Wilson Sons Limited

Consolidated Financial Statements
for the Year Ended December 31, 2011
and Independent Auditors' Report

Deloitte Touche Tohmatsu Auditores Independente

Deloitte.

Deloitte Touche Tohmatsu
Av. Presidente Wilson, 231 – 22º
Rio de Janeiro – RJ – 20030-905
Brasil

Tel: + 55 (21) 3981-0500
Fax:+ 55 (21) 3981-0600
www.deloitte.com.br

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Wilson Sons Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as at December 31, 2011, and the consolidated statements of comprehensive income, changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in United States Dollars, the presentation and functional currency of the Group.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2011, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, expressed in United States dollars.

Other matters

Our audit also comprehended the convenience translation of the functional currency amounts (United States Dollar) into Brazilian Real amounts and, in our opinion, such convenience translation has been made in conformity with the basis described 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 and does not purport to represent amounts in accordance with International Financial Reporting Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Rio de Janeiro, Brazil
March 23, 2012

WILSON SONS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

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

				Convenience translation (*)	
	Notes	2011 US$	2010 US$	2011 R$	2010 R$
REVENUE	4	698,044	575,551	1,309,391	958,982
Raw materials and consumables used		(82,889)	(67,222)	(155,483)	(112,005)
Employee charges and benefits expenses	5	(236,625)	(198,736)	(443,861)	(331,134)
Depreciation and amortization expenses		(59,478)	(42,921)	(111,569)	(71,515)
Other operating expenses	6	(217,230)	(188,276)	(407,481)	(313,705)
Gains on disposal of property, plant and equipment		1,959	90	3,675	150
Investment income	7	6,068	13,940	11,382	23,227
Finance costs	7	(20,936)	(11,814)	(39,272)	(19,684)
Capital gain on joint venture transaction	23	-	20,407	-	34,002
PROFIT BEFORE TAX		88,913	101,019	166,782	168,318
Income tax expense	8	(51,565)	(30,514)	(96,726)	(50,843)
PROFIT FOR THE YEAR		37,348	70,505	70,056	117,475
Profit for the year attributable to:					
Owners of the Company		37,317	69,996	69,999	116,627
Non-controlling interests		31	509	57	848
		37,348	70,505	70,056	117,475
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation		(12,073)	4,607	(22,647)	7,676
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		25,275	75,112	47,409	125,151
Total comprehensive income for the year attributable to:					
Owners of the Company		25,536	74,855	47,901	124,723
Non-controlling interests		(261)	257	(492)	428
		25,275	75,112	47,409	125,151
Earnings per share from continuing operations					
Basic and diluted (cents per share)	21	52,45c	98,39c	98,39c	163,93c

(*) Exchange rates for convenience translation
12/31/11 – R$1.8758/ US$1.00
12/31/10 – R$1.6662/ US$1.00

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

WILSON SONS LIMITED

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2011
(Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation)

				Convenience translation (*)	
	Notes	2011 US$	2010 US$	2011 R$	2010 R$
ASSETS					
NON-CURRENT ASSETS					
Goodwill	9	15,612	15,612	29,285	26,013
Other intangible assets	10	28,546	16,841	53,547	28,060
Property, plant and equipment	11	725,859	560,832	1,361,566	934,458
Deferred tax assets	16	28,525	28,923	53,507	48,192
Trade and other receivables	13	28,240	6,400	52,972	10,665
Long term-investments	14	1,072	-	2,012	-
Other non-current assets		8,414	6,552	15,783	10,918
Total non-current assets		836,268	635,160	1,568,672	1,058,306
CURRENT ASSETS					
Inventories	12	21,142	20,147	39,657	33,569
Trade and other receivables	13	135,517	128,561	254,203	214,206
Short-term investments	14	24,500	36,729	45,957	61,198
Cash and cash equivalents	14	112,388	118,172	210,817	196,898
Total current assets		293,547	303,609	550,634	505,871
TOTAL ASSETS		1,129,815	938,769	2,119,306	1,564,177
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	21	9,905	9,905	18,580	16,504
Capital reserves		94,324	91,484	176,932	152,431
Profit reserve		1,981	1,981	3,716	3,301
Contributed surplus		9,379	27,449	17,594	45,737
Retained earnings		350,616	313,299	657,685	522,017
Translation reserve		9,143	20,924	17,150	34,864
Equity attributable to owners of the Company		475,348	465,042	891,657	774,854
Non-controlling interests		2,147	-	4,028	-
Total equity		477,495	465,042	895,685	774,854
NON-CURRENT LIABILITIES					
Trade and other payables	19	2,471	-	4,635	-
Bank loans	15	451,381	288,596	846,700	480,859
Deferred tax liabilities	16	26,093	15,073	48,945	25,115
Provisions for tax, labor and civil risks	17	13,378	12,289	25,094	20,476
Obligations under finance leases	18	3,278	6,305	6,149	10,505
Total non-current liabilities		496,601	322,263	931,523	536,955
CURRENT LIABILITIES					
Trade and other payables	19	115,788	117,698	217,196	196,108
Current tax liabilities		3,472	3,354	6,512	5,588
Obligations under finance leases	18	3,787	4,847	7,104	8,076
Bank overdrafts and loans	15	32,672	25,565	61,286	42,596
Total current liabilities		155,719	151,464	292,098	252,368
Total liabilities		652,320	473,727	1,223,621	789,323
TOTAL EQUITY AND LIABILITIES		1,129,815	938,769	2,119,306	1,564,177

(*) Exchange rates for convenience translation
12/31/11 – R$1.8758/ US$1.00
12/31/10 – R$1.6662/ US$1.00

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

WILSON SONS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation)

	Notes	Share capital US$	Capital reserves: Share premium US$	Capital reserves: Others US$	Capital reserves: Additional paid-in capital US$	Profit reserve US$	Contributed surplus US$	Retained earnings US$	Translation reserve US$	Attributable to owners of the Company US$	Non-controlling interests US$	Total US$
BALANCE AT JANUARY 1, 2010		9,905	117,951	28,383	-	1,981	-	243,303	16,065	417,588	5,891	423,479
Profit for the year		-	-	-	-	-	-	69,996	-	69,996	509	70,505
Other comprehensive income		-	-	-	-	-	-	-	4,859	4,859	(252)	4,607
Total comprehensive income for the year		-	-	-	-	-	-	69,996	4,859	74,855	257	75,112
Purchase of non-controlling interests	22	-	-	-	(4,850)	-	-	-	-	(4,850)	(4,156)	(9,006)
Transference to contributed surplus		-	(50,000)	-	-	-	50,000	-	-	-	-	-
Dividends	21	-	-	-	-	-	(22,551)	-	-	(22,551)	(1,992)	(24,543)
BALANCE AT DECEMBER 31, 2010		9,905	67,951	28,383	(4,850)	1,981	27,449	313,299	20,924	465,042	-	465,042
Profit for the year		-	-	-	-	-	-	37,317	-	37,317	31	37,348
Other comprehensive income		-	-	-	-	-	-	-	(11,781)	(11,781)	(292)	(12,073)
Total comprehensive income for the year		-	-	-	-	-	-	37,317	(11,781)	25,536	(261)	25,275
Sale of shares to non-controlling	22	-	-	-	2,840	-	-	-	-	2,840	2,408	5,248
Dividends	21	-	-	-	-	-	(18,070)	-	-	(18,070)	-	(18,070)
BALANCE AT DECEMBER 31, 2011	21	9,905	67,951	28,383	(2,010)	1,981	9,379	350,616	9,143	475,348	2,147	477,495

(continues)

WILSON SONS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation)

		Convenience translation (*)										
			Capital reserves									
	Notes	Share capital R$	Share premium R$	Others R$	Additional paid- in capital R$	Profit reserve R$	Contributed surplus R$	Retained earnings R$	Translation reserve R$	Attributable to owners of the Company R$	Non-controlling interests R$	Total R$
BALANCE AT JANUARY 1, 2010		17,247	205,377	49,420	-	3,449	-	423,640	27,972	727,105	10,257	737,362
Profit for the year		-	-	-	-	-	-	116,627	-	116,627	848	117,475
Other comprehensive income		-	-	-	-	-	-	-	8,096	8,096	(420)	7,676
Total comprehensive income for the year		-	-	-	-	-	-	116,627	8,096	124,723	428	125,151
Purchase of non-controlling interests	22	-	-	-	(8,080)	-	-	-	-	(8,080)	(6,925)	(15,005)
Transference to contributed surplus		-	(83,311)	-	-	-	83,311	-	-	-	-	-
Dividends	21	-	-	-	-	-	(37,574)	-	-	(37,574)	(3,320)	(40,894)
Foreign currency gains/(loss) in respect of translation into Real		(743)	(8,846)	(2,129)	-	(148)	-	(18,250)	(1,204)	(31,320)	(440)	(31,760)
BALANCE AT DECEMBER 31, 2010		16,504	113,220	47,291	(8,080)	3,301	45,737	522,017	34,864	774,854	-	774,854
Profit for the year		-	-	-	-	-	-	69,999	-	69,999	57	70,056
Other comprehensive income		-	-	-	-	-	-	-	(22,099)	(22,099)	(548)	(22,647)
Total comprehensive income for the year								69,999	(22,099)	47,900	(491)	47,409
Sale of shares to non-controlling	22	-	-	-	5,327	-	-	-	-	5,327	4,517	9,844
Dividends	21	-	-	-	-	-	(33,896)	-	-	(33,896)	-	(33,896)
Foreign currency gains/(loss) in respect of translation into Real		2,076	14,242	5,950	(1,018)	415	5,753	65,669	4,385	97,472	2	97,474
BALANCE AT DECEMBER 31, 2011	21	18,580	127,462	53,241	(3,771)	3,716	17,594	657,685	17,150	891,657	4,028	895,685

(*) Exchange rates for convenience translation
12/31/11 – R$1.8758/ US$1.00
12/31/10 – R$1.6662/ US$1.00

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

WILSON SONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a convenience translation)

				Convenience translation (*)	
	Notes	2011 US$	2010 US$	2011 R$	2010 R$
NET CASH GENERATED BY OPERATING ACTIVITIES	28	86,441	97,013	162,147	161,643
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		10,146	8,467	19,032	14,106
Proceeds from disposal of property, plant and equipment		7,384	959	13,851	1,598
Purchases of property, plant and equipment		(234,009)	(161,971)	(438,956)	(269,876)
Purchases of other intangible assets		(6,807)	(14,546)	(12,769)	(24,236)
Investments	14	11,157	(25,613)	20,928	(42,676)
Advance for future investment	22	(5,331)	-	(10,000)	-
Net cash from the Joint Venture transaction	28	-	5,040	-	8,398
Net cash used in investing activities		(217,460)	(187,664)	(407,914)	(312,686)
CASH FLOW FROM FINANCING ACTIVITIES					
Dividends paid	21	(18,070)	(24,543)	(33,896)	(40,894)
Repayments of borrowings		(34,762)	(18,953)	(65,207)	(31,579)
Repayments of obligation under finance leases		(5,940)	(3,969)	(11,142)	(6,613)
New bank loans raised		195,979	77,650	367,617	129,380
Bank overdrafts raised		-	6,391	-	10,649
(Purchase) Sale of non-controlling interest in subsidiary	22	670	(9,006)	1,257	(15,005)
Net cash generated by financing activities		137,877	27,570	258,629	45,938
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		6,858	(63,081)	12,862	(105,105)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	14	118,172	178,136	196,898	310,170
Effect of foreign exchange rate changes		(12,642)	3,117	(23,714)	5,193
Foreign currency gain / (loss) in respect of translation into Brazilian Real		-	-	24,771	(13,360)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14	112,388	118,172	210,817	196,898

(*) Exchange rates for convenience translation

12/31/11 – R$1.8758/ US$1.00
12/31/10 – R$1.6662/ US$1.00

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

1. GENERAL INFORMATION

Wilson Sons Limited (the "Group" or "Company") is a limited company incorporated in Bermuda under the Companies Act 1981. The address of the registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The Group is one of the largest providers of integrated port and maritime logistics and supply chain solutions in Brazil. Throughout over 175 years in the Brazilian market, we have developed a nationwide network and also have provided a variety of services related to international trade, particularly in the port and maritime sectors. Our principal activities are divided into the following segments: operation of port terminals, towage services, logistics, shipping assistance, support to offshore oil and natural gas platforms and shipyard.

2. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

2.1 Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board - IASB.

Basis of preparation

The consolidated 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 below.

The consolidated financial statements have been prepared on the historical cost basis except for derivatives and share-based payments liability that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Convenience translation

The consolidated financial statements were originally prepared in US Dollars. A convenience translation to the Real, the Brazilian currency, was carried out solely for the convenience of readers in Brazil and does not purport to represent amounts in accordance with International Financial Reporting Standards, and should not be construed as implying that the amounts in US Dollars represent, or could have been or could be converted into, Reais, at such rates or at any other rate. The exchange rates used for the purposes of this convenience translation were the PTAX (Reference rate for the dollar) exchange rates ruling as at the closing dates of the consolidated financial statements, as published by the Brazilian Central Bank. On December 31, 2011 and 2010 the applicable exchange rates were R$1.8758 and R$1.6662, respectively. The difference between the applicable exchanges rates, on each of the closing dates, generates impacts of translation on the beginning balances of the consolidated financial statements in Brazilian Real and on the changes therein through the subsequent period. The effect of this difference was disclosed in the Brazilian Real Consolidated Statement of Changes in Equity and respective notes as "Translation adjustment to Real".

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 (its subsidiaries). 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 statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When 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 Note 22.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see Note 3.16.2); and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after 1 January 2010.

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 proportional 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.
When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

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, income and expense 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 for the period. 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 other comprehensive income.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. 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 statement of comprehensive income 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 and tax losses (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 and tax losses to the extent that it is probable that taxable profits will be available against which those assets 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 measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

Land and buildings:	25 years
Improvements in Rented Buildings:	(*)
Vessels:	20 years
Vehicles:	5 years
Plant and Equipment:	5 to 20 years

(*) lower of the rental period or useful life

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 consolidated statement of comprehensive income.

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 an acquisition of a business is carried at cost as established at the date of acquisition of the business (see business combinations above) less accumulated impairment losses, if any.

On disposal of the relevant cash-generating unit, 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 with finite useful lives that are 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than 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.

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 labor 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

   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.

   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.

   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.

The financial assets of the Company have been classified as loan and receivables.

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 / 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 Investments comprise cash in hand and other investments with more than 90 days of maturity.
- Trade Receivables: Trade receivables and other amounts receivable are stated at the present 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; or
- The disappearance of an active market for that financial asset of financial difficulties.

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.

There are no financial liabilities classified at FVTPL.

Other financial liabilities

- Bank overdrafts and loans: 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

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. In 2011 and 2010, the Group entered into a Future Interbank (Fut DI) contract in order to swap a government bond (Letra do Tesouro Nacional – LTN) pre fixed rate into post fixed.

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.

Share-based payments

In accordance with IFRS 2 Share-based Payments, the liabilities for cash settled share-based payments, are recognized at fair value.

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 aforementioned accounting policy on construction contracts.

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.

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, has 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 it is probable contract costs incurred 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.

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.

2.2 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.

a) *Provision for* tax, labor and civil risks

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 expected expenditure required to settle the obligation based upon legal advice received. For labor claims the provision is based on prior experience and managements' best knowledge of the relevant facts and circumstances.

b) *Taxes*

There are uncertainties regarding the interpretation of complex tax regulations and the value and timing of future taxable results. Given the long-term nature and the complexity of existing contracts, differences between the actual results and the assumptions adopted or future changes in such assumptions could require future adjustments to the tax income and expense already recorded. The Group forms provisions, based on applicable estimates, for possible consequences of auditing by tax authorities of the respective jurisdictions where it operates. The amount of such provisions is based on several factors, such as prior experiences with fiscal audits and different interpretations of the tax regulations by the taxable entity and by the tax authority in question. Such differences in interpretation may arise for the most diverse matters, depending on the conditions in force in the respective domicile of the Group's entity.

c) *Deferred and recoverable income tax and social contribution*

The Group records assets related to deferred taxes resulting from temporary differences and tax losses between the book value of assets and liabilities and their tax bases. Deferred tax assets are recognized to the extent that the Group expects to generate sufficient taxable profit based on projections and forecasts prepared by Management. Such projections and forecasts include several assumptions regarding the Group's performance, foreign exchange rates, volume of services, other rates and factors that may differ from present estimates.

Under the current Brazilian tax legislation, tax losses do not expire for utilization. However, cumulative tax losses can only be offset by up to 30.0% of the annual taxable profit.

d) *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$29.3 million) (2010: US$15.6 million (R$26.0 million)). Details of the impairment loss calculation are provided in note 9. There is not any impairment losses recognized for the periods presented.

e) *Fair value of derivatives*

As described in Note 25, the Company may use derivatives contracts to manage risk. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. In 2011, the Group entered into derivatives contract.

f) *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, amoungst others, the life of the options, share price volatility, dividend yield and the 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.

g) *Useful lives of property, plant and equipment and intangible assets with finite useful lives*

Depreciation and amortization are 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.

2.3 Application of new and revised international financial reporting standards (IFRS)

a) New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRSs	Description
IAS 24	Related Party Disclosures (as revised in 2009)
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRS 3	Business Combinations
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs issued in 2010	The application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

b) New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRSs	Description
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets[1]
IFRS 9	Financial Instruments[6]
IFRS 10	Consolidated Financial Statements[4]
IFRS 11	Joint Arrangements[4]
IFRS 12	Disclosure of Interests in Other Entities[4]
IFRS 13	Fair Value Measurement[4]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets[2]
Amendments to IAS 32	Financial Instruments – Presentation[5]
IAS 19 (as revised in 2011)	Employee Benefits[4]
IAS 27 (as revised in 2011)	Separate Financial Statements[4]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2012.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2014.
[6] Effective for annual periods beginning on or after 1 January 2015.

The new and revised IFRSs listed above were published and are mandatory for the years beginning on July 1st, 2011 or after that date. The Group is evaluating the possible effects of adopting these IFRSs.

3. SEGMENT INFORMATION

Reportable segments

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

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

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

Segment information relating to these businesses is presented below:

	2011								
	Towage US$	Port terminals US$	Ship agency US$	Offshore US$	Logistics US$	Shipyard US$	Non segment activities US$	Elimination US$	Consolidated US$
Revenue	167,387	271,788	20,260	41,407	140,501	165,656	-	(108,955)	698,044
Operating profit	43,606	72,218	2,486	2,647	13,789	35,239	(46,095)	(20,109)	103,781
Finance costs	(4,864)	(7,173)	(7)	(4,095)	(4,485)	-	(312)	-	(20,936)
Operating profit adjusted by finance cost	38,742	65,045	2,479	(1,448)	9,304	35,239	(46,407)	(20,109)	82,845
Investment income									6,068
Profit before tax									88,913
Other information									
Capital expenditures	(87,556)	(92,536)	(616)	(53,701)	(16,955)	(29,465)	(5,121)	23,016	(262,934)
Depreciation and amortization	(17,794)	(19,065)	(211)	(8,623)	(10,674)	(3,053)	(2,965)	2,907	(59,478)
Balance sheet									
Segment assets	357,745	303,626	2,256	191,832	103,162	62,663	144,724	(36,193)	1,129,815
Segment liabilities	(174,647)	(142,014)	(6,626)	(186,988)	(49,330)	(76,961)	(15,754)	-	(652,320)

	2010								
	Towage US$	Port terminals US$	Ship agency US$	Offshore US$	Logistics US$	Shipyard US$	Non segment activities US$	Elimination US$	Consolidated US$
Revenue	156,179	228,001	17,620	28,034	102,448	115,913	-	(72,644)	575,551
Operating profit	39,967	62,746	640	6,504	6,041	16,761	(43,366)	(10,807)	78,486
Finance costs	(3,997)	(1,730)	(9)	(3,125)	(2,885)	(71)	-	3	(11,814)
Operating profit adjusted by finance cost	35,970	61,016	631	3,379	3,156	16,690	(43,366)	(10,804)	66,672
Investment income									13,940
Capital gain in joint venture transaction									20,407
Profit before tax									101,019
Other information									
Capital expenditures	(40,328)	(52,657)	(727)	(48,161)	(28,714)	(7,215)	(2,063)	13,126	(166,739)
Depreciation and amortization	(13,479)	(13,536)	(173)	(6,614)	(7,090)	(2,456)	(1,895)	2,322	(42,921)
Balance sheet									
Segment assets	227,928	295,008	7,405	166,323	79,496	68,430	115,413	(21,234)	938,769
Segment liabilities	(113,419)	(118,798)	(6,686)	(133,041)	(61,947)	(33,428)	(6,408)	-	(473,727)

	2011								
	Towage R$	Port terminals R$	Ship agency R$	Offshore R$	Logistics R$	Shipyard R$	Non segment activities R$	Elimination R$	Consolidated R$
Revenue	313,985	509,820	38,004	77,671	263,552	310,737	-	(204,378)	1,309,391
Operating profit	81,796	135,467	4,663	4,965	25,865	66,101	(86,465)	(37,720)	194,672
Finance costs	(9,125)	(13,454)	(13)	(7,681)	(8,414)	-	(585)	-	(39,272)
Operating profit adjusted by finance cost	72,671	122,013	4,650	(2,716)	17,451	66,101	(87,050)	(37,720)	155,400
Investment income									11,382
Profit before tax									166,782
Other information									
Capital expenditures	(164,238)	(173,581)	(1,155)	(100,732)	(31,804)	(55,270)	(9,606)	43,173	(493,213)
Depreciation and amortization	(33,378)	(35,762)	(396)	(16,175)	(20,022)	(5,727)	(5,562)	5,453	(111,569)
Balance sheet									
Segment assets	671,058	569,542	4,232	359,838	193,511	117,543	271,473	(67,891)	2,119,306
Segment liabilities	(327,603)	(266,390)	(12,429)	(350,752)	(92,533)	(144,363)	(29,551)	-	(1,223,621)

	2010								
	Towage R$	Port terminals R$	Ship agency R$	Offshore R$	Logistics R$	Shipyard R$	Non segment activities R$	Elimination R$	Consolidated R$
Revenue	260,225	379,895	29,358	46,710	170,699	193,134	-	(121,039)	958,982
Operating profit	66,592	104,546	1,066	10,837	10,066	27,927	(72,254)	(18,007)	130,773
Finance costs	(6,659)	(2,883)	(15)	(5,207)	(4,807)	(118)	-	5	(19,684)
Operating profit adjusted by finance cost	59,933	101,663	1,051	5,630	5,259	27,809	(72,254)	(18,002)	111,089
Investment income									23,227
Capital gain in joint venture transaction									34,002
Profit before tax									168,318
Other information									
Capital expenditures	(67,196)	(87,737)	(1,211)	(80,246)	(47,843)	(12,022)	(3,437)	21,871	(277,821)
Depreciation and amortization	(22,460)	(22,554)	(288)	(11,020)	(11,813)	(4,092)	(3,157)	3,869	(71,515)
Balance sheet									
Segment assets	379,775	491,542	12,338	277,127	132,456	114,018	192,301	(35,380)	1,564,177
Segment liabilities	(188,978)	(197,941)	(11,140)	(221,673)	(103,216)	(55,698)	(10,677)	-	(789,323)

Geographical information

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

Information about major customers

Petrobras and its subsidiaries contributed 10% or more to the Group´s revenue for both 2011 and 2010.

4. REVENUE

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

	2011 US$	2010 US$	2011 R$	2010 R$
Sales of services	642,680	536,258	1,205,539	893,511
Revenue from construction contracts	55,364	39,293	103,852	65,471
Total	698,044	575,551	1,309,391	958,982

5. EMPLOYEE CHARGES AND BENEFITS EXPENSES

	2011 US$	2010 US$	2011 R$	2010 R$
Salaries and benefits	195,792	146,301	367,266	243,766
Payroll taxes	48,514	38,376	91,003	63,942
Pension costs	1,198	855	2,247	1,425
Long-term incentive plan (Note 20)	(8,879)	13,204	(16,655)	22,001
Total	236,625	198,736	443,861	331,134

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

6. OTHER OPERATING EXPENSES

	2011 US$	2010 US$	2011 R$	2010 R$
Service cost	71,971	64,365	135,003	107,245
Equipment and other rentals	38,164	24,448	71,588	40,735
Rent of maritime vessels	25,312	26,243	47,481	43,726
Energy, water and communication	16,653	14,773	31,237	24,616
Freight	16,062	19,954	30,130	33,247
Container handling	14,623	12,307	27,429	20,506
Other taxes	12,328	9,453	23,124	15,751
Insurance	7,094	7,328	13,307	12,210
Maintenance	3,852	4,189	7,226	6,979
Other expenses	11,171	5,216	20,956	8,690
Total	217,230	188,276	407,481	313,705

7. INVESTMENT INCOME AND FINANCE COSTS

	2011 US$	2010 US$	2011 R$	2010 R$
Interest on investments	11,431	8,467	21,441	14,107
Exchange gain (loss) on investments	(7,383)	3,794	(13,849)	6,322
Monetary updating on recoverable taxes	1,463	1,217	2,745	2,029
Other interest income	557	462	1,045	769
Total investment income	6,068	13,940	11,382	23,227
Interest on bank loans and overdrafts	(13,229)	(9,557)	(24,816)	(15,924)
Exchange gain (loss) on bank loans and overdrafts	(5,303)	227	(9,947)	378
Interest on obligations under finance leases	(1,433)	(1,848)	(2,688)	(3,079)
Total borrowing costs	(19,965)	(11,178)	(37,451)	(18,625)
Other interest	(971)	(636)	(1,821)	(1,059)
Total finance costs	(20,936)	(11,814)	(39,272)	(19,684)

8. INCOME TAX EXPENSE

Income tax recognized in profit or loss:

	2011 US$	2010 US$	2011 R$	2010 R$
Current brazilian taxation				
Income tax	30,370	22,709	56,967	37,838
Social contribution	10,921	8,480	20,486	14,130
Total Brazilian current tax	41,291	31,189	77,453	51,968
Deferred tax				
Total deferred tax	10,274	(675)	19,273	(1,125)
Total income tax expense	51,565	30,514	96,726	50,843

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

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

	2011 US$	2010 US$	2011 R$	2010 R$
Profit before tax	88,913	101,019	166,782	168,318
Tax at statutory Brazilian tax rate (34%)	30,230	34,347	56,705	57,228
Effect of exchange differences arising on non-monetary items	30,682	(13,295)	57,554	(22,152)
Reversal of exchange variation on loans in US Dollar	(9,988)	3,941	(18,735)	6,566
Effect of different tax rates in other jurisdictions	(2,403)	5,409	(4,506)	9,012
Effect of tax losses unrecognized in deferred tax assets	7,825	2,031	14,678	3,385
Other	(4,781)	(1,919)	(8,970)	(3,196)
Income tax expense	51,565	30,514	96,726	50,843
Effective rate for the year	58%	30%	58%	30%

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

9. GOODWILL

	2011 US$	2010 US$	2011 R$	2010 R$
Cost and carrying amount attributed to:				
Tecon Rio Grande	13,132	13,132	24,633	21,881
Tecon Salvador	2,480	2,480	4,652	4,132
Total	15,612	15,612	29,285	26,013

For the purposes of testing goodwill for impairment losses, the Group prepares, at each year end, cash flow forecasts for the relevant cash-generating unit (Tecon Rio Grande and Tecon Salvador) derived from the most recent financial budget for the following year, extrapolates cash flows for the remaining life of the concession based on an estimated annual growth of between 8% and 9% for Tecon Rio Grande and 7% and 8% for Tecon Salvador, and a discount rate of 12% (2010: 13%) for Tecon Rio Grande and 12% (2010: 13%) 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 recognised for the periods presented.

10. OTHER INTANGIBLE ASSETS

	US$	R$
Cost		
At January 1, 2010	4,062	7,073
Additions	14,546	24,236
Exchange differences	606	1,009
Foreign currency gain/(loss) in respect of translation into Brazilian Real	-	(304)
At December 31, 2010	19,214	32,014
Additions	6,807	12,769
Transfer from property, plant and equipment (software)	15,149	28,416
Exchange differences	(2,063)	(3,871)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	-	4,029
At December 31, 2011	39,107	73,357
Accumulated amortization		
At January 1, 2010	1,823	3,174
Charge for the year	488	813
Exchange differences	62	103
Foreign currency gain/(loss) in respect of translation into Brazilian Real	-	(136)
At December 31, 2010	2,373	3,954
Charge for the year	2,700	5,066
Transfer from property, plant and equipment (software)	5,789	10,859
Exchange differences	(301)	(564)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	-	495
At December 31, 2011	10,561	19,810
Carrying amount		
December 31, 2011	28,546	53,547
December 31, 2010	16,841	28,060

In 2011 additions are principally costs relating to the implementation of integrated management software (SAP). Transfers relate to expenditure on SAP and other software in prior years.

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

Intangible assets arose from:

(i) The acquisition of Tecon Salvador container and heavy cargo terminal concession in 2000 and the amendment to the Tecon Salvador lease contract contemplating the extension into the area called "Ponta Norte" in 2010, with a carrying amount of US$13.5 million (R$25.3 million) (2010: US$16.3 million (R$27.2 million));

(ii) The acquisition of the remaining 50% of the concession rights of EADI Santo Andre (bonded warehouse), with a carrying amount of US$0.4 million (R$0.7 million) (2010: US$0.5 million (R$0.8 million)); and

(iii) Software acquisition and implementation, with a carrying amount of US$14.6 million (R$27.5 million).

Intangible assets are amortized over the remaining terms of the concessions at the time of acquisition which, for Tecon Salvador is 25 years, for EADI Santo Andre is 10 years, and for Ponta Norte is 15 years. The software is amortized over 5 years from its implementation.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Vessels	Vehicles, plant and equipment	Assets under construction	Total
	US$	US$	US$	US$	US$
Cost					
At January 1, 2010	112,444	284,118	142,286	62,377	601,225
Additions	30,959	6,908	64,175	64,697	166,739
Transfers	-	98,429	-	(98,429)	-
Exchange differences	2,112	-	4,701	-	6,813
Disposals	(485)	(574)	(3,151)	-	(4,210)
Net assets transferred on Joint Venture transaction	(13)	(8,606)	(1,097)	(4,586)	(14,302)
At December 31, 2010	145,017	380,275	206,914	24,059	756,265
Additions	79,960	30,065	67,219	78,883	256,127
Transfers	-	73,258	-	(73,258)	-
Transfer to other intangible assets (software)	-	-	(15,149)	-	(15,149)
Exchange differences	(10,281)	-	(14,849)	-	(25,130)
Disposals	(594)	(1,394)	(10,333)	-	(12,321)
At December 31, 2011	214,102	482,204	233,802	29,684	959,792
Accumulated depreciation					
At January 1, 2010	22,182	88,128	52,037	-	162,347
Charge for the year	5,695	19,806	16,932	-	42,433
Exchange differences	432	-	1,780	-	2,212
Disposals	(397)	(122)	(3,124)	-	(3,643)
Net assets transferred on Joint Venture transaction	(4)	(7,639)	(273)	-	(7,916)
At December 31, 2010	27,908	100,173	67,352	-	195,433
Charge for the year	8,740	25,979	22,059	-	56,778
Transfer to other intangible assets (software)	-	-	(5,789)	-	(5,789)
Exchange differences	(1,283)	-	(4,294)	-	(5,577)
Disposals	(373)	(761)	(5,778)	-	(6,912)
At December 31, 2011	34,992	125,391	73,550	-	233,933
Carrying amount					
December 31, 2011	179,110	356,813	160,252	29,684	725,859
December 31, 2010	117,109	280,102	139,562	24,059	560,832

	Land and buildings	Vessels	Vehicles, plant and equipment	Assets under construction	Total
	R$	R$	R$	R$	R$
Cost					
At January 1, 2010	195,787	494,706	247,748	108,612	1,046,853
Additions	51,584	11,510	106,928	107,799	277,821
Transfers	-	164,003	-	(164,003)	-
Exchange differences	3,520	-	7,833	-	11,353
Disposals	(808)	(956)	(5,251)	-	(7,015)
Net assets transferred on Joint Venture transaction	(22)	(14,340)	(1,829)	(7,641)	(23,832)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	(8,434)	(21,308)	(10,669)	(4,681)	(45,092)
At December 31, 2010	241,627	633,615	344,760	40,086	1,260,088
Additions	149,990	56,396	126,089	147,969	480,444
Transfers	-	137,417	-	(137,417)	-
Transfer to other intangible assets (software)	-	-	(28,416)	-	(28,416)
Exchange differences	(19,284)	-	(27,854)	-	(47,138)
Disposals	(1,115)	(2,615)	(19,382)	-	(23,112)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	30,396	79,705	43,370	5,040	158,511
At December 31, 2011	401,614	904,518	438,567	55,678	1,800,377
Accumulated depreciation					
At January 1, 2010	38,623	153,449	90,607	-	282,679
Charge for the period	9,488	33,002	28,212	-	70,702
Exchange differences	720	-	2,967	-	3,687
Disposals	(661)	(203)	(5,206)	-	(6,070)
Net assets transferred on Joint Venture transaction	(6)	(12,728)	(455)	-	(13,189)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	(1,664)	(6,612)	(3,903)	-	(12,179)
At December 31, 2010	46,500	166,908	112,222	-	325,630
Charge for the period	16,394	48,733	41,378		106,505
Transfer to other intangible assets (software)	-	-	(10,859)	-	(10,859)
Exchange differences	(2,406)	-	(8,055)	-	(10,461)
Disposals	(699)	(1,427)	(10,839)	-	(12,965)
Foreign currency gain/(loss) in respect of translation into Brazilian Real	5,849	20,994	14,118	-	40,961
At December 31, 2011	65,638	235,208	137,965	-	438,811
Carrying amount					
December 31, 2011	335,976	669,310	300,602	55,678	1,361,566
December 31, 2010	195,127	466,707	232,538	40,086	934,458

The cost balance of the Group's vehicles, plant and equipment includes an amount of US$21.0 million (R$39.4 million) (2010: US$24.9 million (R$41.5 million)) in respect of assets held under finance leases.

Land and buildings with a net carrying amount of US$0.3 million (R$0.5 million) (2010: US$0.4 million (R$0.6 million)) and tugboats with a net carrying amount of US$2.4 million (R$4.5 million) (2010: US$2.6 million (R$4.3 million)) have been pledged as guarantee of various lawsuits (tax cases).

The Group has pledged assets with a carrying amount of approximately US$439.4 million (R$824.2 million) (2010: US$317.1 million (R$528.4 million)) to secure loans granted to the Group (please refer to note 15).

The amount of borrowing costs capitalized in 2011 is US$4.9 million (R$9.2 million) (2010: US$1.9 million (R$3.2 million)), at an average interest rate of 3.37 % (2010: 3.83%).

On December 31, 2011, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US$26.50 million (R$49.7 million) (2010: US$116.4 million (R$194.0 million)). The amount mainly refers to the expansion of Tecon Salvador and Tecon Rio Grande and to the construction of the Guarujá II shipyard.

When the Company entered into the Joint Venture with Magallanes Navegação Brasileira in 2010 the property, plant and equipment was reduced by US$16.8 million (R$31.5 million), equivalent to the portion of the net assets transferred to the partner on setting up the joint venture.

On August 5, 2011, the Group acquired 4 tugboats from Navemar Transportes e Comércio Marítimo Ltda., for a consideration of US$10.9 million (R$20.0 million at the transaction date) in cash, plus the assumption of a total debt of US$9.0 million (R$16.7 million at the transaction date) with BNDES, as agent for the Fundo da Marinha Mercante (FMM).

12. INVENTORIES

	2011 US$	2010 US$	2011 R$	2010 R$
Operating materials	11,543	11,024	21,652	18,368
Raw materials for construction contracts (external customers)	9,599	9,123	18,005	15,201
Total	21,142	20,147	39,657	33,569

The cost of inventories recognised as an expense during the year in respect of continuing operations was US$65.8 million (R$123.5 million) (2010: US$41.1 million (R$68.5 million)).

Inventories are expected to be recovered in less than one year.

13. TRADE AND OTHER RECEIVABLES

	2011 US$	2010 US$	2011 R$	2010 R$
Receivables for services rendered	73,529	65,240	137,926	108,703
Allowance for doubtful debts	(927)	(1,320)	(1,739)	(2,200)
Income tax recoverable (IT and SC)	11,485	8,203	21,544	13,667
Recoverable taxes and levies	42,286	42,104	79,320	70,154
Prepayment	22,462	9,365	42,133	15,604
Other	14,922	11,369	27,991	18,943
Total	163,757	134,961	307,175	224,871
Total current	135,517	128,561	254,203	214,206
Total non-current	28,240	6,400	52,972	10,665

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

Non-current trade receivables with maturities over 365 days refer principally to: (i) recoverable taxes related to PIS, COFINS, ISS and INSS; and (ii) receivables from Intermarítima (Note 22). There is no impairment evidence related to these receivables.

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

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

	2011 US$	2010 US$	2011 R$	2010 R$
Current	55,591	52,518	104,278	87,506
Overdue but not impaired:				
01 to 30 days	15,289	7,351	28,679	12,248
31 to 90 days	1,085	3,442	2,035	5,735
91 to 180 days	637	609	1,195	1,014
Impaired:				
More than 180 days	927	1,320	1,739	2,200
Total	73,529	65,240	137,926	108,703

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

Changes in allowance for doubtful debts are as follows:

	US$	R$
At January 1, 2010	1,637	2,850
Amounts written off during the year	(2,288)	(3,812)
Increase in allowance	1,910	3,182
Exchange difference	61	103
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	(123)
At December 31, 2010	1,320	2,200
Amounts written off during the year	(2,570)	(4,820)
Increase in allowance	2,316	4,344
Exchange difference	(139)	(261)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	276
At December 31, 2011	927	1,739

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

14. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

	2011 US$	2010 US$	2011 R$	2010 R$
Denominated in US dollar:				
Cash and cash equivalents	572	32,403	1,073	53,990
Short-term investments	24,500	36,729	45,957	61,198
Long-term investments	1,072	-	2,012	-
Total	26,144	69,132	49,042	115,188
Denominated in Brazilian Real:				
Cash and cash equivalents	111,816	85,769	209,744	142,908
Total	111,816	85,769	209,744	142,908
Total cash and cash equivalents	112,388	118,172	210,817	196,898
Total short-term investments	24,500	36,729	45,957	61,198
Total long-term investments	1,072	-	2,012	-

Cash and cash equivalents

Cash and cash equivalents comprise cash on hands, bank accounts and investments (Private investment fund) that are highly liquid and readily convertible to known amounts of cash, and which are subject to an immaterial risk of changes in value.

US dollar-denominated cash and cash equivalents refer principally to investments in deposit certificates placed with major financial institutions. Real-denominated cash and cash equivalents refer principally to investments in deposit certificates and Brazilian treasury bonds and repurchase agreements with the financial institution, which the interest rate is approximatelly 100% of CDI (Certificado de depósitos interbancários).

Investments

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

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

Private investment fund

The Group has investments in a private investment fund called Hydrus Fixed Income Private Credit Investment Fund that are consolidated in these financial statements. This private investment fund comprises deposit certificates and equivalent instruments, with final maturities ranging from January 2012 to May 2014, and government bonds, with final maturities ranging from March 2013 to March 2018. About 94.7% of the securities included in the portfolio of the Private Investment Fund have daily liquidity and are marked to fair value on a daily basis against current earnings. This private investment fund does not have significant financial obligations. Any financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses.

15. BANK OVERDRAFTS AND LOANS

	Interest rate - %	2011 US$	2010 US$	2011 R$	2010 R$
Unsecured borrowings					
Bank overdrafts - Real	12.4% p.a.	132	6,479	248	10,795
Total unsecured borrowings		132	6,479	248	10,795
Secured borrowings					
BNDES - FINAME Real	4.5% to 13% p.a.	30,591	26,789	57,383	44,636
BNDES - FMM linked to US Dollar	2.11% to 6% p.a.	300,460	198,192	563,601	330,228
BNDES - FMM Real	9.71%	4,540	-	8,516	-
BNDES - linked to US Dollar	5.07% to 5.36% p.a.	15,447	-	28,975	-
Total BNDES		351,038	224,981	658,475	374,864
IFC - US Dollar	3.37% to 8.5% p.a.	57,208	9,813	107,311	16,350
IFC - Real	14.09% p.a.	3,618	4,888	6,787	8,145
Total IFC		60,826	14,701	114,098	24,495
Eximbank - US Dollar	2.12% p.a.	15,769	14,818	29,579	24,690
Finimp - US Dollar	2.07% to 2.13% p.a.	3,152	4,051	5,913	6,749
BB - FMM linked to US Dollar	3.1% p.a.	52,649	49,131	98,759	81,862
Carterpillar - Real	4.41% to 7.44% p.a.	487	-	914	-
Total others		72,057	68,000	135,165	113,301
Total secured borrowings		483,921	307,682	907,738	512,660
Total		484,053	314,161	907,986	523,455

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

	2011 US$	2011 R$
Within one year	32,672	61,286
In the second year	41,197	77,277
In the third to fifth years (including)	127,351	238,885
After five years	282,833	530,538
Total	484,053	907,986
Total current	32,672	61,286
Total non-current	451,381	846,700

The analysis of borrowings by currency is as follows:

	Real US$	Real linked to US Dollars US$	US Dollars US$	Total US$	Real R$	Real linked to US Dollars R$	US Dollars R$	Total R$
December 31, 2011								
Bank overdrafts	132	-	-	132	248	-	-	248
Bank loans	39,236	368,556	76,129	483,921	73,600	691,335	142,803	907,738
Total	39,368	368,556	76,129	484,053	73,848	691,335	142,803	907,986
December 31, 2010								
Bank overdrafts	6,479	-	-	6,479	10,795	-	-	10,795
Bank loans	31,677	247,323	28,682	307,682	52,781	412,090	47,789	512,660
Total	38,156	247,323	28,682	314,161	63,576	412,090	47,789	523,455

The Group's main lenders are described as follows:

Banco Nacional de Desenvolvimento Econômico e Social ("BNDES"), as an agent of Fundo da Marinha Mercante ("FMM"), finances tugboats, platform supply vessels, and shipyard building. Outstanding debt amount was US$305.0 million (R$572.1 million) on December 31, 2011 (2010: US$198.2 million (R$330.2 million)). BNDES's FINAME credit line through various financial agents funds logistics and port operation equipment acquisition amounting US$30.6 million (R$57.4 million) on December, 31 2011 (2010: US$26.8 million (R$44.6 million)). BNDES is also financing Tecon Rio Grande's improvement of existing fixed assets amounting US$15.4 million (R$29.0 million) on December, 31 2011. The outstanding amounts are repayable over different periods up to 20 years. Loans denominated in US Dollar, bear fixed interest rates between 2.11% p.a. and 6% p.a., whereas loans denominated in Brazilian Real, have interest rates fixed between 4.5% p.a. and 13% p.a.

On August 5, 2011, the Group acquired 4 tugboats from Navemar Transportes e Comércio Marítimo Ltda., for a consideration of US$10.9 million (R$20.0 million at the transaction date) in cash, plus the assumption of a total debt of US$9.0 million (R$16.7 million at the transaction date) with BNDES, as agent for the Fundo da Marinha Mercante (FMM).

Banco do Brasil ("BB") finances, as agent of FMM, acquisition of platform supply vessels, with an outstanding amount of US$52.6 million (R$98.7 million), on December 31, 2011 (2010: US$49.1 million (R$81.9 million)). This debt was assumed when the Company entered into a joint venture with acknowledged fifty percent of this liability when the Wilson, Sons Ultratug Offshore joint venture with Remolcadores Ultratug Ltda. was officially formed. Contract tenor is 17 years, beginning in January 2012. This loan is denominated in US Dollars and bears a fixed interest rate of 3.1% p.a.

International Finance Corporation ("IFC") finances both container terminals – Tecon Rio Grande and Tecon Salvador. There are three loan agreements, one for Tecon Rio Grande and two for Tecon Salvador. The outstanding amount of US$60.8 million (R$114.1 million) on December 31, 2011 (2010: US$14.7 million (R$24.5 million)) is repayable over different periods up to 8,2 years. The amortization and interest payment are semiannual. Tecon Rio Grande loan is denominated in US Dollar and has fixed interest rate of 8.5% p.a. Tecon Salvador loans are denominated partly in US Dollar and partly in Brazilian Real. For the first part, the loan bears a floating interest rate of Libor (6 months) plus spread of 2,75% p.a., whereas for the part denominated in Brazilian Real, the interest rate is fixed at 14.09% p.a.

On September 9, 2011, Tecon Salvador signed a US$80 million Financing Agreement with IFC, wich US$54 million were released before year end. This loan includes a grace period of 18 months plus 8,2 years of repayment period. It is denominated in US Dollar with a floating interest rate of Libor (6 months) plus a spread of 2.75% p.a. and is intended for: (i) the refurbishment of 2 berths with a combined total length of 617 meters; (ii) the installation of 3 Post-Panamax Ship-to-Shore Cranes and 6 Rubber Tyred Gantries Cranes; (iii) the refurbishment of existing buildings and expansion of the container yard from 5.9 hectares to 9.5 hectares; (iv) the development of supporting electrical infrastructure; (v) the payment of the concession fee for the expansions rights; and (vi) the prepayment under the 2007 Subscription and Loan Agreement of the outstanding principal amount of the B Loan up to US$3.9 million. The civil works are expected to be concluded in June, 2012 and the equipments are expected to be installed in May, 2012.

The Export-Import Bank of China ("Eximbank"), finances Tecon Rio Grande's equipment acquisition. The outstanding amount of US$15.8 million (R$29.6 million) on December 31, 2011 (2010: US$ 14.8 million (R$24.7 million)) is repayable over 7 years. The amortization and interest payment are semiannual. The loan is denominated in US Dollar with a floating interest rate of Libor (6 months) plus a spread of 1.7% p.a. and there is also a guarantee fee paid to Banco Itaú BBA of 2.0% p.a.

Banco Itaú BBA finances Tecon Rio Grande's mobile crane acquisition thru an Import Finance Facility. The amount of US$3.2 million (R$5.9 million) (2010: 4.0 million (R$6.8 million)) is repayable in 3,1 years. The amortization and interest payment are semiannual. The loan is denominated in US Dollar with a variable interest rate of Libor (6 months) plus spread of 1.63% p.a. The local fee for Banco Itaú BBA S.A. is 1.75% p.a.

Guarantees

All loans with BNDES are guaranteed by Wilson Sons Administração e Comércio Ltda. The corporate guarantee is additional to: (i) pledge of the respective tug boat and platform supply vessel financed, and, for the three of the of Company's PSVs, additional guarantee

of Petrobras contract receivables; and (ii) lien of logistics and port operations equipment financed.
Loans with BB are guaranteed by pledge over the financed supply vessels, "Standby Letter of Credit" and fiduciary assignment of Petrobras long-term contracts.

The subsidiary Magallanes Navegação Brasileira SA, in accordance to a Financing Agreement with BB, constituted a restricted cash account, accounted for under Long term investments, in the amount of US$1.1 million (R$2.0 million). This reserve will be retained until financing settlement, with exchange rate compensation and operated exclusively at the dscretion of the financial institution.

The loans that Tecon Salvador and Tecon Rio Grande hold with IFC are guaranteed with the shares of each terminal, the projects' cash flows, and equipment and buildings.

The loan with Eximbank is guaranteed by a "Standby Letter of Credit" issued for Tecon Rio Grande, with the financing bank as beneficiary. As counter-guarantee, Tecon Rio Grande obtained a formal authorization from IFC trustee to dispose the equipment funded by Eximbank to the Banco Itau BBA.

Undrawn credit facilities

At December 31, 2011, the Group had available US$344.0 million of undrawn borrowing facilities. For every disbursement there is a set of conditions precedent that should be fulfilled.

Fair value (*)

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

	2011 US$	2010 US$	2011 R$	2010 R$
Bank overdrafts	132	6,479	248	10,794
Bank loans				
BNDES	351,038	224,981	658,475	374,864
IFC	60,934	15,096	114,300	25,152
Eximbank	15,769	14,818	29,579	24,690
Finimp	3,152	4,051	5,913	6,749
BB	52,649	49,131	98,759	81,862
Carterpillar	487	-	914	-
Total bank loans	484,029	308,077	907,940	513,317
Total	484,161	314,556	908,188	524,111

(*) For fair value assumptions please refer to Note 25.

Debt Covenants

The financing agreements entered into by subsidiaries Tecon Rio Grande, Tecon Salvador and Magallanes Navegação Brasileira, the last of these also a subsidiary of the joint venture Wilson, Sons Ultratug Participações S.A., with financial institutions contain specific financial covenants. Wilson, Sons de Administração e Comércio Ltda. also has to comply with specific financial covenants.

All covenants are basically related to the maintenance of liquidity ratios. As of December 31, 2011 Magallanes Navegação Brasileira was not in compliance with one of its covenants, the Debt Service Coverage Ratio (EBIDA/debt service). The Company´s contract with Banco do Brasil requires the maintenance of a debt service coverage ratio equal to or higher than 1.1, calculated annually based on audited financial statements. Also, according to the contract, if the Company does not comply with such ratio, it must make a capital injection in the amount necessary to restore compliance with the covenant. The Administration will discuss with Banco do Brasil a waiver for compliance with this covenant. If it is not possible, the Group has the capacity to make the aforementioned capital injection. Noncompliance with Banco do Brasil´s contract covenants does not trigger a cross default in other financing agreements.

16. DEFERRED TAXES

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

	Accelerated depreciation US$	Exchange Differences on loans US$	Timing differences US$	Non-monetary items US$	Total US$
At January 1, 2010	(21,594)	(13,247)	13,138	31,062	9,359
(Charge) credit to income	(5,869)	(1,484)	1,415	6,613	675
Deferred tax booked in disposed investment	5,058	2,885	216	(4,686)	3,473
Exchange differences	-	35	308	-	343
At December 31, 2010	(22,405)	(11,811)	15,077	32,989	13,850
(Charge) credit to income	(2,668)	15,368	10,775	(33,749)	(10.274)
Exchange differences	-	(85)	(1,059)	-	(1,144)
At December 31, 2011	(25,073)	3,472	24,793	(760)	2,432

	Accelerated depreciation R$	Exchange Differences on loans R$	Timing differences R$	Non-monetary items R$	Total R$
At January 1, 2010	(37,599)	(23,066)	22,876	54,085	16,296
(Charge) credit to income	(9,779)	(2,473)	2,358	11,019	1,125
Deferred tax booked in disposed investment	8,427	4,806	359	(7,808)	5,784
Exchange differences	-	58	513	-	571
Foreign currency gains/(loss) in respect of translation into Brazilian Real	1,619	995	(983)	(2,330)	(699)
At December 31, 2010	(37,332)	(19,680)	25,123	54,966	23,077
(Charge) credit to income	(5,005)	28,828	20,210	(63,306)	(19,273)
Exchange differences	-	(159)	(1,986)	-	(2,145)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	(4,696)	(2,473)	3,158	6,914	2,903
At December 31, 2011	(47,033)	6,516	46,505	(1,426)	4,562

In the consolidated financial statements, a deferred tax asset of one Group entity cannot be offset against a deferred tax liability with different nature as there is no legally enforceable right to offset tax assets and liabilities between Group companies. After offset, deferred tax balances are disclosed in the balance sheet as follows:

	2011 US$	2010 US$	2011 R$	2010 R$
Deferred tax liabilities	(26,093)	(15,073)	(48,945)	(25,115)
Deferred tax assets	28,525	28,923	53,507	48,192
Total	2,432	13,850	4,562	23,077

At the end of the reporting period, the Group has unutilized tax loss carryforwards of US$56,122 (R$105,273) (2010: US$35,090 (R$58,467)) available for offset against future taxable income. No deferred tax asset has been recognized in the amount of US$16,311 (R$30,597) (2010: US$10,501 (R$17,496)) due to the unpredictability of future flows of related taxable income. Part of this amount, US$2,232 (R$4,186), refers to unutilized tax loss carryforwards generated by the holding entities of the group, the remaining amount of US$14,079 (R$26,411) refers to operational entities.

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

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

17. PROVISIONS FOR TAX, LABOR AND CIVIL RISKS

	US$	R$
At January 1, 2010	9,831	17,118
Addition to provision	4,464	7,437
Reversal of provision	(2,575)	(4,290)
Exchange difference	569	947
Foreign currency loss in respect of translation into Brazilian real	-	(736)
At December 31, 2010	12,289	20,476
Addition to provision	5,650	10,598
Reversal of provision	(3,208)	(6,017)
Exchange difference	(1,353)	(2,537)
Foreign currency gains in respect of translation into Brazilian Real	-	2,574
At December 31, 2011	13,378	25,094

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

	2011 US$	2010 US$	2011 R$	2010 R$
Civil cases	1,910	1,128	3,583	1,879
Tax cases	169	261	317	435
Labor claims	11,299	10,900	21,194	18,162
Total	13,378	12,289	25,094	20,476

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

In addition to the cases for which the Group provided for there are other tax, civil and labor disputes amounting to US$69,418 (R$130,213) (2010: US$53,404 (R$88,981)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described below as follows:

	2011 US$	2010 US$	2011 R$	2010 R$
Civil cases	6,261	7,259	11,744	12,094
Tax cases	25,775	15,829	48,348	26,375
Labor claims	37,382	30,316	70,121	50,512
Total	69,418	53,404	130,213	88,981

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

- Civil cases: Discussions on contractual matters. No civil claim, individually, has significant value for the Group.
- Labor claims: Involve a number of labor claims, mostly related to overtime and additional health and risk premiums. The most relevant probable claim relates to a work accident with death amounting to US$0.6 (R$1.2 million).
- Tax cases: Involves Municipal, State and Federal tax authority inquiries. No tax case, individually, is of significant value for the Group.

The Group considers as relevant causes involving amounts, assets or rights over US$2.7 million (R$ 5.0 million).

18. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2011 US$	2010 US$	2011 US$	2010 US$
Payables under finance leases:				
Within one year	4,607	5,921	3,787	4,847
From second to fifth years (including)	4,365	7,098	3,278	6,305
	8,972	13,019	7,065	11,152
Less future finance charges	(1,907)	(1,867)		
Present value of lease obligations	7,065	11,152		
Total current	3,787	4,847		
Total non-current	3,278	6,305		

	Minimum lease payments		Present value of minimum lease payments	
	2011 R$	2010 R$	2011 R$	2010 R$
Amounts payable under finance leases:				
Within one year	8,642	9,866	7,104	8,076
From second to fifth years (including)	8,187	11,826	6,149	10,505
	16,829	21,692	13,253	18,581
Less future finance charges	(3,576)	(3,111)		
Present value of lease obligations	13,253	18,581		
Total current	7,104	8,076		
Total non-current	6,149	10,505		

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The average lease term is 50 months, of which, at the end of December 2011, only 29 months on average remained.

For the period ended December 31, 2011, the average effective leasing interest rate was 16.65 percent per annum (2010: 15.87 percent). Interest rates are set at contract date.

All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. The interest rates range from 12.84 to 20.39 percent per annum.

Leases are denominated in Reais.

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

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

19. TRADE AND OTHER PAYABLES

	2011 US$	2010 US$	2011 R$	2010 R$
Trade payables	73,973	70,353	138,758	117,222
Taxes	17,950	16,657	33,671	27,754
Share-based payment (provision)	14,371	23,795	26,958	39,647
Accruals and other payables	11,965	6,893	22,444	11,485
	118,259	117,698	221,831	196,108
Total current	115,788	117,698	217,196	196,108
Total non-current	2,471	-	4,635	-

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

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

	2011 US$	2010 US$	2011 R$	2010 R$
Contract costs incurred plus recognized revenues less recognized losses to date	36,307	41,632	68,105	69,367
Less unbilled services (advances from customers)	(48,211)	(58,705)	(90,434)	(97,814)
Net liability included in Trade payables	(11,904)	(17,073)	(22,329)	(28,447)

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 five years. The options will provide cash payments, on exercise, based on the number of options multiplied by the increase 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:

	US$	R$
Liability at January 1, 2010	10,591	18,441
Charge for the year	13,204	22,001
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	(795)
Liability at December 31, 2010	23,795	39,647
Reversal for the year	(8,879)	(16,654)
Payment for the year	(545)	(1,022)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	4,987
Liability at December 31, 2011	14,371	26,958

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

Outstanding stock options are broken down as follows:

	Number of share options
Outstanding at January 1, 2010	3,912,760
Forfeited during the year	(7,500)
Expired during the year	(7,500)
Outstanding at December 31, 2010	3,897,760
Granted during the year	148,000
Exercised during the year	(118,000)
Forfeited during the year	(101,500)
Outstanding at December 31, 2011	3,826,260

The fair value of the recorded liability in the amount of US$14,371 (R$26,958) (2010: US$23,795 (R$39,647)) was determined using the Binomial model based on the assumptions mentioned below:

	2011	2010
Closing share price (in real)	R$25.40	R$32.00
Expected volatility	30-33%	26-32%
Expected life	10 years	10 years
Risk free rate	7.10%	8.60%
Expected dividend yield	1.61%	1.80%

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.

Options series	Number	Grant date	Vesting date	Expiry date	Exercise price (R$)
07 ESO – 2 Year	875,440	5/5/2007	5/5/2009	5/5/2017	23.77
07 ESO – 3 Year	877,440	5/5/2007	5/5/2010	5/5/2017	23.77
07 ESO – 4 Year	901,440	5/5/2007	5/5/2011	5/5/2017	23.77
07 ESO – 5 Year	901,440	5/5/2007	5/5/2012	5/5/2017	23.77
08 ESO – 2 Year	21,250	15/8/2008	17/8/2010	17/8/2018	18.70
08 ESO – 3 Year	33,750	15/8/2008	17/8/2011	17/8/2018	18.70
08 ESO – 4 Year	33,750	15/8/2008	17/8/2012	17/8/2018	18.70
08 ESO – 5 Year	33,750	15/8/2008	17/8/2013	17/8/2018	18.70
11 ESO – 2 Year	37,000	10/11/2011	10/11/2013	9/11/2021	24.58
11 ESO – 3 Year	37,000	10/11/2011	10/11/2014	9/11/2021	24.58
11 ESO – 4 Year	37,000	10/11/2011	10/11/2015	9/11/2021	24.58
11 ESO – 5 Year	37,000	10/11/2011	10/11/2016	9/11/2021	24.58

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

Share options outstanding at the end of the period had a weighted average exercise price of R$23.64 (2010: R$23.59) and a weighted average remaining contractual life of 2,031 days (2010: 2,346 days).

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

	Actual	(+10%)	(-10%)
Share price at December 31, 2011 - R$	25.40	27.94	22.86
	US$	US$	US$
Balance sheet liability at December 31, 2011	14,371	17,228	11,839
	R$	R$	R$
Balance sheet liability at December 31, 2011	26,958	32,316	22,208

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

21. EQUITY

Share Capital

	2011 US$	2010 US$	2011 R$	2010 R$
71,144,000 common shares issued and fully paid	9,905	9,905	18,580	16,504

Dividends

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

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

Earnings per share

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

	2011 US$	2010 US$	2011 R$	2010 R$
Profit for the year attributable to owners of the Company	37,317	69,996	69,999	116,627
Weighted average number of common shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic and diluted earnings per share (cents per share)	52.45	98.39	98.39	163.93

Capital reserves

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

Profit reserve

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

Translation reserve

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

22. SUBSIDIARIES

Purchase of non-controlling interests in Brasco

On June 16, 2010 the Group acquired the 25% non-controlling interest in Brasco Logística Offshore Ltda. As a result of this transaction, the Group became the sole owner of 100% of Brasco's total share capital.

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

Created in 1999, Brasco is an integrated port and logistics service provider to the Oil & Gas industry in Brazil.

Sales of shares to non-controlling interests of Tecon Salvador

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

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

Acquisition of Briclog

The Group announced that on the June 2, 2011 it had, through its wholly-owned subsidiary Brasco Logística Offshore Ltda. (Brasco), signed a contract for the acquisition of 100% of the issued share capital of Bric Brazilian Intermodal Complex S/A. ("Briclog") for a consideration of R$125.1 million (equivalent to US$79.0 million on contract execution date). Briclog provides port services to the oil & gas industry. The acquisition completion and the change in control are subject to various conditions precedent, including a 30-year lease right to operate in a defined 66,860 square meter area in the Guanabara Bay, Rio de Janeiro, Brazil, together with the assignment of certain other lease contracts to Briclog.

Consideration for the acquisition is payable in three installments, R$10.0 million (equivalent to US$6.3 million on contract execution date) was paid on contract signature (accounted for in "trade and other receivables"), R$60 million (US$37.9 million on the contract date execution) is payable on satisfaction of all conditions precedent, and the remaining R$55.0 million (equivalent to US$34.8 million on contract execution date) within 360 days from contract execution, where the later two payments will be adjusted using the Brazilian consumer price index (IPCA). As at December 31, 2011, no business combination transaction has been applied in this combined consolidated financial statement.

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

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

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

23. JOINT VENTURES

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

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

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

	US$	R$
Wilsons Sons share of fair value of the assets contributed by Magallanes	16,165	26,935
Less carrying value of Wilsons Sons Offshore S.A.	(6,208)	(10,344)
Consolidation elimination of intragroup profits	10,450	17,411
Wilson Sons contribution at net book value	4,242	7,068
Total gain on joint venture formation	20,407	34,002

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

The Group holds the following significant interests in joint ventures at the end of the reporting period are as follows:

	Place of incorporation and operation	Proportion of ownership interest 2011	2010
Towage			
Consórcio de Rebocadores Barra de Coqueiros	Brazil	50%	50%
Consórcio de Rebocadores Baia de São Marcos	Brazil	50%	50%
Logistics			
Allink Transportes Internacionais Ltda.	Brazil	50%	50%
Consórcio EADI Santo André	Brazil	50%	50%
Porto Campinas, Logística e Intermodal Ltda	Brazil	50%	50%
Offshore			
Wilson, Sons Ultratug Participações S.A.*	Brazil	50%	50%

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

The following amounts are included in the Group's financial statements as a result of proportionate consolidation of joint ventures, without intercompany elimination.

	2011 US$	2010 US$	2011 R$	2010 R$
Balance sheets				
Current assets	23,165	17,991	43,453	29,977
Non-current assets	224,991	167,366	422,038	278,865
Current liabilities	(55,202)	(31,976)	(103,548)	(53,278)
Non-current liabilities	(155,642)	(109,242)	(291,953)	(182,020)

	2011 US$	2010 US$	2011 R$	2010 R$
Statement of comprehensive income				
Income	68,545	38,804	128,577	64,655
Expenses	(73,010)	(40,517)	(136,952)	(67,509)

As mentioned above, in May 2010, Wilson, Sons Ultratug S.A. became a joint venture and its proportional contribution is equivalent to eight-months results.

24. OPERATING LEASE ARRANGEMENTS AND OTHER OBLIGATIONS

The Group as lessee

	2011 US$	2010 US$	2011 R$	2010 R$
Minimum lease payments under operating leases recognized in income for the year	17,520	14,528	32,864	24,207

On December 31, 2011, the minimum amount due by the Group for future lease payments under cancellable operating leases was US$12,549 (R$23,539) (2010: US$13,668 (R$22,774)).

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

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

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

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

	2011 US$	2010 US$	2011 R$	2010 R$
Within one year	2,549	2,211	4,781	3,684
In the second to seventh year (including)	15,081	18,425	28,289	30,700
Total	17,630	20,636	33,070	34,384

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

In November, 2008 the Group's renewed the concession to operate EADI Santo Andre (a bonded warehouse) for a further ten years. With this, the Group’s management renewed the rental agreement contract of the bonded warehouse used by EADI Santo Andre for the same period. The unexpired lease period at December, 2011 is 6 years and 11 months. These rental payments are updated by a Brazilian general inflation index (IGPM - General Market Price Index).

Other obligations

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

The liability is accounted for at its present value of US$2.5 million (equivalent to R$4.6 million at the transaction date), under trade payables with conterpart in fixed assets.

25. FINANCIAL INSTRUMENTS AND RISK ASSESSMENT

a) Capital risk management

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

b) Categories of financial instruments:

	Fair value		Book value	
	2011 US$	2010 US$	2011 US$	2010 US$
Financial assets:				
Loans and receivables (includes: cash and cash equivalents, short-term investments, long-term investments and trade and other receivables)	301,717	289,862	301,717	289,862
Financial liabilities:				
Other financial liabilities (includes: bank loans and overdrafts, obligations under finance leases and trade and other payables)	609,485	443,406	609,377	443,011

	Fair value		Book value	
	2011 R$	2010 R$	2011 R$	2010 R$
Financial assets:				
Loans and receivables (includes: cash and cash equivalents, short-term investments, long-term investments and trade and other receivables)	565,961	482,697	565,961	482,697
Financial liabilities:				
Other financial liabilities (includes: bank loans and overdrafts, obligations under finance leases and trade and other payables)	1,143,272	738,799	1,143,070	738,144

c) Financial risk management objectives

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

d) Foreign currency risk management

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

Cash flows from investments in fixed assets are denominated in Brazilian Real and US Dollar. These investments are subject to currency fluctuations between the time goods or services are contracted and price is determined and the actual payment date of such goods and services. The source and use of funds as well as due dates are monitored for the purpose of matching the currency cash flows.

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

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

	Assets		Liabilities	
	2011 US$	2010 US$	2011 US$	2010 US$
Amounts denominated in Real	310,823	255,565	207,637	159,567

	Assets		Liabilities	
	2011 R$	2010 R$	2011 R$	2010 R$
Amounts denominated in Real	583,042	425,822	389,486	265,871

Foreign currency sensitivity analysis

Exchange rates (i)		
Probable scenario	Possible scenario (25%)	Remote scenario (50%)
R$1.80/US$1.00	R$2.25/US$1.00	R$2.70/US$1.00

Operation	Risk	Amount USD	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	BRL	310,823	Exchange effects	13,089	(51,693)	(94,882)
Total liabilities	BRL	207,637	Exchange effects	(8,744)	34,532	63,383
			Net effect	4,345	(17,161)	(31,499)

Operation	Risk	Amount Reais	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	BRL	583,042	Exchange effects	24,553	(96,966)	(177,979)
Total liabilities	BRL	389,486	Exchange effects	(16,402)	64,776	118,894
			Net effect	8,151	(32,190)	(59,085)

(i) Information source: Focus BACEN, report from January 27, 2012.

e) Interest rate risk management

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

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

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

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

Interest rate sensitivity analysis

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

LIBOR (i)

Transaction	Probable scenario	Possible scenario 25%	Remote scenario 50%
Loans	1.11%	1.39%	1.66%
Investments	0.79%	0.99%	1.19%

Transaction	Risk	Amount USD	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
IFC loan	Libor	54,323	Interest	(193)	(301)	(410)
Eximbank loan	Libor	15,769	Interest	(76)	(106)	(137)
Finimp loan	Libor	3,134	Interest	(12)	(17)	(22)
Investments	Libor	24,500	Income	(199)	(149)	(98)
			Net effect	(480)	(573)	(667)

Transaction	Risk	Amount Reais	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
IFC loan	Libor	101,899	Interest	(362)	(565)	(769)
Eximbank loan	Libor	29,579	Interest	(142)	(200)	(257)
Finimp loan	Libor	5,879	Interest	(22)	(32)	(42)
Investments	Libor	45,957	Income	(372)	(278)	(185)
			Net effect	(898)	(1,075)	(1,253)

CDI (ii)

Transaction	Probable scenario	Possible scenario 25%	Remote scenario 50%
Investments	9.66%	12.08%	14.49%

Transaction	Risk	Principal US dollars	Result	Probable scenario	Possible scenario 25%	Remote scenario 50%
Investments	CDI	109,045	Income	(791)	2,060	4,911
			Net effect	(791)	2,060	4,911

Transaction	Risk	Principal Reais	Result	Probable scenario	Possible scenario 25%	Remote scenario 50%
Investments	CDI	204,546	Income	(1,484)	3,865	9,213
			Net effect	(1,484)	3,865	9,213

(i) Information source: Bloomberg, report from January 24, 2012;
(ii) Information source: BM&F (*Bolsa de Mercadorias e Futuros*), report from January 24, 2012.

The net effect was obtained by assuming a scenario for the 12 months starting on December 31, 2011 in which interest rates and all other variables remain constant.

The other loans bear a fixed interest rate and represent 82.4% of total loans.

The interest rate mix of investments is 18.2% Libor, 81.0% CDI, and 0.8% on exchange rate variation (Ptax).

f) Liquidity risk management

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

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

	Weighted average effective interest rate	Less than 12 months	1-5 years	More than 5 years	Total
	%	US$	US$	US$	US$
December 31, 2011					
Finance lease liabilities	16.65%	3,787	2,865	413	7,065
Variable interest rate instruments	4.18%	6,268	52,183	27,723	86,174
Fixed interest rate instruments	3.66%	26,404	116,362	255,110	397,876
		36,459	171,410	283,246	491,115

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

g) Credit Risk

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

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

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

h) Derivatives

The Group may enter into derivatives contracts to manage risks arising from exchange rate fluctuations and interest. In 2011 and 2010, the Group entered into a Future Interbank (Fut DI) contract in order to swap a government bonds (*Letra do Tesouro Nacional – LTN*) pre fixed rate into post fixed. The impact of the derivative was a decrease of US$43 (R$81) and the impact of the asset was an increase of US$67 (R$125), resulting a net gain of US$23 (R$44) by December 31, 2011 (2010: US$24 (R$40) loss). The operations have been liquidated before the year end.

i) Fair value of financial instruments

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

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

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

Fair value measurements disclosured in the consolidated financial statements are grouped into levels based on the degree to which the fair value is observable, level 3.

Cash and cash equivalents

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

Investments

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

Trade and other receivables/payables

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

Bank Overdrafts and Loans

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

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

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

26. RELATED-PARTY TRANSACTIONS

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

	Current liabilities US$	Revenues US$	Expenses US$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	(3)	36	-
2. Consórcio de Rebocadores Barra de Coqueiros	17	303	-
3. Consórcio de Rebocadores Baía de São Marcos	(1,905)	40	836
4. Wilson Sons Ultratug and subsidiaries	8,700	55,756	-
Other:			
5. Gouvêa Vieira Advogados	11	-	269
6. CMMR Intermediação Comercial Ltda.	3	-	295
7. Transamérica Ag. Marítima	1,595	-	185
At December 31, 2011	8,418	56,135	1,585
At December 31, 2010	7,651	40,964	5,218

	Current liabilities R$	Revenues R$	Expenses R$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	(6)	68	-
2. Consórcio de Rebocadores Barra de Coqueiros	32	568	-
3. Consórcio de Rebocadores Baía de São Marcos	(3,573)	75	1,568
4. Wilson Sons Ultratug and subsidiaries	16,318	104,587	-
Other:			
5. Gouvêa Vieira Advogados	21	-	505
6. CMMR Intermediação Comercial Ltda.	6	-	553
7. Transamérica Ag. Marítima	2,992	-	347
At December 31, 2011	15,790	105,298	2,973
At December 31, 2010	12,746	68,256	8,696

1. Allink Transportes Internacionais Ltda. is 50% owned by the Group and rents office space and terminal warehousing from the Group.

2-3. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation. It mainly refers to vessels chartering.

4. Intragroup loans with Wilson, Sons Ultratug (interest – 0.3% per month; with no maturity) and trade payables from Wilson, Sons Offshore and Magallanes to Wilson, Sons shipyards relate to proportionate amounts of vessel construction not eliminated on consolidation.

5. Mr. J.F. Gouvea Vieira, Chairman of the Board, is a managing partner with the law firm Gouvea Vieira Advogados. Fees were paid to Gouvea Vieira Advogados for legal services.
6. Mr. C. M. Marote, Director of the Board, is a shareholder and director of CMMR Intermediação Comercial Ltda., Fees were paid to CMMR Intermediação Comercial Ltda. for consultancy services to the Wilson, Sons towage segment.
7. Trade and other payables to Transamérica (interest – 1% per month; with no maturity).

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

27. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Compensation, of the Group's key management personnel, is set out below in aggregate for each of the categories:

	2011 US$	2010 US$	2011 R$	2010 R$
Short-term employee benefits	9,868	11,049	18,511	18,410
Post-employment benefits and payroll taxes	2,256	2,692	4,232	4,486
Accrued share-based provision	(8,879)	13,204	(16,654)	22,001
Total	3,245	26,945	6,089	44,897

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2011 US$	2010 US$	2011 R$	2010 R$
Profit before tax	88,913	101,019	166,782	168,318
Less: Investments income	(6,068)	(13,940)	(11,382)	(23,227)
Less: Capital gain on joint venture transaction	-	(20,407)	-	(34,002)
Plus: Finance costs	20,936	11,814	39,272	19,684
Operating profit	103,781	78,486	194,672	130,773
Adjustments for:				
Depreciation and amortization expenses	59,478	42,921	111,570	71,515
Gain on disposal of property, plant and equipment	(1,959)	(90)	(3,675)	(150)
Provision (reversal) for cash-settled share-based payment	(8,879)	13,204	(16,654)	22,000
Increase (reversal) in provisions	697	2,458	1,308	4,096
Operating cash flows before movements in working capital	153,118	137,296	287,221	228,234
Decrease in inventories	(995)	24	(1,866)	41
Increase in trade and other receivables	(18,485)	(32,415)	(34,678)	(54,010)
Increase in trade and other payables	6,970	16,982	13,075	28,295
Decrease in other non-current assets	(1,862)	3,921	(3,493)	6,533
Cash generated by operations	138,746	125,808	260,259	209,621
Income taxes paid	(34,709)	(20,908)	(65,105)	(34,837)
Interest paid	(17,596)	(7,887)	(33,007)	(13,141)
Net cash from operating activities	86,441	97,013	162,147	161,643

Non-cash transactions:

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

	2011 US$	2010 US$	2011 R$	2010 R$
Additions to fixed assets				
Cost of construction from agreement of Guarujá II	2,471	-	4,634	-
Tecon Rio Grande's equipment through loans	-	14,700	-	24,493
Tugboats acquisition through loans	10,424	-	19,553	-
Equipment acquisition through finance leases	3,061	1,928	5,742	3,213
Fixed assets trade and other payables	1,258	2,274	2,359	3,788
Borrowing costs capitalized	4,903	1,683	9,197	2,806
Taxes Settlement				
Income tax compensation	278	3,454	521	5,755
Receivables				
Receivables from Intermarítima transaction	5,375	-	10,082	-

Supplemental notes related to the Statement of Cash Flows:

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

	2010	
	US$	R$
Cash and cash equivalents	5,040	8,398
Property, plant and equipment	(6,386)	(10,640)
Other non-current assets	49	82
Inventories	(515)	(858)
Trade and other receivables	(2,639)	(4,397)
Bank overdrafts and loans	12,002	19,998
Others liabilities	12,856	21,420
Total	20,407	34,002

29. INSURANCE COVERAGE

The main insurance coverage in December 31, 2011 that the Group contracted:

Risks	Subject	Coverage US$	Coverage R$
Managers and directors	Managers' Civil Responsibility	26,655	50,000
Maritime Hull	Tugs	304,064	570,363
Maritime Hull	Platform Supply Vessels	333,033	624,703
Maritime CR	CR - Protection and civil responsibility (*shipowners*)*	7,600,000	14,256,080
Port Operator CR	Port Operator Civil Responsibility (including chattels and real estates), Terminals (including chattels and real estates), logistics operations	80,000	150,064
Property (Multiline)	Buildings, machines, furniture and fixtures, goods and raw materials	13,568	25,450
Total		8,357,320	15,676,660

** Available limit to all P&I Club members.*

30. SUBSEQUENT EVENT

On March 12th 2012, the Group announced that through Wilson, Sons Ultratug Offshore ("WSUT"), in which Wilson, Sons has a 50% of interest, signed a contract with Petrobras for the construction and operation of four vessels type PSV 4500 (Platform Supply Vessel). This contract is part of the Petrobras Program for the Renovation of the Offshore Support Fleet ("Prorefam"). The Group intends to finance the four vessels through the Marine Merchant Fund (FMM). The vessels will be built at the Wilson, Sons Shipyard facilities in Guarujá, São Paulo, and are expected to be delivered by 2015.

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 23, 2012.