	260,691	Exchange Effects	4,250	55,538	89,730
				<u>(499)</u>	<u>(6,516)</u>	<u>(10,527)</u>
Operation	Risk	Amount R\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R\$	945,536	Exchange Effects	(15,415)	(201,439)	(325,455)
Total liabilities	R\$	846,256	Exchange Effects	13,797	180,288	291,283
				<u>(1,618)</u>	<u>(21,151)</u>	<u>(34,172)</u>

(i) Information source: Focus BACEN, report from 14 October 2016.

31 December 2015

Exchange rates (i)						
Probable scenario R\$4.3000 / US\$1.00			Possible scenario (25%) R\$5.3750 / US\$1.00		Remote scenario (50%) R\$6.4500 / US\$1.00	
Operation	Risk	Amount US\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R\$	370,096	Exchange Effects	(34,014)	(101,231)	(146,042)
Total liabilities	R\$	315,553	Exchange Effects	29,001	86,312	124,519
				<u>(5,013)</u>	<u>(14,919)</u>	<u>(21,523)</u>
Operation	Risk	Amount R\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R\$	1,445,151	Exchange Effects	(132,818)	(395,287)	(570,265)
Total liabilities	R\$	1,232,171	Exchange Effects	113,243	337,031	486,222
				<u>(19,575)</u>	<u>(58,256)</u>	<u>(84,043)</u>

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

Interest rate risk management

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

Other loans exposed to floating rates are as follows:

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

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

Interest rate sensitivity analysis

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

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

30 September 2016

				Libor(i), CDI(ii) and TJLP		
				Probable scenario	Possible scenario 25%	Remote scenario 50%
Transaction						
Loans - Libor				0.80%	1.00%	1.20%
Loans - CDI				11.98%	14.98%	17.97%
Loans - TJLP				7.50%	9.38%	11.25%
Investments - Libor				1.24%	1.44%	1.64%
Investments - CDI				11.98%	14.98%	17.97%

Transaction	Risk	Amount US\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans - Libor	Libor	73,600	Interest	127	49	(28)
Loans - TJLP	TJLP	28,604	Interest	-	(339)	(673)
Loans - Fixed	None	256,617	None	-	-	-
Total Loans		358,821		127	(290)	(701)
Investments	Libor	35,628	Income	-	118	235
Investments	CDI	48,153	Income	788	2,722	4,655
Total Investments		83,781		788	2,840	4,890
Net Income				915	2,550	4,189

Transaction	Risk	Amount R\$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans - Libor	Libor	238,919	Interest	413	160	(92)
Loans - TJLP	TJLP	92,857	Interest	-	(1,101)	(2,185)
Loans - Fixed	None	833,030	None	-	-	-
Total Loans		1,164,806		413	(941)	(2,277)
Investments	Libor	115,657	Income	-	382	764
Investments	CDI	156,315	Income	2,557	8,835	15,113
Total Investments		271,972		2,557	9,217	15,877
Net Income				2,970	8,276	13,600

(i) Information source: Bloomberg, report from 14 October 2016

(ii) Information source: BM&F (Bolsa de Mercadorias e Futuros), report from 14 October 2016

The net effect was obtained by assuming a 12 month period starting 30 September 2016 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the scenario rate and actual rate.

The interest rate risk mix is 40.42% of Libor and 54.63% of CDI.

31 December 2015

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

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

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

(i) Information source: Bloomberg, report 15 January 2016

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

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

The interest rate risk mix is 37.28% of Libor and 62.72% of CDI.

Derivative financial instruments

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

The Group uses cash flow hedges to limit its exposure that may result from the variation of floating interest rates. On 16 September 2013, Tecon Salvador, entered into an interest rate swap agreement with an initial notional amount of US\$74.4 million to hedge a portion of its outstanding floating-rate debt with IFC. On 30 September 2016 the notional amount was US\$48.1 million, equivalent to the outstanding debt amount on that date. This swap converts floating interest rate based on the London Interbank Offered Rate, or LIBOR, into fixed-rate interest and expires in March 2020. The derivatives were entered into with Santander Brasil as counterparty and its credit rating was AA, as of 30 September 2016, according to Standard & Poor's Brazilian local rating scale.

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

	US\$ Outflows	R\$ Outflows
Within one year	(580)	(1,884)
In the second year	(923)	(2,993)
In the third to fifth years (including)	(555)	(1,803)
After five years	<u>-</u>	<u>-</u>
Fair value	<u>(2,058)</u>	<u>(6,680)</u>

Fair Value

The swap fair value was estimated based on the yield curve as of 30 September 2016, and represents its carrying value. As of 30 September 2016, the interest rate swap balance in liabilities was US\$2.1 million; and the balance in accumulated other comprehensive income on the consolidated balance sheet was US\$2.7 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the period ended 30 September 2016 was an after tax loss of US\$1.1 million.

30 September 2016	Notional Amount US\$	Maturity	US\$ Fair Value	R\$ Fair Value
Financial Assets				
Interest Rates Swap	48.080	Mar/2020	<u>(2,058)</u>	<u>(6,680)</u>
Total			<u>(2,058)</u>	<u>(6,680)</u>

Derivative Sensitivity Analysis

This analysis is based on 6-month Libor interest rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores any impact of forecast sales and purchases. Three scenarios were simulated: the likely scenario (Probable) and two possible scenarios of reduction of 25% (Possible) and 50% (Remote) in the interest rate.

30 September 2016					
Probable scenario US\$	Possible scenario (25%) US\$	Remote scenario (50%) US\$	Probable scenario R\$	Possible scenario (25%) R\$	Remote scenario (50%) R\$
(2,076)	(2,326)	(2,590)	(6,738)	(7,552)	(8,407)

Cash Flow Hedge

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

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

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

Under this methodology, the swap was deemed to be highly effective for the period ended 30 September 2016. There was no hedge ineffectiveness recognized in profit or loss for the year ended 30 September 2016.

e. Liquidity risk management

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

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

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

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

	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
30 September 2016	%	US\$	US\$	US\$	US\$
Variable interest rate instruments	3.74%	27,416	68,529	6,376	102,321
Fixed interest rate instruments	2.87%	21,623	78,742	156,252	256,617
		<u>49,039</u>	<u>147,271</u>	<u>162,628</u>	<u>358,938</u>

	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
30 September 2016	%	R\$	R\$	R\$	R\$
Variable interest rate instruments	3.74%	88,999	222,459	20,697	332,155
Fixed interest rate instruments	2.87%	70,191	255,612	507,227	833,030
		<u>159,190</u>	<u>478,071</u>	<u>527,924</u>	<u>1,165,185</u>

	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
31 December 2015	%	US\$	US\$	US\$	US\$
Variable interest rate instruments	3.22%	17,292	68,460	9,407	95,159
Fixed interest rate instruments	2.91%	24,198	79,767	164,631	268,596
		<u>41,490</u>	<u>148,227</u>	<u>174,038</u>	<u>363,755</u>

	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
31 December 2015	%	R\$	R\$	R\$	R\$
Variable interest rate instruments	3.22%	67,523	267,323	36,731	371,577
Fixed interest rate instruments	2.91%	94,487	311,472	642,854	1,048,813
		<u>162,010</u>	<u>578,795</u>	<u>679,585</u>	<u>1,420,390</u>

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

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

		US\$		R\$	
	Note	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Cash and cash equivalents	14	60,072	90,401	195,005	352,998
Short-term investments	14	30,500	40,723	99,010	159,015
Operational trade receivables	13	45,893	43,540	148,977	170,016
Other receivables	13	80,945	80,636	262,765	314,867
Exposed to credit risk		<u>217,410</u>	<u>255,300</u>	<u>705,757</u>	<u>996,896</u>

g. Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at 30 September 2016 and 31 December 2015 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 ongoing monitoring of rates agreed versus those in force in the market, and confirmation of whether its short-term financial investments are being properly marked to market by the institutions dealing with its funds.

The determination of estimated realization values of Company's financial assets and liabilities relies on information available in the market and relevant assessment methodologies. Nevertheless, considerable judgment is required when interpreting market data to derive the most adequate estimated realization value.

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

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

All the Group's financial instruments (as disclosed in note 25 b) are considered as level 2. There were no amounts related to levels 1 and 3 at 30 September 2016 and 31 December 2015.

h. Criteria, assumptions and limitations used when computing market values

Cash and cash equivalents

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

Investments

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

Trade and other receivables/payables

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

Bank and loans

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

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

26 Related-party transactions

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

	Current assets (liabilities) US\$	Revenues US\$	Expenses US\$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	(28)	8	58
2. Consórcio de Rebocadores Barra de Coqueiros	145	-	-
3. Consórcio de Rebocadores Baía de São Marcos	2,251	478	5
4. Wilson Sons Ultratug and subsidiaries	14,208	16,421	-
5. Atlantic Offshore S.A.	9,107	-	-
Other:			
6. Gouvêa Vieira Advogados	-	-	30
7. CMMR Intermediação Comercial Ltda.	-	-	134
Nine-month period ended 30 September 2016	<u>25,683</u>	<u>16,907</u>	<u>227</u>
Three-month period ended 30 September 2016	<u>11,079</u>	<u>7,553</u>	<u>93</u>
At 31 December 2015	<u>6,752</u>	<u>22,176</u>	<u>315</u>
Nine-month period ended 30 September 2015	<u>5,986</u>	<u>14,486</u>	<u>203</u>
Three-month period ended 30 September 2015	<u>8,804</u>	<u>5,829</u>	<u>53</u>

	Current assets (liabilities) R\$	Revenues R\$	Expenses R\$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	(91)	28	192
2. Consórcio de Rebocadores Barra de Coqueiros	471	-	-
3. Consórcio de Rebocadores Baía de São Marcos	7,307	1,721	18
4. Wilson Sons Ultratug and subsidiaries	46,122	56,717	-
5. Atlantic Offshore S.A.	29,562	-	-
Other:			
6. Gouvêa Vieira Advogados	-	-	105
7. CMMR Intermediação Comercial Ltda.	-	-	472
Nine-month period ended 30 September 2016	<u>83,371</u>	<u>58,466</u>	<u>787</u>
Three-month period ended 30 September 2016	<u>36,496</u>	<u>24,515</u>	<u>297</u>
At 31 December 2015	<u>26,366</u>	<u>77,399</u>	<u>831</u>
Nine-month period ended 30 September 2015	<u>23,781</u>	<u>47,698</u>	<u>628</u>
Three-month period ended 30 September 2015	<u>32,524</u>	<u>34,078</u>	<u>187</u>

1. Allink Transportes Internacionais Ltda., 50% owned by the Group and rents terminal warehousing from the Group. Allink Transportes Internacionais Ltda controls 100% of Allink Serviços e Gerenciamento de Cargas Ltda.
- 2-3. The transactions with the joint operations are disclosed as a result of proportionate amounts not eliminated on consolidation.
4. Intergroup loan with Wilson Sons Ultratug (interest - 0.3% per month with no maturity) and trade payables from Wilson, Sons Offshore and Magallanes to Wilson Sons Esateiros relate to proportionate amounts of vessel construction not eliminated on consolidation.
5. Intergroup loan with Atlantic Offshore S.A.
6. Mr. J.F. Gouvêa Vieira is a partner with the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.
7. Mr. C.M. Marote is a shareholder and director of CMMR Intermediação Comercial Ltda. Fees were paid to CMMR Intermediação Comercial Ltda. for consultancy services to the Wilson Sons towage segment.

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

27 Notes to the consolidated statement of cash flows

	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 R\$	30 September 2015 R\$
Profit before tax	99,954	41,013	350,692	126,197
Less: Finance income	(16,312)	(9,869)	(58,287)	(31,552)
Add: Exchange gain/loss on translation	(8,284)	17,075	(28,697)	56,405
Less: Share of result of joint ventures	(5,745)	(2,593)	(18,852)	(8,546)
Add: Finance costs	9,536	43,535	33,683	142,553
Operating profit from operations	79,149	89,161	278,539	285,057
Adjustments for:				
Depreciation and amortisation expenses	38,368	40,337	135,451	125,245
Gain/loss on disposal of property, plant and equipment	(608)	111	(1,873)	384
Provision for cash-settled share-based payment	2,519	2,484	8,935	7,865
Post-employment benefits	146	-	514	-
(Increase) decrease in provisions	4,249	(2,426)	13,837	(8,409)
Operating cash flows before movements in working capital	123,823	129,667	435,403	410,142
(Increase) decrease in inventories	3,298	(619)	10,740	(1,961)
(Increase) decrease in trade and other receivables	(11,889)	28,023	(40,918)	88,803
Increase in trade and other payables	(3,781)	(2,581)	(16,904)	(8,177)
(Increase) decrease in other non-current assets	(4,476)	2,631	(14,576)	8,336
Cash generated by operations	106,975	157,121	373,745	497,143
Income taxes paid	(22,517)	(14,774)	(78,890)	(45,469)
Interest paid - borrowings	(9,555)	(10,975)	(33,565)	(35,314)
Interest paid - leasing	(274)	(263)	(952)	(844)
Interest paid - others	(66)	(74)	(242)	(223)
Net cash from operating activities	74,563	131,035	260,096	415,293

Non-cash transactions:

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

	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 R\$	30 September 2015 R\$
Additions to fixed assets				
Equipment acquisition through finance leases	171	402	664	1,159
Capitalized interest	687	814	2,588	2,687
Acquisition of non controlling interest				
Reversion of debts from purchase of non controlling interest	(2,802)	-	(11,329)	-
Payables from purchase of non controlling interest	(742)	-	(3,000)	-
Taxes settlement				
Income tax compensation	3,690	(2,570)	12,017	(8,144)

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	
	30 September 2016 US\$	30 September 2015 US\$	30 September 2016 US\$	30 September 2015 US\$
Short-term employee benefits	1,333	1,435	8,551	7,256
Post-employment benefits and social charges	276	289	983	884
Stock Option	869	831	2,518	2,484
Total	2,478	2,555	12,052	10,624

	Three-month period ended		Nine-month period ended	
	30 September 2016 R\$	30 September 2015 R\$	30 September 2016 R\$	30 September 2015 R\$
Short-term employee benefits	4,331	4,268	30,323	22,381
Post-employment benefits and social charges	894	905	3,482	2,757
Stock Option	2,821	995	8,935	5,915
Total	8,046	6,168	42,740	31,053

29 Approval of the consolidated financial information

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

Directors Declaration

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