

# ***Wilson Sons Limited And Subsidiaries***

*Consolidated Financial Statements  
for the Years Ended December 31, 2009  
and 2008 and Independent Auditors' Report*

Deloitte Touche Tohmatsu Auditores Independentes

## 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 comprise the consolidated balance sheets as of December 31, 2009 and 2008, 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 about 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 December 31, 2009 and 2008 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.

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 statements amounts into Brazilian Reais has been made solely for the convenience of readers in Brazil.

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

Rio de Janeiro, Brazil  
March 23, 2010

# WILSON SONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

				Convenience Translation	
	Note	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
REVENUE	4	477,888	498,285	832,098	1,164,492
Raw materials and consumables used		(49,570)	(86,480)	(86,311)	(202,104)
Personnel expenses	5	(149,086)	(136,316)	(259,588)	(318,570)
Depreciation and amortization expense		(32,065)	(26,256)	(55,832)	(61,360)
Other operating expenses	6	(151,337)	(153,480)	(263,508)	(358,683)
Profit on disposal of property, plant and equipment and joint venture		470	680	817	1,589
Investment income	7	34,343	(822)	59,798	(1,921)
Finance costs	7	(9,555)	(14,210)	(16,637)	(33,209)
Result on disposal of investments		<u>-</u>	<u>4,191</u>	<u>-</u>	<u>9,794</u>
PROFIT BEFORE TAX		121,088	85,592	210,837	200,028
Income tax expense	8	<u>(31,104)</u>	<u>(38,695)</u>	<u>(54,158)</u>	<u>(90,430)</u>
PROFIT FOR THE YEAR		<u>89,984</u>	<u>46,897</u>	<u>156,679</u>	<u>109,598</u>
Profit for the year attributable to:					
Owners of the company		88,531	46,855	154,148	109,500
Non controlling interests		<u>1,453</u>	<u>42</u>	<u>2,531</u>	<u>98</u>
		<u>89,984</u>	<u>46,897</u>	<u>156,679</u>	<u>109,598</u>
Earnings per share for continuing operations					
Basic and diluted (cents per share)	21	<u>124.44c</u>	<u>65.86c</u>	<u>216.67c</u>	<u>153.91c</u>

### *Exchange rates*

12/31/09 – R\$1.7412/ US\$1.00

12/31/08 – R\$2.3370/ US\$1.00

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

# WILSON SONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

		2009	2008	Convenience Translation	
	Note	US\$	US\$	2009 R\$	2008 R\$
<b>NON-CURRENT ASSETS</b>					
Goodwill	9	15,612	15,612	27,184	36,485
Other intangible assets	10	2,239	1,799	3,899	4,204
Property, plant and equipment	11	438,878	305,022	764,174	712,836
Deferred tax assets	16	25,499	10,889	44,398	25,448
Other non-current assets		<u>10,521</u>	<u>8,066</u>	<u>18,319</u>	<u>18,852</u>
Total non-current assets		<u>492,749</u>	<u>341,388</u>	<u>857,974</u>	<u>797,825</u>
<b>CURRENT ASSETS</b>					
Inventories	12	20,687	9,402	36,021	21,972
Trade and other receivables	13	105,499	78,751	183,695	184,041
Short term investments	14	11,116	-	19,355	-
Cash and cash equivalents	14	<u>178,136</u>	<u>180,022</u>	<u>310,170</u>	<u>420,711</u>
Total current assets		<u>315,438</u>	<u>268,175</u>	<u>549,241</u>	<u>626,724</u>
<b>TOTAL ASSETS</b>		<u>808,187</u>	<u>609,563</u>	<u>1,407,215</u>	<u>1,424,549</u>
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Share capital	21	9,905	9,905	17,247	23,148
Capital reserves		146,334	146,334	254,797	341,983
Profit reserve		1,981	1,981	3,449	4,630
Retained earnings		243,303	170,779	423,640	399,111
Translation reserve		<u>16,065</u>	<u>1,773</u>	<u>27,972</u>	<u>4,144</u>
Equity attributable to owners of the company		417,588	330,772	727,105	773,016
Non controlling interests		<u>5,891</u>	<u>1,411</u>	<u>10,257</u>	<u>3,298</u>
Total equity		<u>423,479</u>	<u>332,183</u>	<u>737,362</u>	<u>776,314</u>
<b>NON-CURRENT LIABILITIES</b>					
Bank loans	15	237,271	167,440	413,136	391,307
Deferred tax liabilities	16	16,140	15,632	28,102	36,532
Provisions for contingencies	17	9,831	8,455	17,118	19,759
Obligations under finance leases	18	<u>8,653</u>	<u>3,139</u>	<u>15,067</u>	<u>7,336</u>
Total non-current liabilities		<u>271,895</u>	<u>194,666</u>	<u>473,423</u>	<u>454,934</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	19	89,927	62,722	156,581	146,579
Current tax liabilities		838	1,099	1,460	2,568
Obligations under finance leases	18	3,902	1,116	6,793	2,609
Bank overdrafts and loans	15	<u>18,146</u>	<u>17,777</u>	<u>31,596</u>	<u>41,545</u>
Total current liabilities		<u>112,813</u>	<u>82,714</u>	<u>196,430</u>	<u>193,301</u>
Total liabilities		<u>384,708</u>	<u>277,380</u>	<u>669,853</u>	<u>648,235</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>808,187</u>	<u>609,563</u>	<u>1,407,215</u>	<u>1,424,549</u>

### Exchange rates

12/31/09 – R\$1.7412/ US\$1.00

12/31/08 – R\$2.3370/ US\$1.00

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

# WILSON SONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	Note	Share capital US\$	Capital reserves Share premium US\$	Others US\$	Profit reserve US\$	Unrealized gain in investments US\$	Retained earnings US\$	Currency translation reserve US\$	Attributable to equity holders of the parent US\$	Non controlling interests US\$	Total US\$
BALANCE AT JANUARY 1, 2008		9,905	117,951	28,383	-	2,341	141,912	15,807	316,299	5,254	321,553
Gains on available for sale investment		-	-	-	-	(2,341)	-	-	(2,341)	-	(2,341)
Other comprehensive income and loss		-	-	-	-	-	-	(14,034)	(14,034)	(1,297)	(15,331)
Legal reserve		-	-	-	1,981	-	(1,981)	-	-	-	-
Profit for the year		-	-	-	-	-	46,855	-	46,855	42	46,897
Total comprehensive income and loss for the year		-	-	-	1,981	(2,341)	44,874	(14,034)	30,480	(1,255)	29,225
Purchase of non controlling interest		-	-	-	-	-	-	-	-	(2,588)	(2,588)
Dividends		-	-	-	-	-	(16,007)	-	(16,007)	-	(16,007)
BALANCE AT DECEMBER 31, 2008	21	9,905	117,951	28,383	1,981	-	170,779	1,773	330,772	1,411	332,183
Other comprehensive income and loss		-	-	-	-	-	-	14,292	14,292	1,246	15,538
Capital Increase		-	-	-	-	-	-	-	-	1,781	1,781
Profit for the year		-	-	-	-	-	88,531	-	88,531	1,453	89,984
Total comprehensive income and loss for the year		-	-	-	-	-	88,531	14,292	102,823	4,480	107,303
Dividends		-	-	-	-	-	(16,007)	-	(16,007)	-	(16,007)
BALANCE AT DECEMBER 31, 2009	21	<u>9,905</u>	<u>117,951</u>	<u>28,383</u>	<u>1,981</u>	<u>-</u>	<u>243,303</u>	<u>16,065</u>	<u>417,588</u>	<u>5,891</u>	<u>423,479</u>

(continues)

# WILSON SONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

		Convenience translation								
			Capital Reserves					Attributable	Non	
	Note	Share capital	Share Premium	Others	Profit reserve	Unrealized gain in investments	Retained earnings	Currency translation reserve	to equity holders of the parent	Controlling interests
		R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
BALANCE AT JANUARY 1, 2008		17,545	208,925	50,276	-	4,147	251,368	27,999	560,260	9,306
Gains on available for sale investment		-	-	-	-	(5,471)	-	-	(5,471)	-
Other comprehensive income and loss		-	-	-	-	-	-	(32,797)	(32,797)	(3,031)
Legal reserve		-	-	-	4,630	-	(4,630)	-	-	-
Profit for the year		-	-	-	-	-	109,500	-	109,500	98
Total comprehensive income and loss for the year		-	-	-	4,630	(5,471)	104,870	(32,797)	71,232	(2,933)
Purchase of non controlling interest										(6,048)
Dividends		-	-	-	-	-	(37,408)	-	(37,408)	-
Translation adjustment to Real		5,603	66,727	16,055	-	1,324	80,281	8,942	178,932	2,973
BALANCE AT DECEMBER 31, 2008	21	23,148	275,652	66,331	4,630	-	399,111	4,144	773,016	3,298
Other comprehensive income and loss		-	-	-	-	-	-	24,885	24,885	2,168
Capital Increase		-	-	-	-	-	-	-	-	3,101
Profit for the year		-	-	-	-	-	154,149	-	154,149	2,531
Total comprehensive income and loss for the year		-	-	-	-	-	154,149	24,885	179,034	7,800
Dividends		-	-	-	-	-	(27,871)	-	(27,871)	-
Translation adjustment to Real		(5,901)	(70,275)	(16,911)	(1,181)	-	(101,749)	(1,057)	(197,074)	(841)
BALANCE AT DECEMBER 31, 2009	21	17,247	205,377	49,420	3,449	-	423,640	27,972	727,105	10,257

### Exchange rates

12/31/09 – R\$1.7412/ US\$1.00

12/31/08 – R\$2.3370/ US\$1.00

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

# WILSON SONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

				Convenience Translation	
	Note	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
NET CASH FROM OPERATING ACTIVITIES	27	69,908	58,734	121,724	137,261
INVESTING ACTIVITIES					
Interest received		6,874	22,702	11,969	53,055
Proceeds on disposal of property, plant and equipment		751	1,950	1,308	4,556
Purchases of property, plant and equipment		(139,743)	(90,190)	(243,320)	(210,774)
Net cash inflow arising from acquisition of subsidiary			(5,059)		(11,823)
Investment - short term investment		<u>(11,130)</u>	<u>-</u>	<u>(19,380)</u>	<u>-</u>
Net cash used in investing activities		<u>(143,248)</u>	<u>(70,597)</u>	<u>(249,423)</u>	<u>(164,986)</u>
FINANCING ACTIVITIES					
Dividends paid		(16,007)	(16,007)	(27,871)	(37,408)
Repayments of borrowings		(16,848)	(13,449)	(29,336)	(31,431)
Repayments of obligation under finance leases		(3,844)	(1,980)	(6,693)	(4,627)
New bank loans raised		83,894	49,044	146,076	114,616
Increase in bank overdrafts		<u>227</u>	<u>113</u>	<u>396</u>	<u>264</u>
Net cash used in financing activities		<u>47,422</u>	<u>17,721</u>	<u>82,572</u>	<u>41,414</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(25,918)	5,858	(45,127)	13,689
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		180,022	197,688	420,711	350,165
Effect of foreign exchange rate changes		24,032	(23,524)	41,844	(54,976)
Translation adjustment to Real		<u>-</u>	<u>-</u>	<u>(107,258)</u>	<u>111,834</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>178,136</u>	<u>180,022</u>	<u>310,170</u>	<u>420,711</u>

### *Exchange rates*

12/31/09 – R\$1.7412/ US\$1.00

12/31/08 – R\$2.3370/ US\$1.00

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



# WILSON SONS LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

			Convenience Translation	
	Note	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>
				<u>2008</u> <u>R\$</u>
PROFIT FOR THE YEAR		<u>89,984</u>	<u>46,897</u>	<u>156,679</u>
OTHER COMPREHENSIVE INCOME AND LOSS				
Currency translation adjustment		<u>15,538</u>	<u>(15,331)</u>	<u>27,055</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>105,522</u>	<u>31,566</u>	<u>183,734</u>
Total comprehensive income for the year attributable to:				
Owners of the company		102,823	32,821	179,033
Non controlling interests		<u>2,700</u>	<u>(1,255)</u>	<u>4,701</u>
		<u>105,522</u>	<u>31,566</u>	<u>183,734</u>

### *Exchange rates*

12/31/09 – R\$1.7412/ US\$1.00

12/31/08 – R\$2.3370/ US\$1.00

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

## WILSON SONS LIMITED AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

---

#### 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 over 172 years in the Brazilian market, we have developed an extensive national network and provide a variety of services related to international trade, particularly in the port and maritime sectors. Our principal activities are divided into the following segments: operation of port terminals, towage services, logistics, shipping assistance and support to offshore oil and natural gas platforms.

On March 22, 2010 the Board of Directors formally approved the current financial statements.

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 accounting policies described in Note 2.

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

##### Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

##### Basis of preparation

The financial statements have been prepared in US dollars according to the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”), on the historical cost basis, except for the revaluation of financial instruments and share-based payments liability.

##### Adoption of new and revised International Financial Reporting Standards (IFRS)

1. Standards and Interpretations affecting amounts reported in the current period and/or prior periods).

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in item 2.

New and revised Standards and Interpretations that affect presentation and disclosure:

#### IAS 1 (as revised in 2007) Presentation of Financial Statements

IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. IAS 1 (2007) affects the presentation of owner changes in equity and of comprehensive income, requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (ie comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. IAS 1 requires the presentation of dividends recognised as distributions to owners and related amounts per share in the statement of changes in equity or in the notes.

#### IFRS 8 Operating Segments

IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments. The IFRS 8 specifies how an entity should report information about its operating segments. It also sets out requirements for related disclosures about products and services, geographical areas and major customers. The IFRS requires an entity to report financial and descriptive information about its reportable segments. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

#### Amendments to IFRS 2 Share-based Payments

The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.

New and revised Standards and Interpretations that affect the reported results or financial position:

#### IAS 23 (as revised in 2007) Borrowing Costs

The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had an impact on these financial statements because it has not been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets. In accordance with IAS 23 (Revised), the Group's accounting policies on borrowing costs has changed in 2009.

2. New and revised Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 18 Transfers of Assets from Customers
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to IFRS 7 Financial Instruments: Disclosures
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
- Amendments to IAS 32 Financial Instruments: Presentation
- Amendments to IAS 38 Intangible Assets
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement
- Amendments to IFRIC 9 Reassessment of Embedded Derivatives

3. New and revised Standards and Interpretations in issue not yet adopted

- IFRS 3 (Revised 2008) Business Combinations: Effective date for annual periods beginning on or after July 1, 2009
- IFRS 9 Financial Instruments: Effective date of January 1, 2013
- IAS 27 (Revised 2008) Consolidated and Separate Financial Statements: Effective date for annual periods beginning on or after July 1, 2009
- IAS 28 (Revised 2008) Investments in Associates: Effective date for annual periods beginning on or after July 1, 2009
- IFRIC 17 Distributions of a Non-cash Assets to Owners: Effective date for annual periods beginning on or after July 1, 2009
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: Effective date for annual periods beginning on or after July 1, 2010
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Effective date of January 2010
- Amendments to IAS 7 Statement of Cash Flows: Effective date of January 2010
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement: Effective date of January 1, 2011

The Management have not yet had an opportunity to consider the potential impact of the adoption of these amendments and new and revised standards.

#### Convenience translation

The consolidated 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 December 31, 2009 and 2008 the applicable exchange rates were R\$1.7412 and R\$2.3370, 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 period. The effect of this difference was disclosed in 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 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 and 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 in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The consolidated financial statements include the accounts of the direct and indirect subsidiaries which are listed in Notes 22 and 23.

### Interests 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 of the joint venture require the unanimous consent of the parties sharing control.

When 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 venturers are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

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

### Foreign currency

The functional currency for each Group entity is determined as the currency of the primary economic environment in which it operates. Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

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 Currency translation reserve.

### 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

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated 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 end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on temporary differences (i.e. differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit). Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The Company will normally have a legally enforceable right to set off a deferred tax asset against a deferred tax liability when these items are in the same entity and 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.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items charged or credited directly to equity, in which case the tax is also taken directly to equity.

### 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
Improvements in Rented Buildings:	(*)
Floating Craft:	20 years
Vehicles:	5 years
Plant and Equipment:	5 to 20 years

(\*) lowest than period of the rental or useful life

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.

On January 1, 2009, the Group adopted IAS 23 (Revised), Borrowing Costs. Prior to January 1, 2009, borrowing costs were expensed in the period in which they were incurred. In accordance with IAS 23 (Revised), the Group's accounting policies on borrowing costs is described below:

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, except when there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term in which the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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, if applicable, and the carrying amount of the asset and is recognized in the income statement.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.



### 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 purchase of additional share interest in a controlled entity does 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 of 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.

### Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### Impairment of tangible and intangible assets excluding goodwill

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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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. Costs comprise direct materials and, where applicable, directly attributable labour 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 for inventories less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### Financial instruments

Financial assets and liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### 1. Financial Assets

Investments are recognized and derecognized on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset 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 through profit or loss (FVTPL), which are initially measured at fair value.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or 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 loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### Loans and receivables

The following instruments have been classified as loans and receivables and are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Cash and Cash Equivalents / Short Term Investments: Cash and cash equivalents comprise cash in hand and other short-term highly liquid before 90 days and which are subject to an insignificant risk of changes in value; and Short Term Investments comprise cash in hand and other short-term investments with more than 90 days of maturity but less than 365 days.
- Trade Receivables: Trade receivables and other amounts receivable are stated at the fair value of the amounts due, reduced by the impairment loss.

#### Impairment of financial assets

Financial assets that are measured at amortized cost are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, reflecting the impact of collateral and guarantees, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

### Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

## 2. Financial Liabilities

Financial liabilities are classified as either financial liabilities “as FVTPL” or “other financial liabilities”.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities are initially 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 effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### 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 payables and other amounts payables are measured at fair value, net of transaction cost.

### Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

### Derivatives

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 derivatives for the periods presented.

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 for the periods presented.

### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 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 end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, have been agreed with the customer and consequently is considered probable.

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

In accordance with IFRS 2 Share-based Payment, for cash settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability.

At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

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 of the consideration received or 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.

Sales of services are recognized when the work contracted has been performed in accordance with contracted terms.

Revenue from construction contracts is recognized by reference to the stage of completion of the contract, in accordance with the Group's accounting policy on construction contracts aforementioned.

Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. 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 on initial recognition.

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.

The Group as lessee:

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, at 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 expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Operating leases payments are recognized as an expense on a straight-line basis over the lease term.

### 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, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements as mentioned below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### 1. Provision for legal contingencies

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, considers the probable outcome is a financial settlement against the Group. Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation based upon legal advice received. For labour claims the provision is based on prior experience and managements' best knowledge of the relevant facts and circumstances.

#### 2. 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's management 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 end of the reporting period was US\$15.6 million (R\$27.2 million) (2008: US\$15.6 million (R\$36.5 million)). Details of the impairment loss calculation are provided in note 9. There is any impairment loss recognized for the periods presented.

3. Fair value of derivatives and other financial instruments

As described in Note 25, 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.

4. 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 behavioural considerations. Expected dividend yield are based on the Groups dividend policy. In determining the risk free rate the Group utilizes the yield on a zero coupon government bond in the currency in which the exercise 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.

5. Useful lives of property, plant and equipment

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 management's best knowledge, and are reviewed annually.

3. SEGMENT INFORMATION

Adoption of IFRS 8 Operating Segments

The Group has adopted IFRS 8 Operating Segments as from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.



### Reportable segments

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

Segment information relating to these businesses is presented below:

	2009						Consolidated US\$
	Towage US\$	Port terminals US\$	Ship agency US\$	Offshore US\$	Logistics US\$	Unallocated US\$	
Revenue	145,707	175,408	15,204	38,144	75,788	27,637	477,888
Operating profit	52,050	46,562	2,171	13,711	3,311	(21,505)	96,300
Finance costs allocated to segment	(3,418)	(553)	(92)	(2,903)	(1,333)	(1,256)	(9,555)
Operating profit adjusted by finance cost	<u>48,632</u>	<u>46,009</u>	<u>2,079</u>	<u>10,808</u>	<u>1,978</u>	<u>(22,761)</u>	<u>86,745</u>
Investment income							<u>34,343</u>
Profit before tax							<u>121,088</u>
Income tax							<u>(31,104)</u>
Profit for the year							<u>89,984</u>
Other information							
Capital expenditures	(67,877)	(31,978)	(169)	(33,331)	(14,944)	(1,254)	(149,553)
Depreciation and amortization	(9,261)	(11,721)	(162)	(5,478)	(3,742)	(1,701)	(32,065)
Balance Sheet							
Segment assets	168,156	227,992	5,027	129,500	43,451	234,061	808,187
Segment liabilities	(117,780)	(71,149)	(5,541)	(147,114)	(27,968)	(15,156)	(384,708)
2008							
	Towage US\$	Port terminals US\$	Ship agency US\$	Offshore US\$	Logistics US\$	Unallocated US\$	Consolidated US\$
Revenue	147,098	170,518	17,588	21,557	89,298	52,226	498,285
Operating profit	48,564	50,867	3,132	8,081	5,308	(19,519)	96,433
Finance costs allocated to segment	(4,077)	(6,673)	(72)	(2,671)	(475)	(242)	(14,210)
Operating profit adjusted by finance cost	<u>44,487</u>	<u>44,194</u>	<u>3,060</u>	<u>5,410</u>	<u>4,833</u>	<u>(19,761)</u>	<u>82,223</u>
Investment income							(822)
Gain on disposal of investment							<u>4,191</u>
Profit before tax							85,592
Income tax							(38,695)
Profit for year							<u>46,897</u>
Other information							
Capital expenditures	(27,973)	(30,554)	(603)	(23,901)	(9,104)	(1,400)	(93,535)
Depreciation and amortization	(5,916)	(12,566)	(168)	(4,805)	(1,318)	(1,483)	(26,256)
Balance Sheet							
Segment assets	108,420	187,592	4,873	107,544	22,243	178,891	609,563
Segment liabilities	(50,304)	(66,809)	(3,298)	(112,811)	(11,908)	(32,250)	(277,380)

	2009						
	<u>Towage</u> <u>R\$</u>	<u>Port</u> <u>terminals</u> <u>R\$</u>	<u>Ship agency</u> <u>R\$</u>	<u>Offshore</u> <u>R\$</u>	<u>Logistics</u> <u>R\$</u>	<u>Unallocated</u> <u>R\$</u>	<u>Consolidated</u> <u>R\$</u>
Revenue	253,705	305,420	26,473	66,416	131,962	48,122	832,098
Operating profit	90,629	81,074	3,780	23,874	5,765	(37,446)	167,676
Finance costs allocated to segment	<u>(5,951)</u>	<u>(963)</u>	<u>(160)</u>	<u>(5,055)</u>	<u>(2,321)</u>	<u>(2,187)</u>	<u>(16,637)</u>
Operating profit adjusted by finance cost	<u>84,678</u>	<u>80,111</u>	<u>3,620</u>	<u>18,819</u>	<u>3,444</u>	<u>20,165</u>	<u>151,039</u>
Investment income							59,798
Profit before tax							210,837
Income tax							(54,158)
Profit for the year							<u>156,679</u>
Other information							
Capital expenditures	(118,187)	(55,680)	(294)	(58,036)	(26,020)	(2,185)	(260,402)
Depreciation and amortization	(16,125)	(20,409)	(282)	(9,538)	(6,516)	(2,961)	(55,831)
Balance Sheet							
Segment assets	292,793	396,979	8,753	225,485	75,657	407,548	1,407,215
Segment liabilities	(205,080)	(123,885)	(9,648)	(256,155)	(48,698)	(26,387)	(669,853)
	2008						
	<u>Towage</u> <u>R\$</u>	<u>Port</u> <u>terminals</u> <u>R\$</u>	<u>Ship agency</u> <u>R\$</u>	<u>Offshore</u> <u>R\$</u>	<u>Logistics</u> <u>R\$</u>	<u>Unallocated</u> <u>R\$</u>	<u>Consolidated</u> <u>R\$</u>
Revenue	343,768	398,501	41,103	50,379	208,689	122,052	1,164,492
Operating profit	113,494	118,876	7,319	18,885	12,405	(45,615)	225,364
Finance costs allocated to segment	<u>(9,528)</u>	<u>(15,595)</u>	<u>(168)</u>	<u>(6,242)</u>	<u>(1,110)</u>	<u>(566)</u>	<u>(33,209)</u>
Operating profit adjusted by finance cost	103,966	103,281	7,151	12,643	11,295	(46,181)	192,155
Investment income							(1,921)
Gain on disposal of investment							9,794
Profit before tax							200,028
Income tax							(90,430)
Profit for the year							<u>109,598</u>
Other information							
Capital expenditures	(65,373)	(71,405)	(1,409)	(55,857)	(21,276)	(3,272)	(218,592)
Depreciation and amortization	(13,826)	(29,367)	(393)	(11,229)	(3,080)	(3,465)	(61,360)
Balance Sheet							
Segment assets	253,377	438,404	11,388	251,331	51,981	418,068	1,424,549
Segment liabilities	(117,560)	(156,129)	(7,707)	(263,640)	(27,829)	(75,370)	(648,235)

Financial expenses and respective liabilities were allocated to reporting segments where interest arises from loans is related with 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. Administrative expenses are presented as unallocated.

### Geographical information

The Group's operations are mainly located in Brazil. The Group earns income on Cash and Cash Equivalents invested in Bermuda and in Brazil, and incurs expenses on its activities in the latter country.

## 4. REVENUE

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Sales of services	455,801	449,652	793,641	1,050,837
Revenue from construction contracts	<u>22,087</u>	<u>48,633</u>	<u>38,457</u>	<u>113,655</u>
Total	<u>477,888</u>	<u>498,285</u>	<u>832,098</u>	<u>1,164,492</u>

## 5. PERSONNEL EXPENSES

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Salaries and benefits	111,759	110,141	194,594	257,400
Social securities and charges	27,318	26,584	47,566	62,126
Pension costs	585	1,022	1,019	2,388
Share-based payment (Note 20)	<u>9,424</u>	<u>(1,431)</u>	<u>16,409</u>	<u>(3,344)</u>
Total	<u>149,086</u>	<u>136,316</u>	<u>259,588</u>	<u>318,570</u>

Pension costs are for defined contribution retirement benefit schemes for all qualifying employees of the Group's 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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Service cost	49,507	49,699	86,202	116,147
Rent of tugs	25,830	25,316	44,975	59,164
Freight	20,619	30,496	35,902	71,269
Other rentals	10,650	12,663	18,544	29,593
Energy, water and communication	9,944	10,839	17,314	25,332
Container movement	10,394	9,949	18,098	23,248
Insurance	5,618	6,969	9,782	16,287
Maintenance	5,088	6,359	8,859	14,862
Other expenses	<u>13,687</u>	<u>1,190</u>	<u>23,832</u>	<u>2,781</u>
Total	<u>151,337</u>	<u>153,480</u>	<u>263,508</u>	<u>358,683</u>

## 7. INVESTMENT INCOME AND FINANCE COSTS

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Interest on investments	6,874	11,340	11,969	26,502
Exchange gain on investments	24,031	(23,524)	41,843	(54,976)
Interest income	<u>3,438</u>	<u>11,362</u>	<u>5,986</u>	<u>26,553</u>
Total investment income	<u>34,343</u>	<u>(822)</u>	<u>59,798</u>	<u>(1,921)</u>
Interest on bank loans and overdrafts	(7,724)	(7,028)	(13,449)	(16,424)
Exchange gain on loans	2,098	(2,369)	3,653	(5,536)
Interest on obligations under finance leases	(1,254)	(677)	(2,183)	(1,583)
Other interest	<u>(2,675)</u>	<u>(4,136)</u>	<u>(4,658)</u>	<u>(9,666)</u>
Total finance costs	<u>(9,555)</u>	<u>(14,210)</u>	<u>(16,637)</u>	<u>(33,209)</u>

## 8. INCOME TAX

Income tax recognized in profit or loss:

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
<u>Current</u>				
Brazilian taxation				
Income tax	31,402	22,901	54,677	53,520
Social contribution	<u>12,022</u>	<u>9,302</u>	<u>20,933</u>	<u>21,738</u>
Total current tax	43,424	32,203	75,610	75,258
<u>Deferred tax</u>				
Total deferred tax	(12,320)	<u>6,492</u>	(21,452)	<u>15,172</u>
Total income tax	<u>31,104</u>	<u>38,695</u>	<u>54,158</u>	<u>90,430</u>

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

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Profit before tax	121,088	85,592	210,837	200,028
Tax at the standard Brazilian tax rate of 34%	41,170	29,101	71,685	68,009
Tax effect of expenses/income that are not included in determining taxable profit				
Reversal of exchange variation on loans in US Dollar	16,540	(13,908)	28,800	(32,503)
Exchange (gain) loss on deferred income tax balances	6,536	(8,603)	11,380	(20,105)
Others	(900)	(153)	(1,568)	(358)
Effect of exchange difference in non-monetary items	(35,086)	32,257	(61,092)	75,385
Effect of different tax rates in other jurisdictions	<u>2,844</u>	<u>1</u>	<u>4,953</u>	<u>2</u>
Income tax expense	<u>31,104</u>	<u>38,695</u>	<u>54,158</u>	<u>90,430</u>
Effective rate for the period	<u>26%</u>	<u>45%</u>	<u>26%</u>	<u>45%</u>

The tax rate used for the 2009 and 2008 reconciliations above is the corporate tax rate of 34% payable by entities in Brazil under tax law in that jurisdiction.

## 9. GOODWILL

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Cost and carrying amount attributed to:				
Tecon Rio Grande	13,132	13,132	22,865	30,689
Tecon Salvador	<u>2,480</u>	<u>2,480</u>	<u>4,319</u>	<u>5,796</u>
Total	<u>15,612</u>	<u>15,612</u>	<u>27,184</u>	<u>36,485</u>

For the purposes of testing goodwill for impairment loss, the Group prepares cash flow forecasts for the relevant cash generating unit (Tecon Rio Grande and Tecon Salvador) 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 10% for Tecon Rio Grande and 5% and 8% for Tecon Salvador. This rate does not exceed the average long-term historical growth rate for the relevant market. After testing goodwill as mentioned above, no impairment losses were recognized for the periods presented.

## 10. OTHER INTANGIBLE ASSETS

	<u>US\$</u>	<u>R\$</u>
<u>Cost</u>		
At January 1, 2008	3,380	5,987
Additions	610	1,426
Exchange differences	(752)	(1,757)
Translation adjustment to Real	<u>-</u>	<u>1,911</u>
At December 31, 2008	3,238	7,567
Exchange differences	824	1,435
Translation adjustment to Real	<u>-</u>	<u>(1,929)</u>
At December 31, 2009	<u>4,062</u>	<u>7,073</u>
<u>Amortization</u>		
At January 1, 2008	1,339	2,372
Charge for the year	299	699
Exchange differences	(199)	(465)
Translation adjustment to Real	<u>-</u>	<u>757</u>
At December 31, 2008	1,439	3,363
Charge for the year	149	259
Exchange differences	235	409
Translation adjustment to Real	<u>-</u>	<u>(857)</u>
At December 31, 2009	<u>1,823</u>	<u>3,174</u>
<u>Carrying amount</u>		
December 31, 2009	<u>2,239</u>	<u>3,899</u>
December 31, 2008	<u>1,799</u>	<u>4,204</u>

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).

On November, 2008 the Group's renewed the concession right for EADI Santo Andre for more ten years, this right was recognized at intangible asset, as an addition in the amount of US\$610 (R\$1,426).

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 10 years.

## 11. PROPERTY, PLANT AND EQUIPMENT

	<u>Land and buildings</u> <u>US\$</u>	<u>Floating craft</u> <u>US\$</u>	<u>Vehicles, plant and equipment</u> <u>US\$</u>	<u>Assets under construction</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<u>Cost or valuation</u>					
At January 1, 2008	66,554	153,884	99,863	45,895	366,196
Additions	23,697	12,351	20,420	37,067	93,535
Transfers	3,830	63,311	(3,830)	(63,311)	-
Exchange differences	(7,320)	(491)	(11,501)	-	(19,312)
Disposals	<u>(52)</u>	<u>(855)</u>	<u>(3,286)</u>	<u>-</u>	<u>(4,193)</u>
At December 31, 2008	86,709	228,200	101,666	19,651	436,226
Additions	23,265	3,737	27,172	95,379	149,553
Transfers	-	52,653	-	(52,653)	-
Exchange differences	8,700	-	14,032	-	22,732
Disposals	<u>(6,230)</u>	<u>(472)</u>	<u>(584)</u>	<u>-</u>	<u>(7,286)</u>
At December 31, 2009	112,444	284,118	142,286	62,377	601,225
<u>Accumulated depreciation</u>					
At January 1, 2008	16,874	64,321	32,896	-	114,091
Charge for the year	7,403	10,520	8,034	-	25,957
Exchange differences	(2,622)	(19)	(3,276)	-	(5,917)
Disposals	<u>-</u>	<u>(1,052)</u>	<u>(1,875)</u>	<u>-</u>	<u>(2,927)</u>
At December 31, 2008	21,655	73,770	35,779	-	131,204
Charge for the year	5,112	14,523	12,281	-	31,916
Exchange differences	1,572	-	4,561	-	6,133
Disposals	<u>(6,157)</u>	<u>(165)</u>	<u>(584)</u>	<u>-</u>	<u>(6,906)</u>
At December 31, 2009	22,182	88,128	52,037	-	162,347
At December 31, 2009	<u>90,262</u>	<u>195,990</u>	<u>90,249</u>	<u>62,377</u>	<u>438,878</u>
At December 31, 2008	<u>65,054</u>	<u>154,430</u>	<u>65,887</u>	<u>19,651</u>	<u>305,022</u>

	<u>Land and buildings</u>	<u>Floating</u>	<u>Vehicles, plant and equipment</u>	<u>Assets under construction</u>	<u>Total</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
<u>Cost or valuation</u>					
At January 1, 2008	117,887	272,575	176,885	81,297	648,644
Additions	55,380	28,864	47,722	86,626	218,592
Transfers	8,951	147,958	(8,951)	(147,958)	-
Exchange differences	(17,107)	(1,147)	(26,876)	-	(45,130)
Disposals	(122)	(1,998)	(7,679)	-	(9,799)
Translation adjustment to Real	<u>37,650</u>	<u>87,051</u>	<u>56,492</u>	<u>25,959</u>	<u>207,152</u>
At December 31, 2008	202,639	533,303	237,593	45,924	1,019,459
Additions	40,509	6,507	47,312	166,074	260,402
Transfers	-	91,679	-	(91,679)	-
Exchange differences	15,149	-	24,433	-	39,582
Disposals	(10,848)	(822)	(1,017)	-	(12,687)
Translation adjustment to Real	<u>(51,662)</u>	<u>(135,961)</u>	<u>(60,573)</u>	<u>(11,707)</u>	<u>(259,903)</u>
At December 31, 2009	195,787	494,706	247,748	108,612	1,046,853
<u>Accumulated depreciation</u>					
At January 1, 2008	29,889	113,932	58,269	-	202,090
Charge for the year	17,301	24,585	18,775	-	60,661
Exchange differences	(6,128)	(44)	(7,656)	-	(13,828)
Disposals	-	(2,459)	(4,382)	-	(6,841)
Translation adjustment to Real	<u>9,545</u>	<u>36,386</u>	<u>18,610</u>	<u>-</u>	<u>64,541</u>
At December 31, 2008	50,607	172,400	83,616	-	306,623
Charge for the year	8,901	25,287	21,384	-	55,572
Exchange differences	2,737	-	7,942	-	10,679
Disposals	(10,721)	(287)	(1,017)	-	(12,025)
Translation adjustment to Real	<u>(12,901)</u>	<u>(43,951)</u>	<u>(21,318)</u>	<u>-</u>	<u>(78,170)</u>
At December 31, 2009	38,623	153,449	90,607	-	282,679
At December 31, 2009	<u>157,164</u>	<u>341,257</u>	<u>157,141</u>	<u>108,612</u>	<u>764,174</u>
At December 31, 2008	<u>152,032</u>	<u>360,903</u>	<u>153,977</u>	<u>45,924</u>	<u>712,836</u>

The carrying amount of the Group's vehicles, plant and equipment includes an amount of US\$23,0 million (R\$40,0 million) (2008: US\$13,8 million (R\$32,3 million)) in respect of assets held under finance leases.

Land and buildings with a net book value of US\$385 (R\$670) (2008: US\$299 (R\$699)) and tugs with a net book value of US\$2,794 (R\$4,865) (2008: US\$3,001 (R\$7,013)) have been given in guarantee of various lawsuits.

The Group has pledged assets having a carrying amount of approximately US\$235,400 million (R\$409,900 million) (2008: US\$35,200 million (R\$82,300 million)) to secure loans granted to the Group.

The amount of capitalized interest in the year is US\$728 (R\$1,268), carrying average rate of 3.42%.

On December 31 2009, the Group had contractual suppliers commitments for the acquisition and construction related to property, plant and equipment amounting to US\$23,700 million (R\$41,200 million) (2008: US\$23,900 million (R\$55,900 million)).



## 12. INVENTORIES

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Operating materials	9,758	8,360	16,991	19,537
Raw materials for construction contracts (external customers)	<u>10,929</u>	<u>1,042</u>	<u>19,030</u>	<u>2,435</u>
Total	<u>20,687</u>	<u>9,402</u>	<u>36,021</u>	<u>21,972</u>

## 13. TRADE AND OTHER RECEIVABLES

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Accounts receivable for services rendered	49,948	36,138	86,971	84,455
Allowance for doubtful debts	(1,637)	(2,761)	(2,850)	(6,452)
Income tax recoverable	5,484	2,676	9,547	6,254
Prepayments and recoverable taxes and levies	<u>51,704</u>	<u>42,698</u>	<u>90,027</u>	<u>99,784</u>
Total	<u>105,499</u>	<u>78,751</u>	<u>183,695</u>	<u>184,041</u>

Trade receivables disclosed above are classified as financial assets measured at amortised cost. All the amounts are classified as current assets.

The average credit period taken on services is approximately 32 days (2008: 24 days). Interest of 1 percent plus an average fine of 2 percent per month is charged on overdue balances. The Group has recognized an allowance for doubtful debts of 100% against all receivables over 180 days because historical experience has been that receivables that are past due beyond 180 days are not recoverable. Allowances for doubtful debts are recognized decreasing the amount of accounts receivable and is established whenever a loss is detected, based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Not due	41,377	31,744	72,046	74,187
Due:				
From 01 to 30 days	5,051	1,369	8,796	3,199
From 31 to 90 days	1,440	188	2,508	439
From 91 to 180 days	443	76	771	178
More than 180 days	<u>1,637</u>	<u>2,761</u>	<u>2,850</u>	<u>6,452</u>
Total	<u>49,948</u>	<u>36,138</u>	<u>86,971</u>	<u>84,455</u>

Changes in allowance for doubtful debts are as follows:

	<u>US\$</u>	<u>R\$</u>
At January 1, 2008	4,208	7,454
Amounts written off during the period	(1,277)	(2,985)
Increase in allowance	397	928
Exchange difference	(567)	(1,325)
Translation adjustment to Real	<u>-</u>	<u>2,380</u>
At December 31, 2008	2,761	6,452
Amounts written off during the period	(4,177)	(7,272)
Increase in allowance	2,423	4,220
Exchange difference	630	1,096
Translation adjustment to Real	<u>-</u>	<u>(1,646)</u>
At December 31, 2009	<u>1,637</u>	<u>2,850</u>

Management believes that no additional accrual 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 December 31, 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 that the Group takes certain measures to demonstrate that it has met the requirements of tax regulations for such recovery. During 2008, the Group was able to meet such requirements and recognized US\$22.4 million (R\$52.3 million). In 2009, the Group concluded this process and recognized US\$5.6 million (R\$9.8 million) as a credit in the Consolidated Income Statement for the year (line “other operating expenses”).

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

##### Cash and cash equivalents

Cash and cash equivalents comprises cash on hands, bank accounts and short term investments that are highly liquid and readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents denominated in US Dollar represent principally investments in deposit certificates placed with major financial institutions. Cash and cash equivalents denominated in Real represent principally investments in deposit certificates and Brazilian treasuries.

##### Short term investments

Short term investments comprises investments that are with more than 90 days of maturity but less than 365 days.

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Denominated in US Dollar:				
· Cash and cash equivalents	<u>83,255</u>	<u>104,672</u>	<u>144,963</u>	<u>244,618</u>
Total	<u>83,255</u>	<u>104,672</u>	<u>144,963</u>	<u>244,618</u>
Denominated in Real:				
Cash and cash equivalents	94,881	75,350	165,207	176,093
Short term investments	<u>11,116</u>	-	<u>19,355</u>	-
Total	<u>105,997</u>	<u>75,350</u>	<u>184,562</u>	<u>176,093</u>
Total cash and cash equivalents	<u>178,136</u>	<u>180,022</u>	<u>310,170</u>	<u>420,711</u>
Total short term investments	<u>11,116</u>	-	<u>19,355</u>	-

#### Private investment funds

The Group has investments in private investment fund denominated Investment Fund Fixed Income Private Credit Hydrus and that are consolidated in these financial statements. This private investment fund comprise deposit certificates and equivalent instruments, with final maturities ranging from April to October 2010 and for government bonds, with final maturities ranging from March 2013 to March 2015.

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

## 15. BANK OVERDRAFTS AND LOANS

	<u>Interest rate - %</u>	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
<u>Unsecured Borrowings - at amortized cost:</u>					
Bank overdrafts	13,25% p.y.	<u>227</u>	<u>113</u>	<u>395</u>	<u>264</u>
Total unsecured borrowings		<u>227</u>	<u>113</u>	<u>395</u>	<u>264</u>
<u>Secured Borrowings - at amortized cost:</u>					
BNDES - FINAME Real	4,5% to 14% p.y	5,089	-	8,861	-
BNDES - FMM US Dollar	2,64% to 5% p.y	<u>230,563</u>	<u>159,721</u>	<u>401,456</u>	<u>373,266</u>
Total BNDES		<u>235,652</u>	<u>159,721</u>	<u>410,317</u>	<u>373,266</u>
	3,18% to 8,49%				
IFC linked to US Dollar	p.y	14,080	21,316	24,516	49,815
IFC linked to Real	14,09% p.y	<u>5,458</u>	<u>4,067</u>	<u>9,504</u>	<u>9,507</u>
Total IFC		<u>19,538</u>	<u>25,383</u>	<u>34,020</u>	<u>59,322</u>
Total secured borrowings		<u>255,190</u>	<u>185,104</u>	<u>444,337</u>	<u>432,588</u>
Total		<u>255,417</u>	<u>185,217</u>	<u>444,732</u>	<u>432,852</u>

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

	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Within one year	18,146	17,777	31,596	41,545
In the second year	20,545	15,096	35,773	35,277
In the third to fifth years (including)	60,166	43,321	104,761	101,241
After five years	<u>156,560</u>	<u>109,023</u>	<u>272,602</u>	<u>254,789</u>
Total	<u>255,417</u>	<u>185,217</u>	<u>444,732</u>	<u>432,852</u>
Total current	<u>18,146</u>	<u>17,777</u>	<u>31,596</u>	<u>41,545</u>
Total non-current	<u>237,271</u>	<u>167,440</u>	<u>413,136</u>	<u>391,307</u>

The analysis of borrowings by currency is as follows:

	<u>Real</u>	<u>Real</u>	<u>US</u>	<u>Total</u>	<u>Real</u>	<u>Real</u>	<u>US</u>	<u>Total</u>
	<u>US\$</u>	<u>linked to</u>	<u>Dollar</u>	<u>US\$</u>	<u>R\$</u>	<u>linked to</u>	<u>Dollar</u>	<u>R\$</u>
	<u>US\$</u>	<u>US Dollar</u>	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>US Dollar</u>	<u>R\$</u>	<u>R\$</u>
<u>December 31, 2009</u>								
Bank overdrafts	227	-	-	227	395	-	-	395
Bank loans	<u>10,547</u>	<u>230,563</u>	<u>14,080</u>	<u>255,190</u>	<u>18,365</u>	<u>401,456</u>	<u>24,516</u>	<u>444,337</u>
Total	<u>10,774</u>	<u>230,563</u>	<u>14,080</u>	<u>255,417</u>	<u>18,760</u>	<u>401,456</u>	<u>24,516</u>	<u>444,732</u>
<u>December 31, 2008</u>								
Bank overdrafts	113	-	-	113	264	-	-	264
Bank loans	<u>4,067</u>	<u>159,721</u>	<u>21,316</u>	<u>185,104</u>	<u>9,507</u>	<u>373,266</u>	<u>49,815</u>	<u>432,588</u>
Total	<u>4,180</u>	<u>159,721</u>	<u>21,316</u>	<u>185,217</u>	<u>9,771</u>	<u>373,266</u>	<u>49,815</u>	<u>432,852</u>

The Group has two main lenders:

Brazilian Economic and Social Development Bank (“BNDES”), as an agent of Brazilian Merchant Navy (“FMM”) BNDES finances tug boats and platform supply vessel’s construction, in the amount outstanding of US\$ 230.6 million (R\$401.5 million) (2008: US\$159.7 million (R\$373.3 million)) and equipments for logistic operations, US\$ 5.1 million (R\$8.9 million). The amounts outstanding at December 31, 2009 are repayable over periods varying up to 21 years. For the part linked to US Dollars the loans carry fixed interest rates between 2.64% and 5% per year, whereas for the loans denominated in Real, the interest rates are between 4.5% and 14% per year.

The International Finance Corporation (“IFC”) finances both port terminals – Tecon Rio Grande and Tecon Salvador. There are three loan agreements with this bank: two for Tecon Salvador and one for Tecon Rio Grande. The amounts outstanding at December 31, 2009 are repayable over periods varying up to 7 years. These loans are denominated part in US Dollar and part in Real. For the part linked to US Dollar, one of the loans interest rate is fixed in 8.49% per year, while the others load a variable rate denominated Libor (semestral) plus spread that are between 2.5% to 3.5% per year, whereas for the part denominated in Real, the interest rate is fixed at 14.09% per year.

Guarantees

The loans from BNDES are secured by a pledge over the tug boats and supply vessels that are object of these financing. For three of the seven platform supply vessels being financed there is also a guarantee involving receivables from the client Petrobras.

The loans from IFC are secured by the Groups shares in Tecon Salvador and Tecon Rio Grande, the projects cash flows, equipment and building (equipment and building only for Tecon Rio Grande).

Undrawn borrowing facilities

At December 31, 2009, the Group had available US\$102.3 million of undrawn borrowing facilities for which all conditions precedent had been met.

The Export-Import Bank of China, finances Tecon Rio Grande's equipment. The amount is US\$ 16.66 million, with initial outlay in January 2010. The amount outstanding is repayable up to 10 years, including a shortage of 2 years. The amortization and interest payment are semestrals. The loan is denominated in US Dollars with a variable rate (Libor - semestral). The spread is 1.7% per year and there is a committee's payment for Bank Itaú BBA's guarantee of 2% per year.

Fair value

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Bank overdrafts	<u>227</u>	<u>113</u>	<u>395</u>	<u>264</u>
Bank loans				
BNDES	235,652	168,144	410,317	392,953
IFC	<u>20,160</u>	<u>25,891</u>	<u>35,103</u>	<u>60,507</u>
Total bank loans	<u>255,812</u>	<u>194,035</u>	<u>445,420</u>	<u>453,460</u>
Total	<u>256,039</u>	<u>194,148</u>	<u>445,815</u>	<u>453,724</u>

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 December 31, 2009, the Group is in compliance with all clauses of these contracts.

## 16. DEFERRED TAX

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

	Accelerated depreciation US\$	Exchange variance on loans US\$	Timing differences US\$	Tax losses US\$	Non- monetary items US\$	Total US\$
At January 1, 2008	(14,859)	(17,598)	5,986	144	28,233	1,906
(Charge)/Credit to income	1,616	19,444	4,847	(142)	(32,257)	(6,492)
Charge to investment reserve	-	-	1,206	-	-	1,206
Exchange differences	-	60	(1,421)	(2)	-	(1,363)
At December 31, 2008	(13,243)	1,906	10,618	-	(4,024)	(4,743)
(Charge)/Credit to income	(8,351)	(15,156)	741	-	35,086	12,320
Exchange differences	-	3	1,779	-	-	1,782
At December 31, 2009	(21,594)	(13,247)	13,138	-	31,062	9,359

  

	Accelerated depreciation R\$	Exchange variance on loans R\$	Timing differences R\$	Tax losses R\$	Non- monetary items R\$	Total R\$
At January 1, 2008	(26,320)	(31,170)	10,605	253	50,009	3,377
(Charge)/Credit to income	3,777	45,441	11,327	(332)	(75,385)	(15,172)
Charge to investment reserve	-	-	2,818	-	-	2,818
Exchange differences	-	140	(3,321)	(5)	-	(3,186)
Translation adjustment to Real	(8,406)	(9,957)	3,386	84	15,972	1,079
December 31, 2008	(30,949)	4,454	24,815	-	(9,404)	(11,084)
(Charge)/Credit to income	(14,541)	(26,390)	1,290	-	61,092	21,451
Exchange differences	-	5	3,098	-	-	3,103
Translation adjustment to Real	7,891	(1,135)	(6,327)	-	2,397	2,826
At December 31, 2009	(37,599)	(23,066)	22,876	-	54,085	16,296

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Deferred tax liabilities	(16,140)	(15,632)	(28,102)	(36,532)
Deferred tax assets	<u>25,499</u>	<u>10,889</u>	<u>44,398</u>	<u>25,448</u>
Total	<u>9,359</u>	<u>(4,743)</u>	<u>16,296</u>	<u>(11,084)</u>

At the balance sheet date, the Group has unused tax losses of US\$23,664 (R\$41,203) (2008: US\$9,564 (R\$22,351)) available for offset against future fiscal profits. No deferred tax asset has been recognized in the amount of US\$ 8,046 (R\$14,009) (2008: US\$3,252 (R\$7,599)) due to the unpredictability of future fiscal profits streams.

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

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

## 17. PROVISIONS FOR CONTINGENCIES

	<u>US\$</u>	<u>R\$</u>
<u>At January 1, 2008</u>	12,484	22,113
Net addition (reversal) in the year	(1,905)	(4,452)
Exchange difference	(2,124)	(4,964)
Translation adjustment to Real	-	<u>7,062</u>
<u>At December 31, 2008</u>	8,455	19,759
Net addition (reversal) in the year	(1,654)	(2,879)
Exchange difference	3,030	5,275
Translation adjustment to Real	-	<u>(5,037)</u>
<u>At December 31, 2009</u>	<u>9,831</u>	<u>17,118</u>

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Civil cases	781	2,369	1,360	5,537
Tax cases	921	1,291	1,604	3,016
Labor claims	<u>8,129</u>	<u>4,795</u>	<u>14,154</u>	<u>11,206</u>
Total	<u>9,831</u>	<u>8,455</u>	<u>17,118</u>	<u>19,759</u>

In the normal course of business in Brazil, the Group continues to be exposed to numerous local legal claims. It is the Group's policy to vigorously contest such claims, many of which appear to have little substance in merit, and to manage such claims through its legal advisors. There are no material claims outstanding at December 31, 2009 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:

- Civil and Environmental cases: Indemnification for damages caused by floating crafts accidents. These claims are pleas related to environmental causes and indemnities for work accidents.
- Labor claims: These lawsuits litigate about salary differences, overtime worked without payments, and other additional.
- Tax cases: Brazilian taxes that the Group considers inappropriate and litigates against the governments.

In addition to the cases for which the Group booked the provision for contingencies there are other tax, civil and labor disputes amounting to US\$ 60,355 (R\$105,089) (2008: US\$33,074 (R\$77,293)), whose probability of loss was estimated by the legal advisors as possible. Of in order to promote the amount of US\$ 60,355 classified as possible, US\$ 10,667 refer to approximately 130 labor claims which were filed against the Port Terminal during 2009, the amounting to US\$ 11,292 are related to exchange difference. The principal thrust of such claims was for the additional compensation for the alleged enhanced risk of operating the port during the construction phase of the port expansion. The Superior Labor Court ("SLC") judged the object and declared the inapplicability of private terminals employees additional. The Group's legal advisers will continue monitoring progress on the case with SLC, in order to promote a court decision favorable to the Port Terminal.

## 18. OBLIGATIONS UNDER FINANCE LEASES

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Amounts payable under finance leases:				
Within one year	5,263	1,616	3,902	1,116
In the second to fifth years, inclusive	<u>9,950</u>	<u>4,025</u>	<u>8,653</u>	<u>3,139</u>
Total	15,213	5,641	12,555	4,255
Less future finance charges	<u>(2,658)</u>	<u>(1,386)</u>		
Present value of lease obligations	<u>12,555</u>	<u>4,255</u>		

  

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Amounts payable under finance leases:				
Within one year	9,164	3,776	6,793	2,609
In the second to fifth years inclusive	<u>17,324</u>	<u>9,408</u>	<u>15,067</u>	<u>7,336</u>
Total	26,488	13,184	21,860	9,945
Less future finance charges	<u>(4,628)</u>	<u>(3,239)</u>		
Present value of lease obligations	<u>21,860</u>	<u>9,945</u>		

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 4 years.

For the year ended December 31, 2009 the average effective leasing rate was 15.21% per year (2008: 15.25%). 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 10.05% to 20.39% per year.

Leases are denominated in Reais.

The fair value of the Group's lease obligations is approximately equal to their carrying amount.

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



## 19. TRADE AND OTHER PAYABLES

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Suppliers	61,756	44,334	107,530	103,609
Taxes	11,847	9,834	20,628	22,980
Share-based payment	10,591	1,167	18,441	2,728
Accruals and other payables	<u>5,733</u>	<u>7,387</u>	<u>9,982</u>	<u>17,262</u>
Total	<u>89,927</u>	<u>62,722</u>	<u>156,581</u>	<u>146,579</u>

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
<u>Construction contracts</u>				
Contracts in progress at the end of each reporting period:				
Contract costs incurred plus recognized revenues less				
recognized losses to date	22,807	40,928	39,712	95,649
Less billings in process	<u>(35,207)</u>	<u>(42,882)</u>	<u>(61,302)</u>	<u>(100,215)</u>
Net liability included in suppliers	<u>(12,400)</u>	<u>(1,954)</u>	<u>(21,590)</u>	<u>(4,566)</u>

## 20. CASH-SETTLED SHARE-BASED PAYMENTS

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

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

	<u>US\$</u>	<u>R\$</u>
Liability at January 1, 2008	2,598	4,602
Reversal for the year	(1,431)	(3,344)
Translation adjustment to Reals	-	<u>1,470</u>
Liability at December 31, 2008	<u>1,167</u>	<u>2,728</u>
Charge for the year	9,424	16,409
Translation adjustment to Reals	-	<u>(696)</u>
Liability at December 31, 2009	<u>10,591</u>	<u>18,441</u>

The liability above is included in “Share-Based Payment” presented in Note 19.

	<u>2009</u> Number of share options
Outstanding at the beginning of the year	3,892,760
Granted during the year	<u>20,000</u>
Outstanding at the end of the year	<u>3,912,760</u>

Fair value of the recorded liability in the amount of US\$10,591 (R\$18,441) (2008: US\$1,167 (R\$2,728)) was determined using the Binomial model based on the assumptions mentioned below:

	<u>2009</u>	<u>2008</u>
Closing share price (in real)	R\$21.48	R\$10.95
Expected volatility	34%	30%
Expected life	10 years	10 years
Risk free rate	9.49%	11.23%
Expected dividend yield	2.2 %	3.40%

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.

## 21. EQUITY

### Share Capital

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
71,144,000 ordinary shares issued and fully paid	<u>9,905</u>	<u>9,905</u>	<u>17,247</u>	<u>23,148</u>

### Dividends

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

Amounts recognized as distributions to owners of the Company:

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Dividends declared	<u>16,007</u>	<u>16,007</u>	<u>27,871</u>	<u>37,408</u>
Total	<u>16,007</u>	<u>16,007</u>	<u>27,871</u>	<u>37,408</u>

In the Board Meeting held on May 4, 2009 the Board of Directors declared the payment of dividend in the amount of US\$0.225 cents per share (R\$0.392 cents per share) in the total amount of US\$16,007 (R\$27,871) to Shareholders of record as at May 4, 2009 and the payment of such dividend on May 12, 2009.

### Earnings per share

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Profit for the year attributable to owners of the Company	88,531	46,855	154,148	109,500
Weighted average number of ordinary shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic and diluted earnings per share (cents per share)	124.4	65.9	216.7	153.9

### Legal reserve

An amount equal to 5% of the Company's net profit for the current year to be credited to a retained earnings account to be called "Legal Reserve" until such account equals 20% of the Company's paid up share capital.

### Translation reserve

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

## 22. SUBSIDIARIES

Details of the Company's subsidiaries at December 31, 2009 and 2008 are as follows:

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

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

On October 31, 2008 the Group's decided to reorganize its investments structure. This resulted in Saveiros Camuyranos Serviços Marítimos S.A., a subsidiary of Wilson Sons Limited, being spun-off into Wilson, Sons Offshore S.A., also a subsidiary of Wilson Sons Limited. This spin-off does not affect any shareholder rights or the rights of bearers of BDR in Wilson Sons Limited.

## 23. JOINT VENTURES

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

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Current assets	3,639	3,457	6,336	8,079
Non-current assets	2,297	1,438	4,000	3,361
Current liabilities	(4,744)	(3,377)	(8,260)	(7,892)
Non-current liabilities	(21)	(54)	(37)	(126)
	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Income	15,963	18,831	27,795	44,008
Expenses	(14,748)	(10,102)	(25,679)	(23,608)

The Group has the following significant interests in joint ventures at December 31, 2009:

	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Method used to account for investment</u>
<b>Towage</b>			Consolidation
Consórcio de Rebocadores Barra de Coqueiros	Brazil	50%	Proportional
Consórcio de Rebocadores Baía de São Marcos	Brazil	50%	Proportional
<b>Non-vessel operating common carrier</b>			Consolidation
Allink Transportes Internacionais Limitada	Brazil	50%	Proportional

On November 6, 2009 the Group sold its participation of 33.3% in the Joint Venture Dragaport Engenharia Ltda. to the partner Serveng Civilsan S.A. Except for this, the other interests in joint ventures mentioned above are the same of December 31, 2008.

## 24. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Minimum lease payments under operating leases recognized in income for the year	12,440	12,058	21,661	28,180

At December 31, 2009, the minimum amount due by the Group for future minimum lease payments under cancellable operating leases was US\$8,390 (R\$14,608) (2008: US\$6,638 (R\$15,513)).

Lease commitments for land and buildings with a term of over 5 years are recognized as an expense on a straight-line basis over the lease term. These operating lease arrangements are 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:

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Within one year	1,453	1,456	2,530	3,403
In the second to fifth year inclusive	<u>13,557</u>	<u>15,049</u>	<u>23,605</u>	<u>35,170</u>
Total	<u>15,010</u>	<u>16,505</u>	<u>26,135</u>	<u>38,573</u>

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

In November, 2008 the Group's renewed the concession to operate the EADI Santo Andre (a bonded warehouse) for a further ten years. With this, the Group's management renewed the rental agreement contract of the bonded warehouse used by EADI Santo Andre for the same period. The unexpired lease period at December 31, 2009 is 10 years and 4 months. These rental payments are updated by a Brazilian general inflation index.

## 25. 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 15, cash and cash equivalents, short term investments and equity attributable to owners of the parent comprising issued capital, reserves and retained earnings as disclosed in Note 21.

## b) Categories of financial instruments:

	Fair value		Book value	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Financial assets:				
Cash and cash equivalents	178,136	180,022	178,136	180,022
Short Term Investments	11,116	-	11,116	-
Trade and other receivables	<u>105,499</u>	<u>78,751</u>	<u>105,499</u>	<u>78,751</u>
Total	<u>294,751</u>	<u>258,773</u>	<u>294,751</u>	<u>258,773</u>
Financial liabilities:				
Bank loans and overdrafts	256,039	194,148	255,417	185,217
Obligations under finance leases	12,555	4,255	12,555	4,255
Trade and other payables	<u>89,927</u>	<u>62,722</u>	<u>89,927</u>	<u>62,722</u>
Total	<u>358,521</u>	<u>261,125</u>	<u>357,899</u>	<u>252,194</u>

	Fair value		Book value	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Financial assets:				
Cash and cash equivalents	310,170	420,711	310,170	420,711
Short Term Investments	19,355	-	19,355	-
Trade and other receivables	<u>183,695</u>	<u>184,041</u>	<u>183,695</u>	<u>184,041</u>
Total	<u>513,220</u>	<u>604,752</u>	<u>513,220</u>	<u>604,752</u>
Financial liabilities:				
Bank loans and overdrafts	445,815	453,724	444,732	432,852
Obligations under finance leases	21,860	9,945	21,860	9,945
Trade and other payables	<u>156,581</u>	<u>146,579</u>	<u>156,581</u>	<u>146,579</u>
Total	<u>624,256</u>	<u>610,248</u>	<u>623,173</u>	<u>589,376</u>

## c) Financial risk management objectives

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

## d) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currency (Real). Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters, which may include the use of forward foreign exchange contracts.

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 for the periods presented.

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

	<b>Assets</b>		<b>Liabilities</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Amounts denominated in Real	327,593	297,671	129,292	92,961

  

	<b>Assets</b>		<b>Liabilities</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Amounts denominated in Real	570,405	695,657	225,123	217,250

#### Foreign currency sensitivity analysis

				<u>Exchange rates</u>		
				<u>Probable Scenario</u>	<u>Possible Scenario (25%)</u>	<u>Remote Scenario (50%)</u>
				1.8100	2.265	2.7150

  

<u>Operation</u>	<u>Risk</u>	<u>Amount in US\$</u>	<u>Result</u>	<u>Probable Scenario</u>	<u>Possible Scenario 25%</u>	<u>Remote Scenario 50%</u>
Total assets	Real	327,593	Exchange effects	(12,452)	(75,480)	(117,499)
Total liabilities	Real	129,292	Exchange effects	<u>4,915</u>	<u>29,790</u>	<u>46,374</u>
Net effect				<u>(7,537)</u>	<u>(45,690)</u>	<u>(71,125)</u>

#### e) 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, 2009 and December 31, 2008 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

The following analysis concerns an eventual variation of revenue or expenses associated with the operations and scenarios shown, without consider its fair value.

Libor interest rate						
	<u>Probable Scenario</u>	<u>Possible Scenario (25%)</u>	<u>Remote Scenario (50%)</u>			
	0.87%	1.09%	1.31%			
<u>Operation</u>	<u>Risk</u>	<u>Amount US Dollar</u>	<u>Result</u>	<u>Probable Scenario</u>	<u>Possible Scenario 25%</u>	<u>Remote Scenario 50%</u>
Loan IFC	Libor	9,467	Loan interest	(11)	(23)	(36)
Investments	Libor	77,191	Investment income	<u>516</u>	<u>692</u>	<u>868</u>
			Net effect	<u>505</u>	<u>669</u>	<u>832</u>

Interest rate						
	<u>Probable Scenario</u>	<u>Possible Scenario (25%)</u>	<u>Remote Scenario (50%)</u>			
	10.39%	12.99%	15.59%			
<u>Operation</u>	<u>Risk</u>	<u>Amount US Dollar</u>	<u>Result</u>	<u>Probable Scenario</u>	<u>Possible Scenario 25%</u>	<u>Remote Scenario 50%</u>
Investments	CDI	102,440	Investment income	<u>1,692</u>	<u>4,081</u>	<u>6,470</u>
			Net effect	1,692	4,081	6,470

The net effect was obtained by assuming a scenario for the 12 months starting January 1, 2010 in which interest rates and all other variables remain constant.

The others loans bear a fixed interest rate and represent 95.5% of the total loans.

The investment rate risk mix is 42.97% Libor and 57.03% CDI

## f) 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.

## g) 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 booked 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.

h) Derivatives

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 December 31, 2009 and 2008.

i) Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at December 31, 2009 and December 31, 2008 at amounts similar to the fair value at those dates. These instruments are managed through operating strategies aimed to obtain liquidity, profitability and security. The control policy consists of an ongoing monitoring of rates agreed versus those in force in the market and confirmation as to whether its short-term financial investments are being properly marked to market by the institutions dealing with its funds.

The Group does not make speculative investments in derivatives or 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.

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.

Short term investments

The book value of short-term financial investments approximates its fair value.

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

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

Fair value of BNDES financing arrangements is identical to book balances since there are no similar instruments, with comparable maturity dates and interest rates.

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

## 26. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associates, joint ventures 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	-	-	-	-	-	103
2. CMMR Intermediação Comercial Ltda.	-	-	-	-	-	343
Joint ventures:						
3. Allink Transportes Internacionais Ltda.	3	-	-	-	618	-
4. Consórcio de Rebocadores Barra de Coqueiros	13	121	-	-	257	5
5. Consórcio de Rebocadores Baía de São Marcos	13	2.070	92	-	3.116	6
6. Dragaport Engenharia Ltda.	-	-	-	-	344	-
Others						
7. Patrick Hamilton Hill	-	2.642	-	-	273	-
Year ended 31 December 2009	<u>29</u>	<u>4.833</u>	<u>92</u>	<u>-</u>	<u>4.608</u>	<u>457</u>
Year ended 31 December 2008	<u>110</u>	<u>1.361</u>	<u>1.138</u>	<u>10.573</u>	<u>2.829</u>	<u>937</u>
	Current assets R\$	Non-current assets R\$	Current liabilities R\$	Non-current liabilities R\$	Revenues R\$	Expenses R\$
Associates:						
1. Gouvêa Vieira Advogados	-	-	-	-	-	179
2. CMMR Intermediação Comercial Ltda.	-	-	-	-	-	597
Joint ventures:						
3. Allink Transportes Internacionais Ltda.	5	-	-	-	1.076	-
4. Consórcio de Rebocadores Barra de Coqueiros	23	211	-	-	447	9
5. Consórcio de Rebocadores Baía de São Marcos	23	3.604	160	-	5.426	10
6. Dragaport Engenharia Ltda.	-	-	-	-	599	-
Others						
7. Patrick Hamilton Hill	-	4.600	-	-	475	-
Year ended December 31, 2009	<u>51</u>	<u>8.415</u>	<u>160</u>	<u>-</u>	<u>8.023</u>	<u>795</u>
Year ended December 31, 2008	<u>257</u>	<u>3.181</u>	<u>2.660</u>	<u>24.709</u>	<u>6.611</u>	<u>2.190</u>

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. Allink Transportes Internacionais Limitada is 50% owned by the Group and rents office space from the Group.
- 4-6 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 23.

## 27. NOTES TO THE CASH FLOW STATEMENT

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Profit before tax	121,088	85,592	210,837	200,028
Less: Investments income	(34,343)	822	(59,798)	1,921
Less: Result on disposal of investment	(97)	(4,191)	(169)	(9,794)
Add: Finance costs	<u>9,555</u>	<u>14,210</u>	<u>16,637</u>	<u>33,209</u>
Operating profit from operations	96,203	96,433	167,507	225,364
Adjustments for:				
Depreciation and amortization expenses	32,065	26,256	55,832	61,360
Gain on disposal of property, plant and equipment and Joint Venture	(372)	(680)	(647)	(1,589)
Provision for cash-settled share-based payment	9,424	(1,431)	16,409	(3,344)
Increase/decrease in provisions	<u>1,376</u>	<u>(2,598)</u>	<u>2,396</u>	<u>(6,071)</u>
Operating cash flows before movements in working capital	138,696	117,980	241,497	275,720
(Increase)/decrease in inventories	(11,285)	(2,023)	(19,649)	(4,728)
(Increase)/decrease in trade and other receivables	(22,295)	(6,109)	(38,820)	(14,277)
Increase/(decrease) in trade and other payables	14,847	(9,502)	25,851	(22,206)
Increase in other non-current assets	(2,454)	3,057	(4,273)	7,144
Investments income / (loss)	<u>14</u>	<u>-</u>	<u>24</u>	<u>-</u>
Cash generated by operations	117,523	103,403	204,630	241,653
Income taxes paid	(38,377)	(33,215)	(66,822)	(77,624)
Interest paid	<u>(9,238)</u>	<u>(11,454)</u>	<u>(16,085)</u>	<u>(26,768)</u>
Net cash from operating activities	<u>69,908</u>	<u>58,734</u>	<u>121,723</u>	<u>137,261</u>

## 28. 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:

	<u>2009</u> <u>US\$</u>	<u>2008</u> <u>US\$</u>	<u>2009</u> <u>R\$</u>	<u>2008</u> <u>R\$</u>
Short-term employee benefits	6,866	6,391	13,687	11,744
Post-employment benefits and social charges	<u>1,537</u>	<u>1,760</u>	<u>3,065</u>	<u>3,234</u>
	<u>8,403</u>	<u>8,151</u>	<u>16,752</u>	<u>14,978</u>

## 29. INSURANCES COVERAGE

The main insurances coverage in vigor in December 31, 2009 that the Group contracted:

<u>Risks</u>	<u>Subject</u>	<u>Coverage</u> <u>US\$</u>	<u>Coverage</u> <u>R\$</u>
Managers and directors	Managers' Civil Responsibility	29	50
Maritime Hull	Tugs	160	279
Maritime Hull	Plataform Supply Vessels	176	307
Maritime Hull	CR - Protection and loss of income ( <i>shipowners</i> )	6,000,000	10,447,200
Maritime Hull	Tugs and boats	38	66
	Port Operator Civil Responsibility (including chattels and real estates), Terminals (including chattels and real estates), logistics operations	100,000	174,120
Port Operator CR			
Property (Multiline)	Buildings, machines, furniture and fixtures, goods and raw materials	15	25
Total		<u>6,100,418</u>	<u>10,622,047</u>

## 30. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statement were approved by the board of directors and authorized for issue on March 22, 2010.