Wilson Sons Limited

Consolidated Financial Statements for the Years Ended December 31, 2007 and 2006 and Independent Auditors' Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Wilson Sons Limited
Hamilton, Bermuda

We have audited the accompanying consolidated financial statements of Wilson Sons Limited ("the Group"), which are comprised of the consolidated balance sheets as of 31 December 2007 and 2006, and the related consolidated income statements, statements of changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes all expressed in United States dollars, the presentation currency of the Group.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2007 and 2006 and the consolidated results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards, expressed in United States dollars.

International Financial Reporting Standards vary in certain significant respects from accounting practices adopted in Brazil. The application of the latter would have affected the determination of equity and financial position as of 31 December 2007 and 2006 and the determination of net income for the years then ended to the extent summarized in Note 35.

Our audits also comprehended the convenience translation of the presentation currency amounts (United States dollar) into Brazilian real amounts and, in our opinion, such convenience translation has been made in conformity with the basis stated in Note 2. The translation of the consolidated financial statement amounts into Brazilian reais has been made solely for the convenience of readers in Brazil.

DELOITTE TOUCHE TOHMATSU

Deloitte Touche Tohmatsu

Rio de Janeiro, Brazil
17 March 2008

WILSON SONS LIMITED AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

				Convenience translation	
	Notes	2007 US$000	2006 US$000	2007 R$000	2006 R$000
REVENUE	4	404,046	334,109	715,687	714,325
Raw materials and consumables used		(40,464)	(53,886)	(71,674)	(115,208)
Personnel expenses	5	(116,180)	(83,077)	(205,790)	(177,619)
Depreciation and amortization expense		(19,066)	(15,100)	(33,772)	(32,284)
Other operating expenses	6	(160,866)	(122,888)	(284,942)	(262,735)
Profit on disposal of property, plant and equipment	7	4,819	401	8,536	857
Profit on disposal of joint venture		-	2,965	-	6,339
Release of surplus on acquisition of interest in subsidiary	8	-	1,433	-	3,064
OPERATING PROFIT		72,289	63,957	128,045	136,739
Investment income	10	19,238	9,425	34,076	20,151
Result on disposal of investment	9	-	(2,822)	-	(6,033)
Finance costs	10	(7,565)	(6,414)	(13,400)	(13,713)
PROFIT BEFORE TAX		83,962	64,146	148,721	137,144
Income tax expense	11	(26,165)	(20,669)	(46,346)	(44,190)
PROFIT FOR THE YEAR		57,797	43,477	102,375	92,954
Attributable to:					
Equity holders of parent		56,151	42,671	99,460	91,231
Minority interests		1,646	806	2,916	1,723
		57,797	43,477	102,376	92,954
Earnings per share					
Basic and diluted	26	94.4c	71.8c	167.3c	153.4c

Exchange rates:
2007 – R$1.7713/ US$1.00
2006 - R$2.1380/ US$1.00

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

WILSON SONS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2007 AND 2006

				Convenience translation	
		2007	2006	2007	2006
	Notes	US$000	US$000	R$000	R$000
NON-CURRENT ASSETS					
Goodwill	12	13,132	13,132	23,261	28,076
Other intangible assets	13	2,041	2,053	3,615	4,389
Property, plant and equipment	14	252,105	175,785	446,554	375,828
Deferred tax assets	20	12,713	8,289	22,519	17,722
Available for sale investment	15	6,466	5,346	11,453	11,430
Other non-current assets		11,123	7,810	19,701	16,698
Total non-current assets		297,580	212,415	527,103	454,143
CURRENT ASSETS					
Inventories	16	7,379	7,061	13,070	15,096
Trade and other receivables	17	72,755	52,812	128,871	112,912
Cash and cash equivalents	18	197,688	54,597	350,165	116,729
Total current assets		277,822	114,470	492,106	244,737
TOTAL ASSETS		575,402	326,885	1,019,209	698,880
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	26	9,905	8,072	17,545	17,258
Capital reserves		146,334	24,577	259,201	52,546
Unrealized gain in investments		2,341	2,381	4,147	5,091
Retained earnings		141,912	97,567	251,368	208,598
Translation reserve		15,807	8,573	27,999	18,329
Equity attributable to equity holders of the parent		316,299	141,170	560,260	301,822
Minority interests		5,254	3,830	9,306	8,189
Total equity		321,553	145,000	569,566	310,011
NON-CURRENT LIABILITIES					
Bank loans	19	134,744	95,216	238,672	203,572
Deferred tax liabilities	20	10,807	9,089	19,142	19,432
Provisions	21	12,484	5,913	22,113	12,640
Obligations under finance leases	22	1,441	1,098	2,552	2,348
Total non-current liabilities		159,476	111,316	282,479	237,992
CURRENT LIABILITIES					
Trade and other payables	23	78,042	52,505	138,236	112,256
Current tax liabilities		742	1,756	1,315	3,754
Obligations under finance leases	22	869	581	1,539	1,242
Bank overdrafts and loans	19	14,720	14,945	26,074	31,952
Derivative financial instruments	24	-	782	-	1,673
Total current liabilities		94,373	70,569	167,164	150,877
Total liabilities		253,849	181,885	449,643	388,869
TOTAL EQUITY AND LIABILITIES		575,402	326,885	1,019,209	698,880

Exchange rates:
2007 – R$1.7713/ US$1.00
2006 - R$2.1380/ US$1.00

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

WILSON SONS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

	Note	Share capital US$000	Capital reserves Share premium US$000	Others US$000	Unrealized gain in investments US$000	Retained earnings US$000	Currency translation Reserve US$000	Attributable to equity holders of the parent US$000	Minority interests US$000	Total US$000
BALANCE AT JANUARY 1, 2006		8,072	-	22,546	1,856	65,190	6,576	104,240	1,313	105,553
Gains on available for sale investment		-	-	-	525	-	-	525	-	525
Currency translation adjustment		-	-	-	-	-	1,997	1,997	187	2,184
Profit for the year		-	-	-	-	42,671	-	42,671	806	43,477
Total income and expenses for the year		-	-	-	525	42,671	1,997	45,193	993	46,186
Increase in minority interest		-	-	-	-	-	-	-	1,524	1,524
Dividends	26	-	-	-	-	(8,263)	-	(8,263)	-	(8,263)
Transfer to capital reserves		-	-	2,031	-	(2,031)	-	-	-	-
BALANCE AT DECEMBER 31, 2006	26	8,072	-	24,577	2,381	97,567	8,573	141,170	3,830	145,000
Gains on available for sale investment		-	-	-	(40)	-	-	(40)	-	(40)
Currency translation adjustment		-	-	-	-	-	7,234	7,234	655	7,889
Profit for the year		-	-	-	-	56,151	-	56,151	1,646	57,797
Total income and expenses for the year		-	-	-	(40)	56,151	7,234	63,345	2,301	65,646
Transfer to capital reserves				3,806		(3,806)		-	-	-
Subscription to capital on IPO with premium arising on the issue of shares		1,833	117,951	-	-	-	-	119,784	-	119,784
Dividends	26	-	-	-	-	(8,000)	-	(8,000)	(877)	(8,877)
BALANCE AT DECEMBER 31, 2007	26	9,905	117,951	28,383	2,341	141,912	15,807	316,299	5,254	321,553

(continues)

Exchange rates:
2007 – R$1.7713/ US$1.00
2006 - R$2.1380/ US$1.00

WILSON SONS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

		Convenience translation								
		Share capital R$000	Capital Reserves Share Premium R$000	Capital Reserves Others R$000	Unrealized gain in investments R$000	Retained earnings R$000	Currency translation reserve R$000	Attributable to equity to equity holders of the parent R$000	Minority interests R$000	Total R$000
BALANCE AT JANUARY 1, 2006		18,894	-	52,773	4,345	152,590	15,393	243,995	3,073	247,068
Gains on available for sale investment			-	-	1,122	-	-	1,122	-	1,122
Currency translation adjustment			-	-	-	-	4,270	4,270	400	4,670
Profit for the year		-	-	-	-	91,231	-	91,231	1,723	92,954
Total income and expenses for the year			-	-	1,122	91,231	4,270	96,623	2,123	98,746
Increase in minority interest								-	3,258	3,258
Dividends	26		-	-	-	(17,666)	-	(17,666)	-	(17,666)
Transfer to capital reserves			-	4,342	-	(4,342)	-	-	-	-
Translation adjustment to Real		(1,636)	-	(4,569)	(376)	(13,215)	(1,334)	(21,130)	(265)	(21,395)
BALANCE AT DECEMBER 31, 2006	26	17,258	-	52,546	5,091	208,598	18,329	301,822	8,189	310,011
Gains on available for sale investment			-	-	(71)	-	-	(71)	-	(71)
Currency translation adjustment			-	-	-	-	12,814	12,814	1,158	13,972
Profit for the year		-	-	-	-	99,460	-	99,460	2,916	102,376
Total income and expenses for the year			-	-	(71)	99,460	12,814	112,203	4,074	116,277
Transfer to capital reserves			-	6,742	-	(6,742)	-	-	-	-
Subscription to capital on IPO with premium arising on the issue of shares		3,247	208,925	-	-	-	-	212,172	-	212,172
Dividends	26		-	-	-	(14,170)	-	(14,170)	(1,553)	(15,723)
Translation adjustment to Real		(2,960)	-	(9,012)	(873)	(35,778)	(3,144)	(51,767)	(1,404)	(53,171)
BALANCE AT DECEMBER 31, 2006	26	17,545	208,925	50,276	4,147	251,368	27,999	560,260	9,306	569,566

Exchange rates:
2007 – R$1.7713/ US$1.00
2006 - R$2.1380/ US$1.00

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

WILSON SONS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

		Unaudited			
				Convenience translation	
		2007	2006	2007	2006
	Notes	US$000	US$000	R$000	R$000
NET CASH FROM OPERATING ACTIVITIES	32	58,364	43,099	103,380	92,148
INVESTING ACTIVITIES					
Interest received		11,398	5,706	20,190	12,200
Proceeds on disposal of property, plant and equipment		8,700	2,110	15,410	4,511
Purchases of property, plant and equipment		(92,583)	(42,873)	(163,995)	(91,662)
Net cash inflow arising on disposal of joint venture and associate		-	3,464	-	7,406
Net cash inflow arising from acquisition of subsidiary		-	1,723	-	3,684
Net cash used in investing activities		(72,485)	(29,870)	(128,395)	(63,861)
FINANCING ACTIVITIES					
Subscription to capital (IPO)		119,784	-	212,172	-
Dividends paid		(8,000)	(7,577)	(14,170)	(16,200)
Repayments of borrowings		(22,590)	(16,099)	(40,014)	(34,420)
Repayments of obligations under finance leases		(633)	(3,421)	(1,119)	(7,314)
New bank loans raised		54,882	20,955	97,212	44,802
Increase in bank overdrafts		5,927	640	10,500	1,366
Net cash generated by (used in) financing activities		149,370	(5,502)	264,581	(11,766)
NET INCREASE IN CASH AND CASH EQUIVALENTS		135,249	7,727	239,566	16,521
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		54,597	43,152	116,729	101,006
Effect of foreign exchange rate changes		7,842	3,718	13,891	7,949
Translation adjustment to Real		-	-	(20,021)	(8,747)
CASH AND CASH EQUIVALENTS AT END OF YEAR		197,688	54,597	350,165	116,729

Exchange rates:
2007 – R$1.7713/ US$1.00
2006 - R$2.1380/ US$1.00

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

1. GENERAL INFORMATION

Wilson Sons Limited (the "Group" or "Company") is a 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. Throughout our 170 years in the Brazilian market, we have developed an extensive national network and provide a variety of services related international trade, particularly in the port and maritime sectors. Our principal activities are divided into the following segments: operation of port terminals, towage services, logistics, shipping assistance and support to offshore oil and natural gas platforms.

These financial statements are presented in US Dollars 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 policies.

2. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and share based payments liability.

New Standards and Interpretations effective in the current period

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital (see note 30).

Four Interpretations issued by the International Financial Reporting Interpretations Committee - IFRIC are effective for the current period. These are: IFRIC 7 - Applying the Restatement Approach under IAS 29 (Financial Reporting in Hyperinflationary Economies); IFRIC 8 - Scope of IFRS 2; IFRIC 9 - Reassessment of Embedded Derivatives; and IFRIC 10 - Interim Financial Reporting and Impairment. The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

At the date of authorization of these financial statements, the following Standards and Interpretations which have not been applied in these Financial Statements were in issue but not yet effective:

- IFRS 8 *Operating Segments* (effective for accounting periods beginning on or after 1 January 2009); and
- IFRIC 11 IFRS 2: *Group and Treasury Share Transactions* (effective for annual periods beginning on after 1 March 2007);and
- IFRIC 12 *Service Concession Arrangements* (effective for annual periods beginning on or after 1 January 2008); and
- IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after 1 January 2008).

The directors anticipate that all of the above Standards and Interpretations will be adopted in the Group's financial statements for the period in which they are effective and that the adoption of those Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards

Convenience translation

The financial statements were originally prepared in US Dollars, and also have been translated into the Real, the Brazilian currency. The exchange rates used for the purposes of this convenience translation were the PTAX exchange rates ruling as at the closing dates of the consolidated financial statements, as published by the Brazilian Central Bank. On 31 December 2007 and 2006 the applicable exchange rates were R$1.7713 and R$2.1380, respectively. The difference between the applicable exchanges rates, on each of the closing dates, generates impacts of translation on the beginning balances of the financial statements and on the changes therein through the subsequent year end. The effect of this difference was disclosed in the Brazilian Currency (Real) Consolidated Statement of Changes in Equity and respective notes as "Translation adjustment to Real". This convenience translation to the Real was carried out with the sole objective of providing the user of the financial statements a view of the numbers in the currency of the country in which the Group carries out its operations.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Foreign currency

The functional currency for each Group entity is determined as the currency of the primary economic environment in which it operates. Transactions other than those in the functional currency of the entity are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity.

On consolidation, the income statement items of entities with a functional currency other than US Dollars are translated into US Dollars, the Group's presentational currency, at average rates of exchange. Balance sheet items are translated into US Dollars at year end exchange rates. Exchange differences arising on consolidation of entities with functional currencies other than US Dollars are classified as equity and are recognized in the Group's translation reserve.

Equity in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the relevant entity and classified according to their nature.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interests in the joint venture.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Taxation

Tax expense for the year comprises current tax and deferred tax.

Current tax is based on assessable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences (i.e. differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit). Deferred tax is accounted for using the balance sheet liability method and is provided on all temporary differences with certain limited exceptions as follows. Deferred tax is not provided:

- In respect of tax payable on undistributed earnings of subsidiaries, associates and joint ventures where the Group is able to control the remittance of profits and it is probable that there will be no remittance of past profits earned in the foreseeable future;
- On the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; nor is deferred tax provided on subsequent changes in the carrying value of such assets and liabilities, for example where they are depreciated; and
- On the initial recognition of any goodwill.

Deferred tax assets are recognized only to the extent that it is probable that they will be recovered through sufficient future taxable profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

A company will normally have a legally enforceable right to set off a deferred tax asset against a deferred tax liability when they relate to income taxes levied by the same taxation authority and the taxation authority permits the company to make or receive a single net payment. In the consolidated financial statements, a deferred tax asset of one entity in the Group cannot be offset against a deferred tax liability of another entity in the Group as there is no legally enforceable right to offset tax assets and liabilities between Group companies.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and assets under construction, over their estimated useful lives, using the straight-line method as follows.

Freehold Buildings:	25 years
Leasehold Buildings:	Period of the lease
Floating Craft:	20 years
Vehicles:	5 years
Plant and Equipment:	5 to 20 years

Assets in the course of construction are carried at cost, less any recognized impairment loss. Costs include professional fees for qualifying assets. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for intended use.

Borrowing costs are not capitalized but are expensed in the period in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Docking costs are capitalized and depreciated over the period in which the economic benefits are received.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Where a change in the percentage of interests in a controlled entity do not result in a change of control, goodwill is calculated as the difference between the consideration paid for the additional interest and the book value of the net assets in the subsidiary at the time of the transaction.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and expected changes to selling prices and costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value money and the risks specific to the cash generating unit. Growth rates are based on management's forecasts and historical trends. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Impairment of tangible and other intangible assets

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labors costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Share-based payments

The Group has applied the requirements of IFRS 2 Share Based Payment. Cash settled long-term incentive plans are measured at fair value at the balance sheet date. A liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date. Any increase or decrease in the liability is recognised in the income statement.

Fair value is measured by use of a binomial model. The fair value calculated by the model has been adjusted, based on management's best estimate, for the effects of behavioural considerations.

Revenue

Revenue is measured at fair value and represents amounts receivable for goods and services provided in the normal course of business net of trade discounts and other sales related taxes. If the Group is acting solely as an agent, amounts billed to customers are offset against relevant costs.

Revenue from construction contracts is recognized in accordance with the Group's accounting policy on construction contracts (see above).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders rights to receive payment have been established.

Operating profit

Operating profit is stated before investment income, finance costs and income tax.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease, or if lower the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under finance leases are charged to income on a straight-line basis over the term of the relevant lease.

Financial instruments

1. Financial Assets

   Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value trough profit or loss, which are initially measured at fair value.

   Financial assets are classified into the following specified categories: financial assets at "fair value through profit or loss" (FVTPL), "held to maturity" investments, "available for sale" (AFS) financial assets and "other financial assets". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

   The Group does not have any financial assets classified as at FVTPL and "held to maturity" on 31 December 2007.

   The accounting policies related with the financial assets of the group are described below:

   Available for sale financial assets

   - Available for sale investments: For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

Other financial assets

- Cash and Cash Equivalents: Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These short-term investment comprise quotas of investments funds, bank deposit certificates and committed operations acquired for the Group principally for the purpose of selling in the near term. These investments are stated at fair value, with any resultant gain or loss recognized in profit or loss.

- Trade Receivables: Trade receivables and other amounts receivable are stated at the fair value of the amounts due, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognized in the income statement.

2. Financial Liabilities

Financial liabilities are classified as either financial liabilities "as FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in the profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability, fair value is determined in manner described in note 30.

Other financial liabilities are measured at fair value, net of transaction cost. Other financial liabilities are subsequently measured at amortization cost, using the effective interest method, with interest expense recognized on an effective yield basis.

The accounting policies related with the financial liabilities of the group are described below:

Financial liabilities at FVTPL:

- Derivatives: The Group may use derivative financial instruments to reduce exposure to foreign exchange movements. Derivatives are measured at each balance sheet date at fair value. The Group does not have "hedge accounting" and the gains and losses arising from changes in fair value are included in the income statement for the period within investment revenue or finance costs. The Group does not have any outstanding derivatives on 31 December 2007.

  Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with gains or losses reported in the income statement. The Group does not have embedded derivatives on 31 December 2007 and 2006.

Other financial liabilities

- Bank Borrowings: Interest-bearing bank loans, overdrafts and obligations under finance leases are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

- Trade Payables: Trade receivables and other amounts receivable are measured at fair value, net of transaction cost.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the process of applying the Group's accounting policies, which are described above, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements.

Legal cases

In the normal course of business in Brazil, the Group is exposed to local legal cases. Provisions for legal cases are made when the Group's management, together with their legal advisors, consider the probable outcome is a financial settlement against the Group. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation based upon legal advice received. For labor claims the provision is based on prior experience and managements' best knowledge of the relevant facts and circumstances.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was US$13.1 million (R$23.2 million). Details of the impairment loss calculation are provided in note 12.

Fair value of derivatives and other financial instruments

As described in Note 30, the Company may use derivatives contracts to manage foreign currency risk. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

Cash settled share based payment schemes

The fair value of cash settled share based payments is determined using a binomial model. The assumptions used in determining this fair value include the life of the options, share price volatility, dividend yield and risk free rate. Expected volatility is determined by calculating the volatility of the Group's share price over a historical period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of behavioual considerations. Expected dividend yield are based on the Groups dividend policy. In determining the risk free rate the Group utilises the yield on a zero coupon goverment bond in the currency in which the excercise price is expressed. Forfeiture rates are applied and historical distributions to fair valuations in computing the share based payment charge. The Group uses forfeiture rates in line with management's best estimate of the percentage of awards which will be forfeited, based on the proportion of award holders expected to leave the Group.

Any changes in these assumptions will impact the carrying amount of cash settled share based payments liabilities.

Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, other than land and assets under construction, over their estimated useful lives, using the straight-line method. Estimated useful lives are determined based on prior experience and managements' best knowledge.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organized into six operating activities; Towage, port terminals, ship agency, offshore, logistics and non segmented activities. These divisions are the basis on which the Group reports its primary segment information.

Segment information relating to these businesses is presented below.

	2007							
	Towage Year ended US$	Port terminals Year ended US$	Ship agency Year ended US$	Offshore Year ended US$	Logistics Year ended US$	Non segment activities Year ended US$	Elimination Year ended US$	Consolidated Year ended US$
Revenue	146,838	148,995	20,392	10,710	69,052	8,059		404,046
Intersegment sales	-	-	-	-	-	66,949	(66,949)	-
	146,838	148,995	20,392	10,710	69,052	75,008	(66,949)	404,046
Result								
Operating profit	47,201	42,840	4,155	1,841	4,568	(28,316)	-	72,289
Intersegment operating profit	-	-	-	-	-	4,033	(4,033)	-
	47,201	42,840	4,155	1,841	4,568	(24,283)	(4,033)	72,289
Investment income	-	-	-	-	-	19,238	-	19,238
Finance costs	(2,752)	(2,464)	(23)	(1,313)	(412)	(601)	-	(7,565)
Profit before tax	44,449	40,376	4,132	528	4,156	(5,646)	(4,033)	83,962
Income tax								(26,165)
Profit for the year								57,797
Other information								
Capital expenditures	(21,082)	(26,266)	(849)	(41,965)	(1,582)	(839)	-	(92,583)
Depreciation and amortization	(6,480)	(6,724)	(348)	(2,618)	(714)	(2,182)	-	(19,066)
Balance Sheet								
Assets								
Segment assets	121,422	171,027	5,682	77,417	18,289	181,565	-	575,402
Liabilities								
Segment liabilities	(72,072)	(57,439)	(6,774)	(73,904)	(9,307)	(34,353)	-	(253,849)

2006

	Towage Year ended US$	Port terminals Year ended US$	Ship agency Year ended US$	Offshore Year ended US$	Logistics Year ended US$	Non segmented activities Year ended US$	Elimination Year ended US$	Consolidated Year ended US$
Revenue	118,817	127,436	17,778	8,356	49,250	12,472		334,109
Intersegment sales	-	-	-	-	-	18,489	(18,489)	-
	118,817	127,436	17,778	8,356	49,250	30,961	(18,489)	334,109
Result								
Operating profit	31,363	39,391	8,499	1,102	4,186	(20,584)	-	63,957
Intersegment operating profit	-	-	-	-	-	313	(313)	-
	31,363	39,391	8,499	1,102	4,186	(20,271)	(313)	63,957
Investment income	-	-	-	-	-	9,425	-	9,425
Loss on disposal of investments	-	-	-	-	-	(2,822)	-	(2,822)
Finance costs	(2,152)	(1,231)	-	(919)	(200)	(1,912)	-	(6,414)
Profit before tax	29,211	38,160	8,499	183	3,986	(15,580)	(313)	64,146
Income tax								(20,669)
Profit for the year								43,477
Other information								
Capital expenditures	(7,848)	(14,221)	(519)	(15,680)	(1,143)	(3,462)	-	(42,873)
Depreciation and amortization	(5,498)	(5,430)	(573)	(2,138)	(715)	(746)	-	(15,100)
Balance Sheet								
Assets								
Segment assets	103,133	132,893	8,158	43,063	11,173	28,465	-	326,885
Liabilities								
Segment liabilities	(63,886)	(46,268)	(7,434)	(42,039)	(3,548)	(18,710)	-	(181,885)

2007

	Towage Year ended R$	Port terminals Year ended R$	Ship agency Year ended R$	Offshore Year ended R$	Logistics Year ended R$	Non segmented activities Year ended R$	Elimination Year ended R$	Consolidated Year ended R$
Revenue	260,094	263,915	36,120	18,971	122,312	14,275		715,687
Intersegment sales	-	-	-	-	-	118,587	(118,587)	-
	260,094	263,915	36,120	18,971	122,312	132,862	(118,587)	715,687
Result								
Operating profit	83,607	75,882	7,360	3,261	8,091	(50,156)	-	128,045
Intersegment operating profit	-	-	-	-	-	7,144	(7,144)	-
	83,607	75,882	7,360	3,261	8,091	(43,012)	(7,144)	128,045
Investment income	-	-	-	-	-	34,076	-	34,076
Finance costs	(4,875)	(4,364)	(41)	(2,326)	(730)	(1,064)	-	(13,400)
Profit before tax	78,732	71,518	7,319	1,295	7,361	(10,000)	(7,144)	148,721
Income tax								(46,346)
Profit for the year								102,375
Other information								
Capital expenditures	(37,343)	(46,525)	(1,504)	(74,337)	(2,802)	(1,484)	-	(163,995)
Depreciation and amortization	(11,478)	(11,910)	(616)	(4,637)	(1,265)	(3,866)	-	(33,772)
Balance Sheet								
Assets								
Segment assets	215,075	302,940	10,065	137,129	32,395	321,605	-	1,019,209
Liabilities								
Segment liabilities	(127,661)	(101,743)	(11,999)	(130,906)	(16,485)	(60,849)	-	(449,643)

2006								
	Towage Year ended R$	Port terminals Year ended R$	Ship agency Year ended R$	Offshore Year ended R$	Logistics Year ended R$	Non segmented activities Year ended R$	Elimination Year ended R$	Consolidated Year ended R$
Revenue	254,031	272,458	38,009	17,865	105,297	26,665		714,325
Intersegment sales	-	-	-	-	-	39,529	(39,529)	-
	254,031	272,458	38,009	17,865	105,297	66,194	(39,529)	714,325
Result								
Operating profit	67,054	84,218	18,171	2,356	8,949	(44,009)	-	136,739
Intersegment Operating profit	-	-	-	-	-	669	(669)	-
	67,054	84,218	18,171	2,356	8,949	(43,340)	(669)	136,739
Investment income	-	-	-	-	-	20,151	-	20,151
Loss on disposal of investment	-	-	-	-	-	(6,033)	-	(6,033)
Finance costs	(4,601)	(2,632)	-	(1,965)	(427)	(4,088)	-	(13,713)
Profit before tax	62,453	81,586	18,171	391	8,522	(33,310)	(669)	137,144
Income tax								(44,190)
Profit for the year								92,954
Other information								
Capital expenditures	(16,779)	(30,403)	(1,110)	(33,524)	(2,444)	(7,402)	-	(91,662)
Depreciation and amortization	(11,755)	(11,609)	(1,225)	(4,571)	(1,529)	(1,595)	-	(32,284)
Balance Sheet								
Assets								
Segment assets	220,499	284,125	17,442	92,069	23,888	60,857	-	698,880
Unallocated corporate assets								
Liabilities								
Segment liabilities	(136,588)	(98,921)	(15,894)	(89,879)	(7,586)	(40,001)	-	(388,869)

Financial expenses and respective liabilities were allocated to reporting segments where interest arises from loans used to finance the construction of fixed assets in that segment.

Financial income arising from bank balances held in Brazilian operating segments, including foreign exchange variation on such balances, were not allocated to the business segments as cash management is performed centrally by the corporate function.

Geographical Segments

The Group's operations are located in Brazil. All the Group's sales are derived in Brazil. The Group earns income on Cash and Cash Equivalents invested in Bermuda and incurs expenses on its activities in that country.

4. REVENUE

An analysis of the Group's revenue is as follows:

	2007 US$	2006 US$	2007 R$	2006 R$
Sales of services	400,570	332,764	709,530	711,449
Revenue from construction contracts	3,476	1,345	6,157	2,876
	404,046	334,109	715,687	714,325
Investment income	19,238	9,425	34,076	20,151
Total	423,284	343,534	749,763	734,476

5. PERSONNEL EXPENSES

	2007 US$	2006 US$	2007 R$	2006 R$
Salaries and benefits	90,176	64,537	159,729	137,981
Social securities and charges	21,677	17,704	38,396	37,851
Pension costs	1,729	836	3,063	1,787
Long term incentive plan (note 25)	2,598	-	4,602	-
Total	116,180	83,077	205,790	177,619

Pension's costs are for defined contribution retirement benefit schemes for all qualifying employees of its Brazilian business. Group contributions to the scheme are at rates specified in the rules of the plan. The assets of the scheme are held separately from those of the Group in funds under the control of independent managers.

6. OTHER OPERATING EXPENSES

	2007 US$	2006 US$	2007 R$	2006 R$
Service cost	48,082	54,404	85,168	116,313
Rent of tugs	26,666	20,655	47,234	44,162
Freight	29,062	6,705	51,478	14,335
Other rentals	12,057	8,262	21,357	17,664
Utilities	10,362	8,675	18,354	18,548
Container movement	9,065	7,973	16,057	17,046
Insurance	5,338	5,041	9,455	10,778
Maintenance	7,063	7,005	12,510	14,976
Provision for contingencies	6,094	1,091	10,794	2,333
Provision for doubtful receivables	2,911	573	5,156	1,226
Other expenses	4,166	2,504	7,379	5,354
Total	160,866	122,888	284,942	262,735

7. PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

In December 2007, the Joint Venture Dragaport Ltda., in which the Group has a shareholding of 33.33%, disposed of its Dredgers to Great Lakes Dredge & Dock Company, LLC for US$25,665 (R$45,460). The Group booked its share of the revenue at US$8,555 (R$15,153), against the cost of these assets of US$5,162 (R$9,143). The disposal was intended to meet the strategic objective of optimizing the operations of the Group. The gain on other disposals of property, plant and equipment was reported in the amount of US$1,426 (R$2,526).

8. ACQUISITION AND DISPOSAL OF SUBSIDIARY AND JOINT VENTURES

Acquisition of subsidiary

In March 2006, the Group acquired from third parties the outstanding 60% shareholding of its then 40% owned affiliated onshore base manager and logistics business Brasco Logística Offshore Ltda. The consideration paid was US$1.2 million (R$2.6 million). Immediately following this acquisition, the Group sold an interest of 25% in this Company for a consideration of US$0.5 million (R$1.1 million). The excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition of US$1.4 million (R$3.1 million) was recognized in the income statement. Prior to this reorganization the Group's interest in the acquired entity had been proportionately consolidated.

Disposal of joint venture

On April 7, 2006, the Group sold its 50% shareholding in WR Operadores Portuários for US$4.2 million (R$8.1 million).

9. LOSS ON DISPOSAL OF INVESTMENT

The loss on disposal of investments in the amount of US$2,822 (R$6,033) relates to the write-off in 2006 of an accounts receivable by Wilson Sons Limited from Ocean Wilsons Investments Limited.

10. INVESTMENT INCOME AND FINANCE COSTS

	2007 US$	2006 US$	2007 R$	2006 R$
Interest on investments	11,396	5,707	20,185	12,202
Exchange gain on investments	7,842	3,718	13,891	7,949
Total investment income	19,238	9,425	34,076	20,151
Interest on bank loans and overdrafts	(6,415)	(5,467)	(11,363)	(11,689)
Exchange gain on loans	1,075	792	1,904	1,693
Interest on obligations under finance leases	(313)	(489)	(555)	(1,045)
(Losses) with derivatives - book value	(412)	(1,243)	(729)	(2,657)
Gains from adjustments to fair value – derivatives	-	18	-	38
Other interest	(1,500)	(25)	(2,657)	(53)
Total finance costs	(7,565)	(6,414)	(13,400)	(13,713)

11. INCOME TAX

	2007 US$	2006 US$	2007 R$	2006 R$
Current				
Brazilian taxation				
Corporation tax	21,700	14,621	38,437	31,260
Social contribution	8,055	5,942	14,268	12,704
Total Brazilian current tax	29,755	20,563	52,705	43,964
Deferred tax				
Charge for the year in respect of deferred tax liabilities	11,760	2,382	20,831	5,092
Credit for the year in respect of deferred tax assets	(15,350)	(2,276)	(27,190)	(4,866)
Total deferred tax	(3,590)	106	(6,359)	226
Total income tax	26,165	20,669	46,346	43,964

Brazilian corporation tax is calculated at 25 percent of the taxable profit for the year.

Brazilian social contribution tax is calculated at 9 percent of the taxable profit for the year.

The charge for the year is reconciled to the profit per the income statement as follows:

	2007 US$	2006 US$	2007 R$	2006 R$
Profit before tax	83,962	64,146	148,721	137,144
Tax at the standard Brazilian tax rate of 34% (2007/2006 – 34%)	28,547	21,810	50,570	46,629
Tax effect of expenses/income that are not included in determining taxable profit	1,574	(1,921)	2,783	(4,333)
Effect of different tax rates in other jurisdictions	(3,956)	780	(7,007)	1,668
Income tax expense	26,165	20,669	46,346	44,190
Effective rate for the year	31%	32%	31%	32%

The Group earns its profits primarily in Brazil. Therefore the tax rate used for tax on profit on ordinary activities is the standard composite rate of the Corporation Tax and Social Contribution in Brazil of 34%.

12. GOODWILL

	2007 US$	2006 US$	2007 R$	2006 R$
Cost and carrying amount attributed to Tecon Rio Grande	13,132	13,132	23,261	28,076

For the purposes of testing goodwill for impairment the Group prepares cash flow forecasts for the relevant cash generating unit (Tecon Rio Grande) derived from the most recent financial budget for the next year and extrapolates cash flows for the remaining life of the concession based on an estimated annual growth of between 7% and 9% per cent. This rate does not exceed the average long-term historical growth rate for the relevant market.

13. OTHER INTANGIBLE ASSETS

	US$	R$
Cost		
At 1 January 2006	2,971	6,954
Exchange differences	50	107
Translation adjustment to Real	-	(602)
At 31 December 2006	3,021	6,459
Exchange differences	359	634
Translation adjustment to Real	-	(1,106)
At 31 December 2007	3,380	5,987
Amortization		
At 1 January 2006	683	1,599
Charge for the year	278	594
Exchange differences	7	15
Translation adjustment to Real	-	(138)
At 31 December 2006	968	2,070
Charge for the year	315	559
Exchange differences	56	97
Translation adjustment to Real	-	(354)
At 31 December 2007	1,339	2,372
Carrying amount		
31 December 2007	2,041	3,615
31 December 2006	2,053	4,389

Intangible assets arose from the acquisition of the concession of the container and heavy cargo terminal in Salvador, Tecon Salvador, in 2000 and the purchase of the remaining 50% rights of the concession for EADI Santo Andre (bonded warehouse).

Intangible assets are amortized over the remaining terms of the concessions at the time of acquisition which, for Tecon Salvador, is 25 years, and for EADI Santo Andre is 5 years.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$	Floating craft US$	Vehicles, plant and equipment US$	Assets under construction US$	Total US$
Cost or valuation					
At 1 January 2006	30,424	108,921	79,576	11,072	229,993
Additions	11,493	5,358	7,150	18,872	42,873
Acquisition of subsidiary	-	-	1,962	-	1,962
Disposal of joint venture's fixed assets	-	-	(2,186)	-	(2,186)
Transfers	-	12,617	-	(12,617)	-
Exchange differences	1,434	665	1,799	-	3,898
Disposals	(369)	(1,202)	(1,559)	-	(3,130)
At 31 December 2006	42,982	126,359	86,742	17,327	273,410
Additions	7,989	1,929	23,046	59,619	92,583
Transfers	11,866	31,051	(11,866)	(31,051)	-
Exchange differences	3,915	1,806	4,876	-	10,597
Disposals	(198)	(7,261)	(2,935)	-	(10,394)
At 31 December 2007	66,554	153,884	99,862	45,896	366,196
Accumulated depreciation					
At 1 January 2006	7,698	50,298	24,347	-	82,343
Charge for the year	1,829	7,700	5,293	-	14,822
Acquisition of subsidiary	-	-	1,140	-	1,140
Disposal of subsidiary	-	-	(886)	-	(886)
Exchange differences	127	348	1,152	-	1,627
Disposals	(162)	(281)	(978)	-	(1,421)
At 31 December 2006	9,492	58,065	30,068	-	97,625
Charge for the year	2,364	9,820	6,567	-	18,751
Transfers	3,271	-	(3,271)	-	-
Exchange differences	1,880	803	1,545	-	4,228
Disposals	(133)	(4,367)	(2,013)	-	(6,513)
At 31 December 2007	16,874	64,321	32,896	-	114,091
Carrying amount					
31 December 2007	49,680	89,563	66,966	45,896	252,105
31 December 2006	33,490	68,294	56,674	17,327	175,785

	Land and buildings R$	Floating craft R$	Vehicles, plant and equipment R$	Assets under construction R$	Total R$
Cost or valuation					
At 1 January 2006	71,213	254,952	186,263	25,916	538,344
Additions	24,572	11,455	15,287	40,348	91,662
Acquisition of subsidiary	-	-	4,195	-	4,195
Disposal of joint venture	-	-	(4,674)	-	(4,674)
Transfers	-	26,975	-	(26,975)	-
Exchange differences	3,066	1,422	3,846	-	8,334
Disposals	(789)	(2,570)	(3,333)	-	(6,692)
Translation adjustment to Real	(6,167)	(22,078)	(16,130)	(2,244)	(46,619)
At 31 December 2006	91,895	270,156	185,454	37,045	584,550
Additions	14,151	3,417	40,821	105,606	163,995
Transfers	21,018	55,001	(21,018)	(55,001)	-
Exchange differences	6,935	3,199	8,635	-	18,769
Disposals	(351)	(12,861)	(5,199)	-	(18,411)
Translation adjustment to Real	(15,761)	(46,337)	(31,808)	(6,353)	(100,259)
At 31 December 2007	117,887	272,575	176,885	81,297	648,644
Accumulated depreciation					
At 1 January 2006	18,019	117,732	56,989	-	192,740
Charge for the year	3,910	16,463	11,316	-	31,689
Acquisition of subsidiary	-	-	2,437	-	2,437
Disposal of subsidiary	-	-	(1,894)	-	(1,894)
Exchange differences	272	744	2,463	-	3,479
Disposals	(346)	(601)	(2,091)	-	(3,038)
Translation adjustment to Real	(1,561)	(10,195)	(4,935)	-	(16,691)
At 31 December 2006	20,294	124,143	64,285	-	208,722
Charge for the year	4,187	17,394	11,632		33,213
Transfers	5,794	-	(5,794)		-
Exchange differences	3,330	1,422	2,737	-	7,489
Disposals	(236)	(7,735)	(3,566)	-	(11,537)
Translation adjustment to Real	(3,480)	(21,292)	(11,025)	-	(35,797)
At 31 December 2007	29,889	113,932	58,269	-	202,090
31 December 2007	87,998	158,643	118,616	81,297	446,554
31 December 2006	71,601	146,013	121,169	37,045	375,828

The carrying amount of the Group's vehicles, plant and equipment includes an amount of US$9.9 million (R$17.5 million) (2006: US$5.6 million (R$12.0 million)) in respect of assets held under finance leases.

Land and buildings with a net book value of US$303 (R$537) (2006: US$294 (R$ 629)) and tugs with a net book value of US$3,287 million (R$5,822) (2006: US$3,500 (R$7,484)) have been given in guarantee of various legal processes.

The Group has pledged assets having a carrying amount of approximately US$38.6 million (R$68.3 million) (2006: US$40.6 million (R$86.8 million)) to secure loans granted to the Group.

At 31 December 2007, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting US$16.2 million (R$28.7 million) (2006: US$2.2 million (R$4.7 million)). This figure comprises principally assets under construction at Tecon Rio Grande.

15. AVAILABLE FOR SALE INVESTMENTS

	2007 US$	2006 US$	2007 R$	2006 R$
Fair value	6,466	5,346	11,453	11,430

The available for sale investment is the Group's investment in Barcas S.A Transportes Marítimos.

16. INVENTORIES

	2007 US$	2006 US$	2007 R$	2006 R$
Operating materials	5,066	7,061	8,973	15,096
Raw materials for construction contracts (external customers)	2,313	-	4,097	-
Total	7,379	7,061	13,070	15,096

17. TRADE AND OTHER RECEIVABLES

	2007 US$	2006 US$	2007 R$	2006 R$
Accounts receivable for services rendered	43,043	28,614	76,242	61,177
Provision for doubtful receivables	(4,208)	(933)	(7,454)	(1,995)
Income Tax recoverable	2,383	1,304	4,221	2,788
Prepayments and recoverable taxes and levies	31,537	23,827	55,862	50,942
Total	72,755	52,812	128,871	112,912

The average credit period taken on services ranges from zero to 30 days (2006:30 days).

Interest of 1 percent per month plus an average fine of 2 percent per month is charged on overdue balances.

The aging list of accounts receivable for services rendered are shown below as follows:

	2007 US$	2006 US$	2007 R$	2006 R$
From 0 to 30 days	37,110	23,123	65,733	49,439
From 31 to 90 days	467	1,459	827	3,119
From 91 to 180 days	1,258	3,099	2,228	6,624
More than 180 days	4,208	933	7,454	1,995
Total	43,043	28,614	76,242	61,177

Within the range from 0 to 30 days there is US$4,353(R$7,711) overdue on 31 December 2007 (US$3,602 (R$7,702) on 31 December 2006).

A provision for doubtful receivables was recognized decreasing the amount of accounts receivable. The valuation provision is established whenever a loss is detected, which, based on past experience, for accounts receivable overdue more than 180 days.

Movement in the allowance for doubtful debts:

	US$	R$
At 1 January 2006	537	1,257
Increase in allowance	573	1,226
Exchange difference	(177)	(379)
Translation adjustment to Real	-	(109)
At 31 December 2006	933	1,995
Amounts written off during the year	(344)	(610)
Increase in allowance	3,255	5,766
Exchange difference	364	644
Translation adjustment to Real	-	(342)
At 31 December 2007	4,208	7,453

The directors believe that no further credit provision is required for the allowance for doubtful debts.

As a matter of routine, the Group reviews taxes and levies impacting its businesses with a view to ensuring that payments of such amounts are correctly made and that no amounts are paid unnecessarily. In this process, where it is confirmed that taxes and/or levies have been overpaid, the Group takes appropriate measures to recover such amounts. During the year ended 31 December 2007, the Group received a response to a consultation to tax officials confirming the exemption of certain transactions to taxes which the Group had been paying through that date. This response permits the Group to recoup such amounts paid in the past provided the Group takes certain measures to demonstrate that it has met the requirements of tax regulations for such recovery. During 2007, the Group was able to meet such requirements and recognized US$5.9 million (R$10.5 million) as a credit in the Consolidated Income Statement for that year. The Group expect to recover further such amounts in the future, but it is not practicable to quantify them.

18. CASH AND CASH EQUIVALENT

Cash and cash equivalent comprise bank accounts and short term investments that are highly liquid and readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash equivalents denominated in United States dollars represent principally investments in certificates of deposit placed with major financial institutions.

The breakdown of cash and cash equivalents is as follows:

	2007 US$	2006 US$	2007 R$	2006 R$
Cash and cash equivalents in United States dollars	125,650	-	222,564	-
Cash and cash equivalents in Brazilian Reais	72,038	54,597	127,601	116,729
• Bank deposits and cash in hands	19,714	6,504	34,919	13,907
• Short term investments	52,324	48,093	92,682	102,822
Quotas of investment funds	4,935	31,443	8,741	67,225
Bank deposit certificates and committed operations	47,389	16,650	83,941	35,597
	197,688	54,597	350,165	116,729

Private investment funds

The Group has investments in private investment funds that are consolidated in these financial statements. These private investment funds comprise certificates of deposit and equivalent instruments with final maturities ranging from January 2008 to November 2011.

The securities included in the portfolio of the private investment funds have daily liquidity and are marked to market on a daily basis against current earnings. These private investment funds do not have significant financial obligations. Any financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses.

19. BANK OVERDRAFTS AND LOANS

	Interest rate - %	2007 US$	2006 US$	2007 R$	2006 R$
Unsecured Borrowings					
Bank overdrafts		43	809	76	1,730
Santander	CDI + 0.16% p.m	43	809	76	1,730
Secured Borrowings					
Bank loans		149,421	109,352	264,670	233,794
BNDES	1.5% to 5% p.y	125,736	78,417	222,717	167,655
IFC	5.33% to 9.48% p.y	23,685	30,935	41,953	66,139
		149,464	110,161	264,746	235,524

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

	2007 US$	2006 US$	2007 R$	2006 R$
Within one year	14,720	14,945	26,074	31,952
In the second year	15,863	14,216	28,099	30,394
In the third to fifth years inclusive	34,939	32,170	61,885	68,779
After five years	83,942	48,830	148,688	104,399
Total	149,464	110,161	264,746	235,524
Total current	14,720	14,945	26,074	31,952
Total non-current	134,744	95,216	238,672	203,572

Analysis of borrowings by currency:

2007	$Real US$	$Real linked to US Dollars US$	US Dollars US$	Total US$	$Real R$	$Real linked to US Dollars R$	US Dollars R$	Total R$
Bank overdrafts	43	-	-	43	76	-	-	76
Bank loans	-	125,736	23,685	149,421	-	222,717	41,953	264,670
Total	43	125,736	23,685	149,464	76	222,717	41,953	264,746
2006								
Bank overdrafts	809	-	-	809	1,730	-	-	1,730
Bank loans	-	78,417	30,935	109,352	-	167,655	66,139	233,794
Total	809	78,417	30,935	110,161	1,730	167,655	66,139	235,524

Bank loans of US$125.7 million (R$222.7 million) (2006: US$78.4 million (R$167.7 million)) were arranged at fixed interest rates. The remainders of borrowings were arranged at floating rates.

The directors estimate the fair value of the Group's borrowings as follows:

	2007 US$	2006 US$	2007 R$	2006 R$
Bank overdrafts	43	809	76	1,730
Bank loans	149,138	109,304	264,169	233,691
BNDES	125,736	78,417	222,716	167,655
IFC	23,402	30,887	41,453	66,036
Total	149,181	110,113	264,245	235,421

The other main characteristics of the Group's loans are as follows:

$Real denominated loans linked to the US dollar are monetarily corrected by the movement in the US dollar/$Real exchange rate and bear interest of between 1.5% and 5.0% per annum. These loans are to finance the construction of new tugs and platform supply vessels. The amounts outstanding at 31 December 2007 are repayable over periods varying up to 20 years.

US dollar denominated loans bear interest between six month LIBOR per annum, and six month LIBOR plus 4.15%. The majority of these loans are project finance to fund the expansion of the container terminal at Tecon Rio Grande and have no recourse to other companies in the Group. The amounts outstanding at 31 December 2007 are repayable over periods varying up to 7 years.

Undrawn borrowing facilities

At 31 December 2007 the Group had available US$11 million of undrawn committed borrowing facilities in respect of which all conditions had been met. This loan will fund the 2007 and 2008 capital expenditure of Tecon Salvador.

Guarantees

The loans from BNDES are guaranteed by Tug Boats, Platform Supply Vessels and receivables from Petrobras in three of five financing contracts.

Loans from IFC are guaranteed by the Groups shares in Tecon Salvador and Tecon Rio Grande, the projects cash flows and equipments and building (building only for Tecon Rio Grande). These guarantees cover more than 100 percent of the loans.

Covenants

The subsidiaries Tecon Rio Grande and Tecon Salvador have specific restrictive clauses in their financing contracts with financial institutions related, basically, to the maintenance of liquidity ratios. At 31 December 2007, the Group is in accordance with al clauses of these contracts.

20. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognized by the Group and movements thereon during the current and prior reporting year.

	Accelerated tax depreciation US$	Exchange variance on loans US$	Timing differences US$	Tax losses US$	Non-Monetary items US$	Total US$
At 1 January 2006	(8,178)	(10,357)	7,499	1,636	8,624	(776)
(Charge)/credit to income	(2,398)	(461)	(1,808)	(816)	5,377	(106)
Exchange differences	-	(187)	188	81	-	82
At 31 December 2006	(10,576)	(11,005)	5,879	901	14,001	(800)
(Charge)/credit to income	(4,283)	(6,396)	970	(933)	14,232	3,590
Charge to investment reserve	-	-	(1,206)	-	-	(1,206)
Exchange differences	-	(197)	343	176	-	322
At 31 December 2007	(14,859)	(17,598)	5,986	144	28,233	1,906

	Accelerated tax depreciation R$	Exchange variance on loans R$	Timing differences R$	Tax losses R$	Non-Monetary items R$	Total R$
At 1 January 2006	(19,141)	(24,243)	17,553	3,829	20,185	(1,817)
(Charge)/credit to income	(5,127)	(985)	(3,865)	(1,745)	11,496	(226)
Exchange differences	-	(400)	402	173	-	175
Translation adjustment to Real	1,658	2,099	(1,521)	(330)	(1,748)	158
At 31 December 2006	(22,610)	(23,529)	12,569	1,927	29,933	(1,710)
(Charge)/credit to income	(7,587)	(11,329)	1,719	(1,653)	25,209	6,359
Charge to investment reserve	-	-	(2,135)	-	-	(2,135)
Exchange differences	-	(349)	608	310	-	569
Translation adjustment to Real	3,877	4,037	(2,156)	(331)	(5,133)	294
At 31 December 2007	(26,320)	(31,170)	10,605	253	50,009	3,377

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

	2007 US$	2006 US$	2007 R$	2006 R$
Deferred tax liabilities	(10,807)	(9,089)	(19,142)	(19,432)
Deferred tax assets	12,713	8,289	22,519	17,722
Total	1,906	(800)	3,377	(1,710)

At the balance sheet date the Group has unused tax losses of US$11,802 (R$20,905) (2006: US$7,414(R$15,851)) available for offset against future profits. No deferred tax asset has been recognized in respect of the US$11,802 (R$20,905) (2006: US$4,586 (R$9,805)) due to the unpredictability of future profit streams. As of 31 December 2006, a tax asset of US$2,828 (R$6,046) had been recognized in respect of part the remainder of the then existing losses.

Deferred tax arises on Brazilian property, plant and equipment held in US dollar functional currency businesses. Deferred tax is calculated on the difference between the historical US Dollar balances recorded in the Groups accounts and the $Real balances used in the Group's Brazilian tax calculations.

Deferred tax on exchange gains arises from exchange gains on the Groups US Dollar and $Real denominated loans linked to the US Dollar that are taxable on settlement of the loans and not in the period in which the gains arise.

21. PROVISIONS

	US$	R$
At 1 January 2006	4,317	10,106
Additional provision in the year	1,180	2,523
Utilization of provision	(89)	(190)
Exchange difference	505	1,080
Translation adjustment to Real	-	(879)
At 31 December 2006	5,913	12,640
Additional provision in the year	6,094	10,794
Exchange difference	477	845
Translation adjustment to Real	-	(2,166)
At 31 December 2007	12,484	22,113
Included in non-current liabilities	12,484	22,113

The breakdown of classes of provision is described below as follows:

	2007 US$	2006 US$	2007 R$	2006 R$
Civil cases	6,221	2,691	11,019	5,753
Tax cases	3,282	335	5,813	716
Labor claims	2,981	2,887	5,281	6,171
Total	12,484	5,913	22,113	12,640

In the normal course of business in Brazil, the Group continues to be exposed to numerous local legal claims. It is the Group's policy to vigorously contest such claims, many of which appear to have little substance in merit, and to manage such claims through its legal advisers. There are no material claims outstanding at 31 December 2007 which have not been provided for and which the Group's legal advisers consider are more likely than not to result in a financial settlement against the Group.

The mainly probable and possible Group's claims are described below as follows:

Civil and Environmental cases: Indemnification for damages caused by floating crafts accidents. These claims are pleas regarding environmental damages.

Labor claims: These lawsuits litigate about salary differences, overtime worked without payments, labor risks and indemnities for work accidents.

Tax cases: Brazilian taxes that the Group considers inappropriate and litigates against the government.

In addition to the cases for which the Group booked the provision for contingencies there are other tax, civil and labor disputes involving the amount of US$21,081 (R$37,341), whose probability of loss was estimated by the legal advisers as possible.

22. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	2007	2006
Amounts payable under finance leases	US$	US$	US$	US$
Within one year	1,240	619	869	581
In the second to fifth years inclusive	1,994	1,328	1,441	1,098
	3,234	1,947	2,310	1,679
Less future finance charges	(924)	(268)	N/A	N/A
Present value of lease obligations	2,310	1,679		
Less : Amounts due for settlement within 12 months (shown under current liabilities)			(869)	(581)
Amount due for settlement after 12 months			1,441	1,098

	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	2007	2006
Amounts payable under finance leases	R$	R$	R$	R$
Within one year	2,196	1,323	1,539	1,242
In the second to fifth years inclusive	3,532	2,839	2,552	2,348
	5,728	4,162	4,091	3,590
Less future finance charges	(1,636)	(573)	N/A	N/A
Present value of lease obligations	4,092	3,589		
Less : Amounts due for settlement within 12 months (shown under current liabilities)			(1,539)	(1,242)
Amount due for settlement after 12 months			2,552	2,348

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 5 years.

For the year ended 31 December 2007 the average effective borrowing rate was 14 percent per year (2006:21 percent per year). Interest rates are fixed at contract date.

All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. The interest rates ranges from 12.85% to 15.95%.

Leases are denominated in Brazilian Real.

The fair value of the Group's lease obligations approximates their carrying amount.

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

23. TRADE AND OTHER PAYABLES

	2007 US$	2006 US$	2007 R$	2006 R$
Suppliers	59,076	39,785	104,642	85,060
Other taxes	9,204	6,723	16,303	14,373
Accruals and other payables	9,762	5,997	17,291	12,823
Total	78,042	52,505	138,236	112,256

The average credit period for trade purchases is 20 days (2006: 20 days).

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

Construction Contracts

Contracts in progress at the balance sheet date:

	2007 US$	2006 US$	2007 R$	2006 R$
Contracts in progress at the balance sheet date:				
Amounts due to contract customers included in trade and other payables	(5,291)	-	(9,372)	-
Contract costs incurred plus recognized revenues less recognized losses to date	3,496	-	6,192	-
Less progress billings	(8,787)	-	(15,564)	-
Net liability	(5,291)	-	(9,372)	-

24. DERIVATIVES

The Group may engage in forward and swap operations to mitigate and manage the exposure to change in foreign exchange rates of loan agreements denominated in foreign currency.

The Group may enter into derivatives contracts such as forward contracts and swaps to hedge risks arising from exchange rate fluctuations. There were no such contracts on 31 December 2007. The contracts outstanding on 31 December 2006 were denominated in Reais at the notional value equivalent to US$2,038 (R$4,293).

At 31 December 2006 the fair value of forward and swap operations was US$782 (R$1,673) reported under liabilities as Derivative Financial Instruments. Since the transactions with derivatives ended in the reporting period, the results are reported under Finance Costs (Note 10).

25. CASH-SETTLED SHARE-BASED PAYMENTS

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

The movements of the accrual relating to the plan during 2007 follow:

	2007 US$	2006 US$	2007 R$	2006 R$
Liability at 1 January	-	-	-	-
Charge for the year	2,598	-	4,602	-
Liability at 31 December	2,598	-	4,602	-

Details of the share options outstanding during the year as follow:

	2007 Number of share options
Outstanding at the beginning of the year	-
Granted during the year	3,903,760
Forfeited during the year	(66,000)
Outstanding at the end of the year	3,837,760

Fair value of the recorded liability in the amount of US$2,598 (R$4,602) was determined using the Binomial model based on the assumptions note below:

	2007 Number of share options
Weighted overage option price	R$23,77
Expected volatility	25%
Expected life	10 years
Risk free rate	10.81%
Expected dividend yield	2.00%

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.

26. EQUITY

Share Capital

	2007 US$	2006 US$	2007 R$	2006 R$
Authorized				
71,144,000 ordinary shares of 8 1/3 p each				
(2006: 5,012,000 ordinary shares of £1 each)	9,905	8,072	17,545	17,258
Issued and fully paid				
71,144,000 ordinary shares of 8 1/3 p each				
(2006: 5,012,000 ordinary shares of £1 each)	9,905	8,072	17,545	17,258

In February 2007, the Group carried out a twelve for one share split increasing the number of shares from 5,012,000 to 60,144,000 and issued a further more 11,000,000 shares in April 2007, totaling 71,144,000 shares.

Dividends

Amounts recognized as distributions to equity holders in the year:

	2007 US$	2006 US$	2007 R$	2006 R$
Final dividend for the year ended 31 December 2006 of zero (2005: 19.3c (R$41.3)) per share	-	963	-	2,059
Interim dividend for the year ended 31 December 2006 of 11.2c (R$19.9) ((2005:145.7c (R$311.5)) per share	8,000	7,300	14,170	15,607
Total	8,000	8,263	14,170	17,666

Earnings per share

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

Earnings	2007 US$	2006 US$	2007 R$	2006 R$
Dividends	8,000	8,263	14,170	17,666
Undistributed earnings	48,151	34,408	85,290	73,565
Net income for the period	56,151	42,671	99,460	91,235
Weighted average number of ordinary shares (*)	59,469,423	59,469,423	59,469,423	59,469,423
Earnings per share	94.4c	71.8c	167.3c	153.4c

(*) Consistent with paragraph 64 of IAS 33 – "Earnings per Share" the increase in number of shares resulted from the IPO process was retrospectively reflected in the prior year.

27. SUBSIDIARIES

	Place of incorporation and operation	Proportion of ownership interest	Method used to account for investment
Wilson Sons de Administração e Comércio Ltda. Holding company	Brazil	100%	Consolidation
Saveiros Camuyrano Serviços Marítimos S.A. Towage	Brazil	100%	Consolidation
Wilson, Sons S.A., Comércio, Indústria, e Agência de Navegação Ltda. Shipyard	Brazil	100%	Consolidation
Wilson Sons Agência Marítima Ltda. Ship Agency	Brazil	100%	Consolidation
Sobrare-Servemar Ltda. Towage	Brazil	100%	Consolidation
Wilport Operadores Portuários Ltda. Stevedoring	Brazil	100%	Consolidation
Wilson, Sons Logística Ltda Logistics	Brazil	100%	Consolidation
Wilson, Sons Terminais de Cargas Ltda. Transport services	Brazil	100%	Consolidation
EADI Santo André Terminal de Carga Ltda. Bonded warehousing	Brazil	100%	Consolidation
Vis Limited Holding company	Guernsey	100%	Consolidation
Tecon Rio Grande S.A. Port terminal	Brazil	100%	Consolidation
Tecon Salvador S.A. Port terminal	Brazil	90%	Consolidation
Brasco Logística Offshore Ltda. Port operator	Brazil	75%	Consolidation

The Group also has 100% of ownership interest in two private investment funds denominated Hydrus Fundo de Investimento Multimercado and Rigel Fundo de Investmento em Cotas de Fundos de Investimentos. These funds are administrated by UBS Pactual bank and their policies and objectives are determined by the Group's treasury (Note 18).

Brasco Logistica Offshore Ltda. was proportionally consolidated as a joint venture until it was acquired as a subsidiary in March 2006 (Note 8). On April 7, 2006 the Group disposed of its 50% interests in WR Operadores Portuários, a stevedoring and port operator.

On October 1, 2007, with the objective of simplifying the Group's organizational structure, Companhia de Navegação das Lagoas and Companhia de Navegação das Lagoas do Norte, subsidiaries of Wilson Sons Limited, were merged into Saveiros, Camuyrano Serviços Marítimos S/A, also a subsidiary of Wilson Sons Limited. This merger does not alter the shareholding in Saveiros, Camuyrano Serviços Marítimos S/A and it will not affect any shareholder rights or the rights of bearers of Brazilian Depositary Receipts in Wilson Sons Limited.

28. JOINT VENTURES

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

	2007 US$	2006 US$	2007 R$	2006 R$
Current assets	6,764	3,880	11,981	8,295
Non-current assets	1,843	5,226	3,264	11,173
Current liabilities	(6,485)	(4,023)	(11,488)	(8,601)
Non-current liabilities	(63)	(1,760)	(111)	(3,763)
Income	25,800	24,026	45,699	51,368
Expenses	(18,654)	(16,160)	(33,041)	(34,550)

The Group has the following significant interests in joint ventures

	Place of incorporation and operation	Proportion of ownership interest	Method used to account for investment
Consorcio de Rebocadores Baia de São Marcos Towage	Brazil	50%	Proportional consolidation
Allink Transportes Internacionais Limitada Non-vessel operating common carrier	Brazil	50%	Proportional consolidation
Consorcio de Rebocadores Barra de Coqueiros Towage	Brazil	50%	Proportional consolidation
Dragaport Engenharia Dredging	Brazil	33%	Proportional consolidation

On December 1, 2007, with the objective of simplifying the Group's organizational structure, Dragaport Ltda., a subsidiary of Wilson Sons Limited, was merged into Dragaport Engenharia Ltda., also a subsidiary of Wilson Sons Limited. This merger does not affect any shareholder rights or the rights of bearers of Brazilian Depositary Receipts in Wilson Sons Limited.

29. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2007 US$	2006 US$	2007 R$	2006 R$
Minimum lease payments under operating leases recognized in income for the year	10,666	8,498	18,893	18,169

At 31 December 2007, the minimum amount due by the Group for future minimum lease payments under cancellable operating leases was US$7,753 (R$13,733) (2006: US$6,172 (R$13,196)).

Lease commitments for land and buildings with a term of over 5 years are for the minimum contractual lease obligations between Tecon Rio Grande and the Rio Grande port authority, and between Tecon Salvador and the Salvador port authority. The Tecon Rio Grande concession expires in 2022 and the Tecon Salvador concession in 2025. The Tecon Rio Grande guaranteed payments consist of two elements; a fixed rental, plus a fee per 1,000 containers moved based on forecast volumes made by the consortium. The amount shown in the accounts is based on the minimum volume forecast. Volumes are forecast to rise in future years. If container volumes moved through the terminal exceed forecast volumes in any given year additional payments will be required.

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

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2007 US$	2006 US$	2007 R$	2006 R$
Within one year	1,148	855	2,033	1,828
In the Second to fifth year inclusive	1,531	1,995	2,712	4,265
Total	2,679	2,850	4,745	6,093

Non-cancellable lease payments represent rental payments by the Group for the bonded warehouse used by EADI Santo Andre. The unexpired lease term at 31 December 2007 is 2 years and 4 months and rental payments are updated by a Brazilian general inflation index.

30. FINANCIAL INSTRUMENTS AND RISK ASSESSMENT

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowing disclosed in Note 19, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earning as disclosed in Note 18 and 26, respectively.

b) Significant accounting polices

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability are disclosed in note 2 to the financial statements.

c) Categories of financial instruments:

	Fair value		Book value	
	2007 US$	2006 US$	2007 US$	2006 US$
Financial assets:				
Cash and cash equivalents	197,688	54,597	197,688	54,597
Available for sale investments (AFS)	6,466	5,346	2,921	2,921
Trade and other receivables	72,755	52,812	72,755	52,812
Total	276,909	112,755	273,364	110,330
Financial liabilities:				
Bank loans and overdrafts	149,181	110,113	149,464	110,161
Obligations under finance leases	2,310	1,679	2,310	1,679
Trade and other payables	78,042	52,505	78,042	52,505
Derivatives financial instruments (FVTPL)	-	782	-	764
Total	229,533	165,079	229,816	165,109

	Fair value		Book value	
	2007 R$	2006 R$	2007 R$	2006 R$
Financial assets:				
Cash and cash equivalents	350,165	116,729	350,165	116,729
Available for sale investments (AFS)	11,453	11,430	5,174	6,245
Trade and other receivables	128,871	112,912	128,871	112,912
Total	490,489	241,071	484,210	235,886
Financial liabilities:				
Bank loans and overdrafts	264,244	235,422	264,746	235,524
Obligations under finance leases	4,091	3,590	4,091	3,590
Trade and other payables	138,236	112,256	138,236	112,256
Derivatives financial instruments (FVTPL)	-	1,673	-	1,633
Total	406,571	352,941	407,073	353,033

d) Financial risk management objectives

The Group's Financial department monitors and manages financial risks related to the operations and coordinates access to domestic and international financial markets. These risks are market risk (currency and interest rate variation), credit risk, and liquidity risk. The primary objective is to keep a minimum exposure to those risks and this objective is mainly accomplished by using derivatives contracts (swaps and forwards), assessing and controlling the credit and liquidity risks.

e) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currency (Brazilian Reais). Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

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

	Liabilities		Assets	
	2007 US$	2006 US$	2007 US$	2006 US$
Amounts denominated in Brazilian Reais	97,911	70,942	174,809	128,854

	Liabilities		Assets	
	2007 R$	2006 R$	2007 R$	2006 R$
Amounts denominated in Brazilian Reais	173,430	151,674	309,639	275,490

The Group may enter into derivatives contracts such as forward contracts and swaps to hedge risks arising from exchange rate fluctuations.

Foreign currency sensitive analysis

The Group is mainly exposed to the currency of Brazil (Brazilian Real).

The following table details the Group's sensitivity to a 10% increase and decrease in the US Dollar against the respective foreign currencies. 10% is the sensitivity rate when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analyses includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit for the year and in other equity resulting from to the Brazilian Reais strengthening against the respective currency. For a 10% weakening in the US Dollar there would be equal and opposite impact on the profit for the year and on other equity, and the balances below would be negative.

	Real currency impact			
	2007 US$	2006 US$	2007 R$	2006 R$
Profit for the year	14,284	6,334	25,301	13,542
Equity	17,414	7,895	30,845	16,880

Reasons for foreign currency impact:

This is mainly attributable to the exposure outstanding on Real receivables and payables at year end in the Group.

In management's opinion the sensitivity analyses is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

f) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. BNDES charges fixed interest rates on loans for construction of vessels. Since these rates are considerably low, the Group understands that there is hardly a market risk for this part of the debt. As for the financing of Port Operations the Group's strategy for interest rate management has been to maintain a balanced portfolio of fixed and floating interest rates in order to optimize cost and volatility. The Company's interest rate risk management strategy may use derivative instruments to reduce debt cost attributable to interest rate volatility. As of December 31, 2007 the Company had no outstanding interest rate swap contracts.

The group has part of its equity reserves linked to "DI" (Brazilian interbank interest rates) and part linked to fixed deposits in US dollar.

Interest rate sensitivity analysis

If interest rates in US dollar had been 1% lower and all other variables held constant, post-tax profit for the year would decrease by US$1.1 million (in 2006 the profit would be US$0.2 million higher). This is mainly attributable to the Group's exposure to interest rates on its US dollar denominated investment from 2007 on. If interest rates had been 1% higher, with all other variables held constant, post-tax profit would have been US$1.1 million higher (in 2006 the profit would have been US$0.2 million lower), arising mainly as a result of a higher return on US dollar denominated investment.

If interest rates in US dollar had been 1% lower, equity reserves in USD dollar would decrease by US$1.1 million (in 2006 there were no equity reserves in US dollar) because these are short maturity investments that need to be rolled over weekly or monthly, therefore following closely market conditions. Equity reserves would increase by US$1.1 million (in 2006 there were no equity reserves in US dollar) because of the same highly liquid nature of the investments if interest rates in US dollar had been 1% higher.

If interest rates in Real had been 3% lower and all other variables held constant, equity reserves in Real would decrease by US$1.0 million (2006— US$0.9 million).

If interest rates in Real had been 3% higher and all other variables held constant, equity reserves in Real would increase by US$1.0 million (2006— US$0.9 million).

g) Liquidity risk management

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

h) Credit Risk

The Group's credit risk can be attributed mainly to balances such as cash and cash equivalents and trade accounts receivable. The accounts receivable in the balance sheet are shown net of the provision for doubtful receivables. The valuation provision is established whenever a loss is detected, which, based on past experience, evidences impaired possibility of recovering cash flows.

The Group's sales policy is subordinated to the credit sales rules set by Management, which seeks to mitigate any loss from customers' delinquency.

i) Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at 31 December 2007 and 31 December 2006 at amounts compatible with those practiced in the market at those dates. These instruments are managed though operating strategies aimed to obtain liquidity, profitability and security. The control policy consists of an ongoing monitoring of rates agreed versus those in force in the market and confirmation as to whether its short-term financial investments are being properly marked to market by the institutions dealing with its funds.

The Group does not make speculative investments in derivatives or any other risk assets. The determination of estimated realization values of Company's financial assets and liabilities relies on information available in the market and relevant assessment methodologies. Nevertheless, a considerable judgment was required when interpreting market data to derive the most adequate estimated realization value. Eventually, the following estimates do not necessarily indicate the amounts that can be realized in the present foreign exchange market.

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

Cash and Cash equivalents

The market values of the bank current account balances are consistent with book balances. The book value of short-term financial investments was calculated on market quotations.

Available for sale financial assets

The investment available for sale is in Barcas S.A. Transportes Marítimos. Such company does not have any market quotation, and its fair value is calculated in accordance with criteria and assumptions set by Group management.

Trade and other receivables/payables

In the Group management's view, the book balance of trade and other accounts receivable and payables approximates fair value.

Bank Overdrafts and Loans

Market values of loans arrangements were calculated at their present value determined by future cash flows and at interest rates applicable to instruments of similar nature, terms and risks or at market quotations of these securities.

Fair value of BNDES/FINAME financing arrangements is identical to book balances since there are no similar instruments, with comparable maturity dates and interest rates. As regards the loan arrangement with the IFC, fair value was obtained at the rate of the latest loan arrangement using the Libor rate.

Derivatives

Market value is determined at quotations reported by the financial institutions issuing the instruments. The assumptions utilized by financial institutions are made based on quoted market rates adjusted for specific features of the instrument.

31. RELATED PARTY TRANSACTIONS

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

	Current assets US$	Non-current assets US$	Current liabilities US$	Non-current Liabilities US$	Revenues US$	Expenses US$
Associates:						
1. Gouvêa Vieira Advogados	-	-	-	-	-	144
2. CMMR Intermediação Comercial Ltda.	-	-	-	-	-	102
3. Codan Services Limited	-	-	-	-	-	12
Joint ventures:						
4. Allink Transportes Internacionais Ltda.	1	-	-	6	352	1
5. Consórcio de Rebocadores Barra de Coqueiros	71	34	-	137	62	246
6. Consórcio de Rebocadores Baía de São Marcos	65	1,753	-	3,649	7,023	-
7. Dragaport Ltda.	-	-	-	-	297	-
8. Dragaport Engenharia Ltda.	-	378	-	2,220	-	162
Others		-	-	-	-	-
9. J&R Grant (International) Limited	-	-	-	-	-	12
10. Porto Campinas Ltda.	-	814	-	-	-	-
11. International Finance Corporation	-	-	8,313	15,372	-	2,450
Year ended December 31, 2007	137	2,979	8,313	21,384	7,734	3,129
Year ended December 31, 2006	4,120	1,218	1,609	30,935	11,821	15,974

	Current assets R$	Non-current assets R$	Current liabilities R$	Non-current liabilities R$	Revenues R$	Expenses R$
Associates:						
1. Gouvêa Vieira Advogados	-	-	-	-	-	255
2. CMMR Intermediação Comercial Ltda.	-	-	-	-	-	181
3. Codan Services Limited	-	-	-	-	-	21
Joint ventures:						
4. Allink Transportes Internacionais Ltda.	2	-	-	11	623	2
5. Consórcio de Rebocadores Barra de Coqueiros	126	61	-	244	110	436
6. Consórcio de Rebocadores Baía de São Marcos	116	3,106	-	6,464	12,440	-
7. Dragaport Ltda.	-	-	-	-	526	-
8. Dragaport Engenharia Ltda.	-	670	-	3,932	-	287
Others						
9. J&R Grant (International) Limited	-	-	-	-	-	21
10. Porto Campinas Ltda.	-	1,442	-	-	-	-
11. International Finance Corporation	-	-	14,725	27,229	-	4,340
Year ended December 31, 2007	244	5,279	14,725	37,880	13,699	5,543
Year ended December 31, 2006	8,809	2,604	3,440	66,139	25,273	34,152

1. Dr J. F. Gouvea Vieira is a managing partner in the law firm Gouvea Vieira Advogados. Fees were paid to Gouvea Vieira Advogados for legal services.

2. Mr C. M. Marote is a shareholder and Director of CMMR Intermediação Comercial Limitada. Fees were paid to CMMR Intermediação Comercial Limitada for consultancy services.

3. Mr C. F. A. Cooper is a partner in Conyers, Dill and Pearman the owners of Codan services. Fees were paid to Codan services for company secretarial services.

4. Mr A. C. Baião is a shareholder of Allink Transportes Internacionais Limitada. Allink Transportes Internacionais Limitada is 50% owned by the Group and rents office space from the Group.

5-8. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation. The proportion of ownership interest in each joint venture is described on note 28.

9. J & R Grant Limited is owned by the parent of Wilson Sons Limited, Ocean Wilsons Holdings Limited. J & R Grant is an agent for the Brazilian subsidiaries of Wilson Sons Limited.

32. NOTES TO THE CASH FLOW STATEMENT

	2007 US$	2006 US$	2007 R$	2006 R$
Profit before tax	83,962	64,146	148,722	137,144
Less: Investments revenues	(19,238)	(9,425)	(34,076)	(20,151)
Add: Finance costs and disposal of investment	7,565	9,236	13,400	19,747
Operating profit from operations	72,289	63,957	128,046	136,740
Adjustments for:				
Depreciation of property, plant and equipment	18,750	14,822	33,212	31,689
Amortization of intangible assets	316	278	560	594
Gain on disposal of property, plant and equipment	(4,819)	(401)	(8,536)	(857)
Profit on disposal of joint venture	-	(2,965)	-	(6,339)
Release of surplus on acquisition of interest in subsidiary	-	(1,433)	-	(3,064)
Increase in provisions	6,571	1,596	11,639	3,412
Operating cash flows before movements in working capital	93,107	75,854	164,921	162,175
Increase in inventories	(318)	(392)	(563)	(838)
Increase in receivables	(19,475)	(8,180)	(34,496)	(17,489)
Increase in payables	24,681	1,548	43,717	3,312
Increase in other non-current assets	(3,313)	(2,153)	(5,868)	(4,603)
Cash generated by operations	94,682	66,677	167,711	142,557
Income taxes paid	(29,673)	(17,156)	(52,560)	(36,680)
Interest paid	(6,645)	(6,422)	(11,771)	(13,729)
Net cash from operating activities	58,363	43,099	103,380	92,148

33. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2007 US$	2006 US$	2007 R$	2006 R$
Short-term employee benefits	5,368	3,955	10,383	8,456
Post-employment benefits	2,702	1,412	5,226	3,019
Share-based payment	-	212	-	453
	8,070	5,579	15,609	11,928

34. INITIAL PUBLIC OFFERING OF SHARES (IPO)

On June 1, 2007, Wilson Sons Limited and its controlling shareholder, Ocean Wilsons Holdings Limited (the “Company” and the “Selling Shareholder”, respectively) concluded the Initial Public Offering consisting of a primary and secondary offering of Brazilian Depositary Receipts (the “BDRs”), representing common shares issued by the Company in accordance with the regulations of the Brazilian Securities Commission (the “CVM”) with sales made to international investors as defined by international regulations applicable to such operation.

The Initial Public Offering has been duly approved by the Company and the Selling Shareholder as per the respective corporate approvals dated on April 9, 2007.

Each BDR represents one common share issued by the Company and/or held by the Selling Shareholder. The BDRs have been issued by Banco Itaú S.A., as depositary. The Company is listed and trades its BDRs on the São Paulo Stock Exchange (the “Bovespa”) under the type Patrocinado Nível III and under the symbol “WSON11”.

The shares represented by the BDRs are deposited with The Bank of New York (Luxembourg) S.A., as custodian and have been listed for trading on the EURO MTF market, the exchange regulated market operated by the Luxembourg Stock Exchange.

Under the primary offering 11,000,000 BDRs issued by the Company have been traded under the offering price of US$11.74/BDR (R$23,77/BDR). The net proceeds from the primary offering amount to approximately US$117,951 (R$208,925).

35. SUMMARY OF DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND ACCOUNTING PRACTICES ADOPTED IN BRASIL (“BR GAAP”)

The consolidated financial reports were prepared according to International Financial Reporting Standards (“IFRS”), which differ significantly from accounting practices adopted in Brazil:

a) Reconciliation of differences between total Capital and Reserves according to IFRS and BR GAAP

R$ thousands

	Note	2007	2006
Total Capital and Reserves under IFRS		569,566	310,011
Differences between accounting practices:			
Unrealized Gain on Investment	(i)	(8,121)	(7,637)
Reversal of gain on negative goodwill	(ii)	(4,475)	(4,475)
Accumulated amortisation of goodwill	(ii)	(10,855)	(7,487)
Fixed assets:	(iii)		
Costs		(24,131)	(21,067)
Accumulated depreciation		11,149	7,944
Financial leasing obligation		4,091	3,642
Capitalized interest – cost	(iv)		
Cost		18,784	24,655
Accumulated amortization		(8,281)	(5,873)
Pre-Operational Expenses	(v)		
Cost		4,841	4,841
Accumulated amortization		(2,790)	(2,587)
Conversion effects	(vi)	151,991	75,039
Other		5,522	4,959
Deferred income tax and social contribution	(ix)	(44,965)	(30,546)
Minority Interests	(vii)	(9,950)	(8,189)
Total Capital and Reserves under BR GAAP		652,376	343,230

b) Reconciliation of differences in Profit for the year between IFRS e BR GAAP

R$ thousands

	Note	2007	2006
Profit for the year under IFRS		102,376	94,654
Differences between accounting practices:			
Goodwill amortization	(ii)	(3,577)	(5,440)
Financial lease	(iii)	613	(4,037)
Capitalised interest	(iv)	(8,672)	(3,176)
Pre-operational expenses	(v)	(260)	(303)
Conversion and exchange rate variation effect	(vi)	15,435	2,956
Subscription to capital on IPO	(viii)	(6,128)	-
Other	-	(1,314)	(503)
Deferred Income tax and social contribution	(ix)	1,327	4,157
Minority Interests	(vii)	(2,902)	(1,723)
Profit for year under BR GAAP		96,898	86,585
Profit per share, under BR GAAP (R$/shares)		1.36	17.28

c) Description of differences between accounting practices:

(i) Unrecognized gain on investment

For IFRS purposes, the assets held for sale are reported at their fair value and the gain there on taken to Equity until it is realized. For BR GAAP, the asset is carried at cost.

(ii) IFRS 3 - Goodwill and negative goodwill

- Reversal of Gain on Negative goodwill

  Represented by the reversal of recognition in the IFRS income statement of the negative goodwill generated with the incorporation of certain subsidiaries, Mangaratiba Participações Ltda. and Sobrare Participações Ltda., but reported in the BR GAAP financial statements under non-current liabilities. For IFRS purposes, the negative goodwill is recognized in the result of the period in which it arose.

- Goodwill on company acquisition

  Refers to goodwill recognized on the acquisition of the minority shareholding in Tecon Rio Grande S.A.. Under BRGAAP, the goodwill on acquisition of a company is calculated based on the difference between the actual amount paid and the cost of the share of assets acquired (“historic value”), and is amortized in five years as permitted by applicable legislation. Goodwill is recognized similarly for IFRS, as foreseen in the scope exception IFRS 3 - business combination. Nevertheless, for IFRS purposes, the goodwill is not subject to amortization, but is periodically tested for deterioration in value (“impairment”).

(iii) Financial Leasing Obligations

Under IAS 17 - Leases, the cost of fixed assets acquired under lease contracts characterized as “financial lease” is recognized in fixed assets, and depreciated over the life expectancy of the asset, which differs from the term of lease under which the asset is acquired. Under BRGAAP, payments on leasing contracts are charged as lease expenses in operational results.

(iv) Capitalized Interest Cost

In accordance with IAS 23 - Loan Costs, the Group chose not to follow the (“benchmark treatment”) of capitalizing the interest and exchange variation on loans obtained to fund the acquisition of vessels and/or equipment during the periods in which they are constructed. Under BRGAAP, these amounts are capitalised at the cost of fixed assets.

(v) Pre-Operational Expenses

Under IFRS, pre-operational expenses are not capitalized in fixed assets, but are recognized directly in the results of the period in which they are incurred. Under accounting practices adopted in Brazil, the Group allocates to deferred assets the pre-operational expenses that cannot be capitalised as fixed assets for each project but which benefit future periods.

(vi) Conversion effects - Measurement and presentation of accounting balance and exchange effects

As mentioned in the accounting practices of the Group, under IFRS, the companies using the U.S. dollar as their functional currency, convert non-monetary accounts such as total equity from local currency (the Real) into U.S. dollars at historic exchange rates, and other assets and monetary liabilities at current rates ruling at the end of each period. Consequently, the effects of gains and losses on monetary assets and liabilities exposed to currencies other than the U.S. dollar are reported on the related lines of the Income Statement as exchange gain or loss for the year.

Under BR GAAP, the effects of exchange variations on assets and liabilities exposed to currencies other than the Real are charged to income statement currently. Such exchange variances are not translatable into U.S. dollars, except insofar as they relate to balances stated other than in U.S. dollars or the Real.

(vii) Minority Interests

For IFRS reporting, Minority Interests are included in Capital and Reserves. Under BR GAAP, they are reported separately from Capital and Reserves.

(viii) Subscrition to Capital on IPO

Under IFRS, the cost of subscrition to Capital is deducted from Capital raised.Under BR GAAP, it is written off as an expense of the period in which it is incurred.

(ix) Deferred Income Tax and Social Contribution

As required by IAS 12 - “Income Tax”, the Group recognizes the effects of deferred income tax and social contribution on the differences between the account balances measured in accordance with IFRS and the respective amounts measured under tax rules. Under BR GAAP, the Group already recognizes the effects of deferred income tax and social contribution on the differences between the account balances measured in accordance with the accounting procedures adopted in Brazil and the respective balances measured under tax rules. Consequently, for IFRS reporting, in addition to the amounts of tax effects already recognized under BR GAAP, the tax effects of differences between BR GAAP and IFRS are also recognized. These include the amounts resulting from variances between the non-monetary amounts reported in historical U.S. dollars for IFRS purposes and the measurement basis of those same assets in local currency under tax rules, translated into comparable U.S. dollar amounts at balance sheet exchange rates.

(x) Additional disclosures required by BR GAAP

The requirement for the disclosure under BR GAAP differs from that of IFRS. The requirements of BR GAAP in addition to the matters already disclosed in these financial statements are complemented as follows.

- Earnings per share

  Under BR GAAP, the net profit per share is calculated on the number of shares in circulation on the balance sheet date, whereas the net profit per share in accordance with IFRS is calculated using the weighted average of the outstanding shares for each period. In the case of the Group, the weighted average outstanding shares for each of the years ended at 31 December 2007 and 31 December 2006 is the same as the number of outstanding shares on the balance sheet date.

- Covenants

  The subsidiaries Tecon RG and Tecon S.A. have specific restrictive clauses in their financing contracts with financial institutions related, basically, to the maintenance of liquidity ratios.

- Capital, Reserves and Dividends

  The capital consists of ordinary shares with the right to one vote per share.

  The legal reserve is set up in each Brazilian subsidiary S.A. Company, on the basis of Brazilian Corporate Law.

  Bermuda legislation and the current by laws of Wilson Sons Limited do not require an annual dividends payment, although the bye-laws allow the Board of Directors to present a dividend proposal to shareholders.