Wilson Sons Limited

Consolidated Financial Statements Years ended 31 December 2016 and 2015 with Independent Auditors' Report

KPDS 167790

Contents

KPMG Auditores Independentes
Av. Almirante Barroso, 52 - 4º andar
20031-000 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brasil
Telefone +55 (21) 3515-9400, Fax +55 (21) 3515-9000
www.kpmg.com.br

Report on the audit of the consolidated financial statements

To the Board of Directors and Shareholders' of
Wilson Sons Limited

1. Opinion

We have audited the consolidated financial statements of Wilson Sons Limited ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as of December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

2. Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Services revenue recognition (notes 2.1 and 4)

The Company recognises revenue when services in its port terminals, towage operations, logistics, offshore businesses and agency services have been provided. The recognition of this revenue could be susceptible to timing errors in determining when services or obligations have been provided, particularly given the Company´s large volume and geographical spread of transactions in progress at year end. This could result in revenue being recognised in the incorrect period.

Our audit approach
In evaluating the timing of the recognition of services revenue, we have been present to a number of sites, including the Company's operational port terminals (Tecon Salvador and Tecon Rio Grande) and one of the Company's towage operation site, assessing the Company's revenue recognition policies against the relevant accounting standards. Our procedures included testing key controls in all relevant segments, testing the appropriateness of a sample of revenue accrued and deferred at year end based on the specific contract terms and performing substantive analytical procedures at each of the segments. We also considered the adequacy of the Company's accounting policy disclosures in respect of revenue recognition.

Determining the percentage of completion on shipbuilding contracts (notes 2.1 and 4)
The Company recognises shipbuilding revenue based on the stage of completion of contracts, which is determined by the proportion of contract costs incurred for the work performed to the balance sheet date relative to the estimated total contract costs to completion. The recognition of revenue therefore relies on estimates in relation to the final out-turn of costs on each contract, which are inherently judgmental and could be susceptible to a material misstatement.

Our audit approach
In evaluating shipbuilding revenue, our audit procedures included testing controls, and reviewing all relevant contracts assessing the most significant and complex contract estimates, all of which are incorporated within forecast contract out-turn costs. We obtained the detailed project´s budget forecast from the Company to support the estimates made, and inquired senior operational, commercial and financial management personnel on the judgments applied. We evaluated the financial performance of contracts against budget and historical trends to assess historical forecasting accuracy.

We also undertook site visits to physically inspect the stage of completion of individual projects through observation and discussion with site personnel. In addition, we analyzed the Company's judgments in respect of forecast contract outturn costs with reference to our own assessments, historical outcomes and industry norms. We also inspected the selected contracts for key clauses and assessed whether these key clauses have been appropriately reflected in the amounts recognized in the financial statements. We also considered the adequacy of the Company's disclosures in respect of revenue recognition on shipbuilding contracts.

Impairment risk to goodwill and intangible assets relating to business combinations (note 9)
The Company's investments in Tecon Rio Grande, Tecon Salvador and Brasco Caju (Briclog) all gave rise to intangible assets and goodwill on acquisition. There is a risk of recoverability of the Company's significant goodwill and intangible balances due to possible weakening demand or the variability of the cost base in this industry. Due to the inherent risk and uncertainty involved in forecasting and discounting future cash flows in this industry, which are the basis of the assessment of recoverability, this is one of the key judgemental areas that our audit concentrated on.

Our audit approach
Our audit procedures included testing the Company's forecasting by considering the historical accuracy of previous forecasts. We compared actual results and projections in the current year to forecasts prepared in previous periods and substantiated significant variances. We also compared the Company's port terminal cash-flow assumptions against underlying contracts to agree revenue streams and contract end dates. In addition, we used our own experience and discussions with a range of operational personnel to assess the probability of the estimated handling, which is included as future cash flows in the forecasts. We used our own corporate finance valuation specialists to assist us in evaluating the Directors' assumptions and judgments relating to projected economic growth, inflation, exchange rates, cost base, terminal values and discount rates used to derive recoverable amounts.

We compared the Company's assumptions to externally derived data, industry norms and our expectations based on our knowledge of the client and experience of the industry in which it operates. As part of this procedure, sensitivities over each of the assumptions and judgments disclosed in note 9 were evaluated.

We also assessed whether the Company's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill and intangible assets relating to business combinations.

Provisions (note 17)
The Company receives a high volume of legal claims from general civil proceedings, labour claims and tax legislation. These resultant contingent liabilities are potentially significant and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed, is inherently subjective. In making these decisions, the Directors use their judgment and where appropriate receive external advice, in order to make their best estimate of provisions to be recorded or disclosures to be made in the financial statements. This is one of the key areas that our audit concentrated on as a result of the impact that a material claim could have on the Company's financial position and result for the year.

Our audit approach
Our audit procedures included obtaining an understanding from the Directors and in-house legal counsel of the basis for their best estimates, questioning the basis used with reference to the latest available corroborative information, and an assessment of correspondence with the Company's external counsel on all significant legal cases and discussions with them when further clarity was deemed necessary. In addition, we obtained direct formal confirmations from the Company's external counsel for all litigation. With regard to open tax cases, in addition to the above we used our own tax specialists to assess the Company's relevant tax positions and its correspondence with the relevant tax authorities. We also considered the adequacy of the Company's disclosures about the provisions.

4. Other Information
Management is responsible for the other information in the annual report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6. Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the (consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Brazil, Rio de Janeiro, March 23, 2017

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

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

Wilson Sons Limited

Consolidated statements of profit or loss and other comprehensive income

Years ended 31 December 2016 and 2015

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

	Notes	31 December 2016 US$	31 December 2015 US$	31 December 2016 R$	31 December 2015 R$
Revenue	4	457,161	509,268	1,585,363	1,683,248
Raw materials and consumables used		(37,741)	(55,760)	(130,478)	(181,731)
Employee benefits expense	5	(143,285)	(146,321)	(496,855)	(478,890)
Depreciation and amortisation expenses		(52,584)	(53,213)	(182,298)	(174,787)
Other operating expenses	6	(122,689)	(138,063)	(426,132)	(460,132)
Profit (loss) on disposal of property, plant and equipment		745	(1,294)	2,314	(4,966)
Results from operating activities		101,607	114,617	351,914	382,742
Share of result of joint ventures	23.2	8,073	4,843	26,510	17,211
Finance income	7	23,042	12,583	81,038	41,977
Finance costs	7	(17,621)	(45,403)	(61,038)	(149,707)
Exchange gain (loss) on translation	7	6,839	(15,806)	23,752	(51,584)
Profit before tax		121,940	70,834	422,176	240,639
Income tax expense	8	(36,836)	(39,455)	(128,894)	(131,786)
Profit for the year		85,104	31,379	293,282	108,853
Profit for the year attributable to:					
Owners of the Company		84,892	30,184	292,550	105,120
Non-controlling interests		212	1,195	732	3,733
		85,104	31,379	293,282	108,853
Other comprehensive income					
Items that will never affect the profit or loss					
Exchange differences on translating		32,679	(81,887)	(172,470)	312,933
Post-employment benefits		1,130	(108)	3,683	(422)
Items that are or may be reclassified to profit or loss					
Effective portion of changes in fair value of cash flow hedges		1,513	(1,495)	4,769	(4,746)
Total comprehensive income for the year		120,426	(52,111)	129,264	416,618
Total comprehensive income for the year attributable to:					
Owners of the Company		120,096	(52,313)	128,687	413,239
Non-controlling interests		330	202	577	3,379
		120,426	(52,111)	129,264	416,618
Earnings per share from continuing operations					
Basic (cents per share)	21	119.32c	42.43c	411.21c	147.76c
Diluted (cents per share)	21	114.77c	40.74c	395.52c	141.88c

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

Wilson Sons Limited

Consolidated statements of financial position

Years ended 31 December 2016 and 2015

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

	Notes	31 December 2016 US$	31 December 2015 US$	31 December 2016 R$	31 December 2015 R$
Assets					
Non-current assets					
Goodwill	9	30,607	27,389	99,751	106,950
Other intangible assets	10	30,444	26,274	99,220	102,595
Property, plant and equipment	11	646,922	557,185	2,108,383	2,175,696
Deferred tax assets	16	29,055	32,128	94,693	125,453
Investment in joint ventures	23	22,230	18,301	72,450	71,462
Other trade receivables	13	55,070	44,328	179,479	173,092
Other non-current assets		13,408	8,018	43,698	31,309
Total non-current assets		827,736	713,623	2,697,674	2,786,557
Current assets					
Inventories	12	15,427	28,285	50,278	110,447
Operational trade receivables	13	54,247	43,540	176,797	170,016
Other trade receivables	13	27,018	36,660	88,053	143,150
Short-term investments	14	37,400	40,723	121,890	159,015
Cash and cash equivalents	14	75,001	90,401	244,436	352,998
Total current assets		209,093	239,609	681,454	935,626
Total assets		1,036,829	953,232	3,379,128	3,722,183
Equity and liabilities					
Capital and reserves					
Share capital	21	9,905	9,905	26,815	26,815
Capital reserves		89,196	94,324	187,817	208,550
Profit reserve and derivatives		61	(1,490)	(928)	(5,852)
Share Options		9,790	6,380	23,461	15,346
Retained earnings		463,094	412,644	1,062,104	891,601
Translation reserve		(56,328)	(88,851)	381,507	553,977
Equity attributable to owners of the Company		515,718	432,912	1,680,776	1,690,437
Non-controlling interests		770	1,096	2,510	4,279
Total equity		516,488	434,008	1,683,286	1,694,716
Non-current liabilities					
Bank loans	15	325,750	322,265	1,061,651	1,258,380
Deferred tax liabilities	16	48,974	52,631	159,611	205,513
Derivatives	25	1,182	1,547	3,852	6,040
Post-employment benefits	20.2	648	1,308	2,111	5,108
Provisions for tax, labour and civil risks	17	20,037	13,922	65,303	54,363
Obligations under finance leases	18	1,085	1,536	3,536	5,998
Total non-current liabilities		397,676	393,209	1,296,064	1,535,402
Current liabilities					
Operational trade payables	19	49,042	57,631	159,833	225,038
Other trade payables	19	18,621	20,631	60,687	80,560
Derivatives	25	712	1,339	2,322	5,228
Current tax liabilities		3,299	3,732	10,751	14,574
Obligations under finance leases	18	1,211	1,192	3,947	4,655
Bank loans	15	49,780	41,490	162,238	162,010
Total current liabilities		122,665	126,015	399,778	492,065
Total liabilities		520,341	519,224	1,695,842	2,027,467
Total equity and liabilities		1,036,829	953,232	3,379,128	3,722,183

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

Wilson Sons Limited

Consolidated statements of changes in equity

Years ended 31 December 2016 and 2015

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

			Capital reserves										
	Notes	Share capital US$	Share premium US$	Others US$	Additional paid- in capital US$	Derivatives US$	Profit reserve US$	Share Options US$	Retained earnings US$	Translation Reserve US$	Attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1 January 2015	21	9,905	67,951	28,383	(2,010)	(2,574)	1,981	3,066	411,595	(7,845)	510,452	2,880	513,332
Profit for the year		-	-	-	-	-	-	-	30,184	-	30,184	1,195	31,379
Post-employment benefits		-	-	-	-	-	-	-	(108)	-	(108)	-	(108)
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(1,383)	-	-	-	-	(1,383)	(112)	(1,495)
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	(81,006)	(81,006)	(881)	(81,887)
Total comprehensive income (loss) for the year		-	-	-	-	(1,383)	-	-	30,076	(81,006)	(52,313)	202	(52,111)
Derivatives		-	-	-	-	486	-	-	-	-	486	-	486
Share Options		-	-	-	-	-	-	3,314	-	-	3,314	-	3,314
Dividends		-	-	-	-	-	-	-	(29,027)	-	(29,027)	(1,986)	(31,013)
Balance at 31 December 2015	21	9,905	67,951	28,383	(2,010)	(3,471)	1,981	6,380	412,644	(88,851)	432,912	1,096	434,008
Profit for the year		-	-	-	-	-	-	-	84,892	-	84,892	212	85,104
Post-employment benefits		-	-	-	-	-	-	-	1,130	-	1,130	-	1,130
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	1,551	-	-	-	-	1,551	(38)	1,513
Other comprehensive income		-	-	-	-	-	-	-	-	32,523	32,523	156	32,679
Total comprehensive income for the year		-	-	-	-	1,551	-	-	86,022	32,523	120,096	330	120,426
Share Options		-	-	-	-	-	-	3,410	-	-	3,410	-	3,410
Purchase of non-controlling interest (Tecon SSA)		-	-	-	(5,128)	-	-	-	-	-	(5,128)	(271)	(5,399)
Dividends		-	-	-	-	-	-	-	(35,572)	-	(35,572)	(385)	(35,957)
Balance at 31 December 2016	21	9,905	67,951	28,383	(7,138)	(1,920)	1,981	9,790	463,094	(56,328)	515,718	770	516,488

(Continues)

Wilson Sons Limited

Consolidated statements of changes in equity

Years ended 31 December 2016 and 2015

(Amounts expressed in thousands of Brazilian Reais, unless otherwise noted)

			Capital reserves										
	Notes	Share capital R$	Share premium R$	Others R$	Additional paid- in capital R$	Derivatives R$	Profit reserve R$	Share Options R$	Retained earnings R$	Translation Reserve R$	Attributable to owners of the Company R$	Non-controlling interests R$	Total R$
Balance at 1 January 2015	21	26,815	136,396	76,018	(3,864)	(5,994)	3,342	7,453	874,651	241,044	1,355,861	7,650	1,363,511
Profit for the year		-	-	-	-	-	-	-	105,120	-	105,120	3,733	108,853
Post-employment benefits		-	-	-	-	-	-	-	(422)	-	(422)	-	(422)
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(4,392)	-	-	-	-	(4,392)	(354)	(4,746)
Other comprehensive income		-	-	-	-	-	-	-	-	312,933	312,933	-	312,933
Total comprehensive income for the year		-	-	-	-	(4,392)	-	-	104,698	312,933	413,239	3,379	416,618
Derivatives		-	-	-	-	1,192	-	-	-	-	1,192	-	1,192
Share Options		-	-	-	-	-	-	7,893	-	-	7,893	-	7,893
Dividends		-	-	-	-	-	-	-	(87,748)	-	(87,748)	(6,750)	(94,498)
Balance at 31 December 2015	21	26,815	136,396	76,018	(3,864)	(9,194)	3,342	15,346	891,601	553,977	1,690,437	4,279	1,694,716
Profit for the year		-	-	-	-	-	-	-	292,550	-	292,550	732	293,282
Post-employment benefits		-	-	-	-	-	-	-	3,683	-	3,683	-	3,683
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	4,924	-	-	-	-	4,924	(155)	4,769
Other comprehensive loss		-	-	-	-	-	-	-	-	(172,470)	(172,470)	-	(172,470)
Total comprehensive income (loss) for the year		-	-	-	-	4,924	-	-	296,233	(172,470)	128,687	577	129,264
Share Options		-	-	-	-	-	-	8,115	-	-	8,115	-	8,115
Purchase of non-controlling interest (Tecon SSA)		-	-	-	(20,733)	-	-	-	-	-	(20,733)	(1,096)	(21,829)
Dividends		-	-	-	-	-	-	-	(125,730)	-	(125,730)	(1,250)	(126,980)
Balance at 31 December 2016	21	26,815	136,396	76,018	(24,597)	(4,270)	3,342	23,461	1,062,104	381,507	1,680,776	2,510	1,683,286

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

Wilson Sons Limited

Condensed statements of cash flows

For the year ended 31 December 2016 and 2015

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

	Note	31 December 2016 US$	31 December 2015 US$	31 December 2016 R$	31 December 2015 R$
Net cash generated by operating activities	27	94,834	154,493	326,766	515,369
Cash flow from investing activities					
Interest received		7,442	11,698	26,061	39,839
Proceeds on disposal of property, plant and equipment		3,174	987	8,467	3,397
Purchases of property, plant and equipment		(96,209)	(65,779)	(339,074)	(215,082)
Other intangible assets		(5,277)	(2,238)	(18,932)	(8,404)
Short-term investment		3,323	(16,723)	11,140	(55,833)
Acquisition of non controlling interest		(1,855)	-	(7,500)	-
Net cash used in investing activities		(89,402)	(72,055)	(319,838)	(236,083)
Cash flow from financing activities					
Dividends paid		(35,572)	(29,027)	(125,730)	(87,748)
Dividends paid - non controlling interest		(385)	(1,986)	(1,250)	(6,750)
Repayments of borrowings		(40,965)	(49,894)	(142,552)	(163,091)
Repayments of obligation under finance leases		(1,086)	(1,081)	(3,757)	(3,639)
Derivative paid		(1,016)	(445)	(3,543)	(1,639)
New borrowings obtained		46,604	31,881	155,272	112,284
Net cash used in financing activities		(32,420)	(50,552)	(121,560)	(150,583)
Net increase (decrease) in cash and cash equivalents		(26,988)	31,886	(114,632)	128,703
Cash and cash equivalents at the beginning of the year		90,401	85,533	352,998	227,193
Effect of foreign exchange rate changes		11,588	(27,018)	6,070	(2,898)
Cash and cash equivalents at the end of the year		75,001	90,401	244,436	352,998

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

Notes to the consolidated financial statements

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

1 General information

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

2 Significant accounting policies and critical accounting judgements

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.

All relevant information specific to the financial statements, and only them, are being evidenced, and correspond to those used by the Company´s management.

Basis of preparation

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

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

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

- Assets and liabilities for each statement of financial position presented have been translated at the closing, exchange rate at the date of that statement of financial position;

- Income and expenses for each statement of comprehensive income or separate income statement presented have been translated at average rate for the period, and

- All resulting exchange differences have been recognised as foreign currency translation in other comprehensive income.

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

Previous financial figures and those reclassified are as follows:

	As presented 31 December 2015 US$	**Reclassified 31 December 2015 US$**	**As presented 31 December 2015 R$**	**Reclassified 31 December 2015 R$**
Revenue	-	346	-	1,184
Employee benefits expense	-	(3,679)	-	(12,571)
Other operating expenses	(3,706)	(622)	(12,665)	(2,126)
Income tax expense	-	249	-	848
Total	(3,706)	(3,706)	(12,665)	(12,665)

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

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.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements.

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.

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.

Interests in investments

Interests in joint ventures
Joint venture is a contractual agreement where the Group has rights to the net assets of the contractual arrangement, and not entitled to specific assets and liabilities arising from the agreement.

Investments in joint venture entities are accounted for using the equity method. After initial recognition, the financial statements include the Group's share in the profit or loss for the year and other comprehensive income of the investee until the date that significant influence or joint control ceases.

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

The joint operations assets and any liabilities incurred jointly are recognised in the financial statements of the relevant entity and classified according to their nature. The Group's share of the assets, liabilities, income and expenses of joint operation entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

The consolidated financial statements include the accounts of joint ventures and joint operations which are listed in Note 23.

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 recognised 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.

Employee Benefits

Short-term employee benefits
Obligations of short-term employee benefits are recognised as personnel expenses as the corresponding service is provided. The liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Stock option plan
For equity-settled share-based payment transactions, the Group measures the options granted, and the corresponding increase in equity, directly, at the fair value of the option grant.

Subsequent to initial recognition and measurement the estimate of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied is revised during the vesting period. The cumulative amount recognised is based on the number of equity instruments for which the service and non-market conditions are expected to be satisfied. No adjustments are made in respect of market conditions.

Defined health benefit plans
The Group's net obligation regarding defined health benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees receive in return for their service in the current period and prior periods. That health benefit is discounted to determine its present value. Any costs of unrecognised past service and the fair value of any plan assets are deducted.

The calculation of the liability of the defined health benefit plan is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential liability for the Group, the liability to be recognised is limited to the present value of economic costs in the form of future contributions to the plan. To calculate the present value of economic liabilities, any minimum funding requirements applicable are taken into account.

Remeasurements of the net defined health benefit obligation, which include: actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if applicable, excluding interest), are immediately recognised in OCI. The Group determines the net interest on the net amount of defined benefit liabilities (assets) for the period by multiplying them by the discount rate used to measure the defined health benefit obligation. Defined benefit liabilities (assets) for the period take into account the balance at the beginning of the period covered by the financial statements and any changes in the defined health benefit net liability (asset) during the period due to the payment of contributions and benefits. Net interest and other expenses related to defined health benefit plans are recognised in income.

When the benefits of a plan are increased, the portion of the increased benefit relating to past services rendered by employees is recognised immediately in income. The Group recognizes gains and losses on the settlement of a defined health benefit plan when settlement occurs.

Other long-term employee benefits
The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees receive in return for the service rendered in the current year and previous years. That benefit is discounted to determine its present value. Remeasurements are recognised in the income statement.

Benefits of termination of employment relationship
The benefits of termination of employment relationship are recognised as an expense when the Group can no longer withdraw the offer of such benefits and when the Group recognizes the costs of restructuring. If payments are settled after 12 months from the balance sheet date, then they are discounted to their present values.

Taxation

Income tax and social contribution expense represent the sum of current tax and deferred tax.

The current tax 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 current tax expense 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 recognised 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 recognised 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 recognised 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 offsets current tax assets against current tax liabilities 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 recognised 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.

Buildings:	25 to 60 years
Leasehold improvements:	(*)
Vessels:	25 to 35 years
Vehicles:	5 years
Plant and Equipment:	5 to 20 years

(*) lower of the rental period or useful life of underlying asset

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 recognised 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 capitalised 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 recognised in the consolidated statement of comprehensive income.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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 recognised 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 less accumulated impairment losses, if any.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation 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. There is no indefinite life intangible asset.

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.

Construction contracts in progress

Construction contracts in progress represent the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction contracts in progress are presented as part of trade payables and trade receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings and recognised losses.

Impairment

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and comprise direct materials and, where applicable, directly attributable labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

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

a. 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 recognised and derecognised 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 recognised financial assets, except for FVTPL are subsequently measured in their entirety at amortised cost.

Income is recognised on an effective interest rate method 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 recognised 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 with maturities of less than 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 amortised 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;

- Default or delinquency in interest or principal payments;

- It becoming probable that the borrower will enter bankruptcy or financial re-organisation, or

- The disappearance of an active market for that financial asset due to 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 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised 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 recognised in profit or loss.

Derecognition of financial assets

The Group derecognises 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.

b. Financial liabilities

Financial liabilities are classified as either "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 costs.

Other financial liabilities are subsequently measured at amortisation cost, using the effective interest method, with interest expense recognised 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 loans: Interest-bearing bank loans, 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 payable are measured at fair value, net of transaction cost.

Derivatives

One of the Group's subsidiaries holds derivatives to hedge foreign currency exposure arising from capital expenditure denominated in Real. These derivatives are marked to market at the end of every month.

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.

Hedge Accounting (Cash flow hedge)

The Group seeks to apply hedge accounting (cash flow hedge) in order to manage volatility in profit or loss. When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the derivatives reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the derivatives reserve in equity. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, plant and equipment purchases) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial carrying amount of the asset or liability. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Derecognition of financial liabilities

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

Provisions

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

The amount recognised 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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

Shipyard revenue

Revenue related to services and construction contracts is recognised when the work in proportion to the stage of completion of transaction contracted has been performed in accordance with contracted terms.

Port terminals revenue

Revenue from providing container movement and associated services is recognised on the date that the services have been performed.

Towage revenue
Revenue from towage services is recognised on the date that the services have been performed.

Ship agency and logistics revenues
Revenue from providing agency and logistics services is recognised when the services have been agreed and the transaction has occurred.

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

Construction contracts
When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised 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.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent it is probable contract costs incurred will be recoverable. Contract costs are recognised 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 recognised as an expense immediately.

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 recognised 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 recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

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

Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets.
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Finance income and finance costs
Finance income comprises interest income on funds invested; fair value gains on financial assets recognised through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. The date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, fair value losses on financial assets at fair value through profit or loss and contingent consideration, losses on hedging instruments that are recognised in profit or loss.

Segment reporting
Segment results that are reported for the Group include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

2.2 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 recognised in the financial statements as mentioned below.

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

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 are 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 recognised 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% 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 recoverable amount 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$30.6 million (R$99.8 million) (2015: US$27.4 million (R$107.0 million)). Details are disclosed in Note 9. There are no impairment losses recognised for the years presented.

e. Fair value of derivatives

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

f. Stock option plan

The fair value of equity-settled share-based payments are determined using a binomial model, as the awards are equity-settled the fair value is assessed at the date of grant. The assumptions used in determining this fair value include, amongst others, the life of the options, share price volatility, dividend yield, employee turnover and the risk free rate. Expected volatility is determined by calculating the volatility of the Group's share price over a historical period.

Expected dividend yield is based on the Groups dividend policy. The employee turnover is consistent with recent turnover and is an appropriate assumption for the employees in the plan. 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.

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

Depreciation and amortisation 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 Standards issued but not yet adopted

A number of new standards and amendments to standards can be early adopted and effective for annual periods beginning after 1 January 2016; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group plans to adopt IFRS 15 in its consolidated financial statements for 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 to each comparative period presented and adjust its consolidated financial statements.

The Group is currently performing a detailed assessment of the impact resulting from the application of IFRS 15 and expects to disclose additional quantitative information before it adopts IFRS 15.

IFRS 9 Financial instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018.

The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete.

IFRS 16 Leases
IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019.

The Group has started an initial assessment of the potential impact on its consolidated financial statements. So far, the consolidated financial statements will be impacted, but the Group has not yet quantified all the impacts on its reported assets and liabilities of adoption of IFRS 16.

Other amendments
The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Disclosure Initiative (Amendments to IAS 7);
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12);
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2), and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

3 Segment information

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

Finance costs relating to liabilities were allocated to reporting segments based on the loans taken to finance the acquisition or the construction of fixed assets in that segment. Finance income arising from bank balances held by Brazilian operating segments, including foreign exchange differences on such balances, were also allocated to the reporting segments.

Administrative expenses are presented as non-segment activities.

Segment information relating to these businesses is presented below:

	2016							
	Towage and agency services US$	**Port terminals US$**	**Offshore Vessels US$**	**Logistics US$**	**Shipyard US$**	**Non segmented activities US$**	**Elimination US$**	**Consolidated US$**
Revenue	219,664	167,770	-	43,319	76,858	-	(50,450)	457,161
Operating profit	84,207	41,555	-	(4,019)	5,609	(23,340)	(2,405)	101,607
Finance income	393	13,741	-	296	(2)	8,635	(21)	23,042
Finance costs	(6,810)	(10,981)	-	(231)	(870)	1,271	-	(17,621)
Operating profit adjusted by finance income and cost	77,790	44,315	-	(3,954)	4,737	(13,434)	(2,426)	107,028
Share of result of joint ventures	-	-	8,073	-	-	-	-	8,073
Exchange gain on translation	-	-	-	-	-	-	-	6,839
Profit before tax	-	-	-	-	-	-	-	121,940
Other information:								
Capital expenditures	(54,316)	(43,224)	-	(1,147)	(680)	(3,051)	-	(102,418)
Depreciation and amortisation	(24,050)	(21,944)	-	(1,667)	(884)	(4,039)	-	(52,584)
Balance sheet								
Segment assets	364,884	348,104	22,230	20,022	92,844	188,745	-	1,036,829
Segment liabilities	(296,984)	(131,440)	-	(12,020)	(49,278)	(30,619)	-	(520,341)

	2015							
	Towage and agency services US$	**Port terminals US$**	**Offshore Vessels US$**	**Logistics US$**	**Shipyard US$**	**Non segmented activities US$**	**Elimination US$**	**Consolidated US$**
Revenue	229,508	175,998	-	49,877	102,936	-	(49,051)	509,268
						-		
Operating profit	84,387	50,636	-	(1,613)	3,205	(26,844)	4,846	114,617
Finance income	34	1,317	-	123	-	11,109	-	12,583
Finance costs	(6,188)	(40,133)	-	(713)	(957)	2,588	-	(45,403)
Operating profit adjusted by finance income and cost	78,233	11,820	-	(2,203)	2,248	(13,147)	4,846	81,797
Share of result of joint ventures	-	-	4,843	-	-	-	-	4,843
Exchange gain / loss on translation	-	-	-	-	-	-	-	(15,806)
Profit before tax	-	-	-	-	-	-	-	70,834
Other information:								
Capital expenditures	(44,952)	(22,196)	-	(1,155)	(1,125)	(461)	-	(69,889)
Depreciation and amortisation	(19,855)	(22,072)	-	(4,560)	(525)	(6,201)	-	(53,213)
Balance sheet								
Segment assets	321,141	276,083	18,301	18,523	118,394	200,790	-	953,232
Segment liabilities	(279,902)	(137,171)	-	(7,334)	(78,059)	(16,758)	-	(519,224)

	2016							
	Towage and agency services R$	**Port terminals R$**	**Offshore Vessels R$**	**Logistics R$**	**Shipyard R$**	**Non segmented activities R$**	**Elimination R$**	**Consolidated R$**
Revenue	764,028	579,969	-	150,818	263,277	-	(172,729)	1,585,363
Operating profit	292,294	143,288	-	(13,078)	18,088	(81,317)	(7,361)	351,914
Finance income	1,247	48,404	-	1,003	(8)	30,463	(71)	81,038
Finance costs	(23,628)	(38,247)	-	(814)	(3,566)	5,217	-	(61,038)
Operating profit adjusted by finance income and cost	269,913	153,445	-	(12,889)	14,514	(45,637)	(7,432)	371,914
Share of result of joint ventures	-	-	26,510	-	-	-	-	26,510
Exchange gain / loss on translation	-	-	-	-	-	-	-	23,752
Profit before tax	-	-	-	-	-	-	-	422,176
Other information:								
Capital expenditures	(192,386)	(152,427)	-	(3,844)	(2,306)	(10,539)	-	(361,502)
Depreciation and amortisation	(83,392)	(75,821)	-	(5,764)	(2,931)	(14,390)	-	(182,298)
Balance sheet								
Segment assets	1,189,191	1,134,506	72,450	65,254	302,588	615,139	-	3,379,128
Segment liabilities	(967,900)	(428,377)	-	(39,174)	(160,602)	(99,789)	-	(1,695,842)

	2015							
	Towage and agency services R$	**Port terminals R$**	**Offshore Vessels R$**	**Logistics R$**	**Shipyard R$**	**Non segmented activities R$**	**Elimination R$**	**Consolidated R$**
Revenue	763,949	581,494	-	162,585	342,912	-	(167,692)	1,683,248
Operating profit	283,633	169,879	-	(8,674)	9,937	(88,858)	16,825	382,742
Finance income	112	4,583	-	355	-	36,927	-	41,977
Finance costs	(20,567)	(131,915)	-	(2,234)	(3,182)	8,191	-	(149,707)
Operating profit adjusted by finance income and cost	263,178	42,547	-	(10,553)	6,755	(43,740)	16,825	275,012
Share of result of joint ventures	-	-	17,211	-	-	-	-	17,211
Exchange gain / loss on translation	-	-	-	-	-	-	-	(51,584)
Profit before tax	-	-	-	-	-	-	-	240,639
Other information:								
Capital expenditures	(143,807)	(77,188)	-	(3,805)	(3,399)	(1,669)	-	(229,868)
Depreciation and amortisation	(65,069)	(71,277)	-	(16,031)	(1,772)	(20,638)	-	(174,787)
Balance sheet								
Segment assets	1,253,992	1,078,050	71,462	72,329	462,305	784,045	-	3,722,183
Segment liabilities	(1,092,962)	(535,625)	-	(28,638)	(304,805)	(65,437)	-	(2,027,467)

Geographical information

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

4 Revenue

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

	2016 US$	2015 US$	2016 R$	2015 R$
Sales of services	430,753	455,383	1,494,815	1,508,028
Revenue from construction contracts	26,408	53,885	90,548	175,220
Total	457,161	509,268	1,585,363	1,683,248

5 Employee charges and benefits expenses

	2016 US$	2015 US$	2016 R$	2015 R$
Salaries and benefits	116,713	119,706	404,908	391,089
Payroll taxes	22,188	22,333	76,696	73,549
Pension costs	974	968	3,379	3,194
Long-term incentive plan	3,410	3,314	11,872	11,058
Total	143,285	146,321	496,855	478,890

6 Other operating expenses

	2016 US$	2015 US$	2016 R$	2015 R$
Service costs	34,708	35,626	119,983	117,889
Rent of tugs	23,903	32,148	84,045	108,775
Container handling	16,412	9,780	56,474	32,591
Energy, water and communication	14,840	16,190	51,520	53,515
Other rentals	13,097	15,780	45,235	51,406
Freight	7,801	7,058	27,162	23,689
Other taxes	7,749	8,147	26,839	26,241
Insurance	3,761	4,790	13,066	15,781
Other expenses	418	8,544	1,808	30,245
Total	122,689	138,063	426,132	460,132

7 Finance income and finance costs

	2016 US$	2015 US$	2016 R$	2015 R$
Interest on investments	7,901	9,553	27,796	32,277
Exchange gain on investments	-	1,091	-	3,500
Exchange gain on loans	12,806	-	45,162	-
Other interest income	2,335	1,939	8,080	6,200
Total finance income	23,042	12,583	81,038	41,977
Interest on bank loans	(12,277)	(11,833)	(42,537)	(38,868)
Exchange loss on investments	(4,216)	-	(14,590)	
Exchange loss on loans	-	(32,604)	-	(107,263)
Interest on obligations under finance leases	(414)	(549)	(1,444)	(1,803)
Total bank and investment costs	(16,907)	(44,986)	(58,571)	(147,934)
Other interest	(714)	(417)	(2,467)	(1,773)
Total finance costs	(17,621)	(45,403)	(61,038)	(149,707)
Exchange gain (loss) on translation	6,839	(15,806)	23,752	(51,584)

8 Income tax expense

Income tax recognised in profit or loss:

	2016 US$	2015 US$	2016 R$	2015 R$
Current				
Brazilian taxation				
Income tax	26,900	26,755	93,429	89,799
Social contribution	10,924	11,055	37,850	36,973
Total Brazilian current tax	37,824	37,810	131,279	126,772
Deferred tax				
Total deferred tax	(988)	1,645	(2,385)	5,014
Total income tax expense	36,836	39,455	128,894	131,786

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

	2016 US$	**2015 US$**	**2016 R$**	**2015 R$**
Profit before tax	121,940	70,834	422,176	240,639
Tax at the standard Brazilian tax rate (34%)	41,460	24,084	143,540	81,817
Deferred tax items not included in determining taxable profit				
Retranslation of non-current asset valuation	(22,376)	27,003	(78,898)	86,999
Exchange variance on loans	14,397	(25,644)	50,775	(84,352)
Tax effect of subsidiary losses not recognised in deferred tax assets	5,079	3,291	16,368	11,777
Total deferred tax	(2,900)	4,650	(11,755)	14,424
Income/(expenses) not included in determining taxable profit				
Tax effect of foreign exchange gain or loss on monetary items	(2,325)	5,374	(8,076)	17,538
Tax effect of share of results of joint ventures	(2,745)	(1,647)	(9,013)	(5,852)
Others	2,018	4,651	9,561	15,585
Items deductible for Brazilian taxable profit not included in the income statement				
Interest charged on own equity	-	1,299	-	5,000
Income/(expenses) incurred outside of Brazil				
Share option scheme	1,159	1,127	4,036	3,760
Effect of different tax rates in other jurisdictions	169	(83)	601	(486)
Income tax expense	36,836	39,455	128,894	131,786

9 Goodwill

	31 December 2016 US$	31 December 2015 US$
Cost and carrying amount attributed to:		
Brasco	15,821	13,205
Tecon Rio Grande	12,306	11,704
Tecon Salvador	2,480	2,480
Total	30,607	27,389

	31 December 2016 R$	31 December 2015 R$
Cost and carrying amount attributed to:		
Brasco	51,561	51,561
Tecon Rio Grande	40,107	45,703
Tecon Salvador	8,083	9,686
Total	99,751	106,950

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

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

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

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

The estimated average growth rate used does not exceed the historical average for Tecon Rio Grande and Tecon Salvador. Growth rate of 3.7% above inflation has been estimated for Brasco, and a discount rate of 7.6% for all business units has been used. These growth rates reflect the products, industries and countries in which the businesses operate. These medium to long-term growth rates have been reviewed by management during the annual impairment test for 2016 and are considered to be appropriate for the period.

The Directors have considered the following individual sensitivities and are confident that no impairment would arise in any of the cash-generating units in any of the following two circumstances:

- If the discount rate was increased by 30%; or

- If the cash flow projections of all businesses were reduced by 30%.

After testing goodwill as mentioned above, no impairment losses were recognised for the periods presented.

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

10 Other intangible assets

	US$	**R$**
Cost		
At 1 January 2015	64,348	170,921
Additions	2,238	8,404
Disposals	(58)	(215)
Exchange differences	(12,579)	-
Foreign currency effect in respect of translation into Brazilian Real	-	31,550
At 31 December 2015	53,949	210,660
Additions	5,277	18,932
Disposals	(292)	(986)
Exchange differences	5,988	-
Foreign currency effect in respect of translation into Brazilian Real	-	(17,018)
At 31 December 2016	64,922	211,588
Accumulated amortisation		
At 1 January 2015	25,783	68,485
Charge for the year	5,651	18,667
Disposals	(52)	(191)
Exchange differences	(3,707)	-
Foreign currency effect in respect of translation into Brazilian Real	-	21,104
At 31 December 2015	27,675	108,065
Charge for the year	5,248	18,305
Disposals	(291)	(983)
Exchange differences	1,846	-
Foreign currency effect in respect of translation into Brazilian Real	-	(13,019)
At 31 December 2016	34,478	112,368
Carrying amount		
31 December 2016	30,444	99,220
31 December 2015	26,274	102,595

The breakdown of intangibles by type is as follows:

	31 December 2016 US$	**31 December 2015 US$**
Lease right - Brasco Caju	13,853	11,998
Lease right - Tecon Salvador	5,049	4,624
Computer software - SAP	1,970	3,025
Other computer software	9,371	6,479
Other intangibles	201	148
Total	30,444	26,274

	31 December 2016 R$	**31 December 2015 R$**
Lease right - Brasco Caju	45,148	46,850
Lease right - Tecon Salvador	16,455	18,056
Computer software - SAP	6,421	11,814
Other computer software	30,541	25,297
Other intangibles	655	578
Total	99,220	102,595

In November 2016 the subsidiary Tecon Salvador S.A signed the second amendment to the terminal lease agreement, which extends the term of validity of lease until March 2050. Therefore, the amortisation expense for the lease right will be measured considering the validity of the lease contract (2050). Details are disclosed in Note 11.

11 Property, plant and equipment

	Land and buildings US$	Vessels US$	Vehicles, plant and equipment US$	Assets under construction US$	Total US$
Cost or valuation					
At 1 January 2015	326,663	369,587	241,961	11,470	949,681
Additions	15,296	12,394	8,665	31,296	67,651
Transfers	59	13,440	(59)	(13,440)	-
Exchange differences	(86,226)	-	(68,686)	-	(154,912)
Disposals	(98)	(3,264)	(4,694)	-	(8,056)
At 31 December 2015	255,694	392,157	177,187	29,326	854,364
Additions	7,259	29,874	36,602	23,406	97,141
Transfers	(187)	53,071	(152)	(52,732)	-
Exchange differences	38,581	-	30,148	-	68,729
Disposals	(209)	(17,227)	(9,811)	-	(27,247)
At 31 December 2016	301,138	457,875	233,974	-	992,987
Accumulated depreciation					
At 1 January 2015	75,344	124,499	110,368	-	310,211
Charge for the year	12,095	15,434	20,033	-	47,562
Elimination on construction contracts	-	2,553	-	-	2,553
Exchange differences	(23,755)	-	(33,750)	-	(57,505)
Disposals	(88)	(2,655)	(2,899)	-	(5,642)
At 31 December 2015	63,596	139,831	93,752	-	297,179
Charge for the year	10,824	19,809	16,703	-	47,336
Elimination on construction contracts	-	1,068	-	-	1,068
Exchange differences	11,356	-	14,817	-	26,173
Disposals	(169)	(16,808)	(8,714)	-	(25,691)
At 31 December 2016	85,607	143,900	116,558	-	346,065
Carrying amount					
31 December 2016	215,531	313,975	117,416	-	646,922
31 December 2015	192,098	252,326	83,435	29,326	557,185

	Land and buildings R$	Vessels R$	Vehicles, plant and equipment R$	Assets under construction R$	Total R$
Cost or valuation					
At 1 January 2015	867,683	981,697	642,697	30,467	2,522,544
Additions	53,125	38,388	29,021	100,930	221,464
Transfers	144	51,115	(144)	(51,115)	-
Disposals	(371)	(11,415)	(17,385)	-	(29,171)
Foreign currency effect in respect of translation into Brazilian Real	77,853	471,508	37,695	34,230	621,286
At 31 December 2015	998,434	1,531,293	691,884	114,512	3,336,123
Additions	24,852	104,322	128,890	84,506	342,570
Transfers	(736)	186,482	(412)	(185,334)	-
Disposals	(736)	(58,733)	(37,691)	-	(97,160)
Foreign currency effect in respect of translation into Brazilian Real	(40,375)	(271,107)	(20,125)	(13,684)	(345,291)
At 31 December 2016	981,439	1,492,257	762,546	-	3,236,242
Accumulated depreciation					
At 1 January 2015	200,130	330,694	293,160	-	823,984
Charge for the year	39,053	50,423	66,644	-	156,120
Elimination on construction contracts	-	8,601	-	-	8,601
Disposals	(332)	(9,435)	(10,492)	-	(20,259)
Foreign currency effect in respect of translation into Brazilian Real	9,481	165,726	16,774	-	191,981
At 31 December 2015	248,332	546,009	366,086	-	1,160,427
Charge for the year	37,554	68,488	57,951	-	163,993
Elimination on construction contracts	-	3,952	-	-	3,952
Disposals	(577)	(57,137)	(33,851)	-	(91,565)
Foreign currency effect in respect of translation into Brazilian Real	(6,308)	(92,328)	(10,312)	-	(108,948)
At 31 December 2016	279,001	468,984	379,874	-	1,127,859
Carrying amount					
31 December 2016	702,438	1,023,273	382,672	-	2,108,383
31 December 2015	750,102	985,284	325,798	114,512	2,175,696

The carrying amount of the Group's vehicles, plant and equipment includes an amount of US$3.2 million (R$10.4 million) (2015: US$2.9 million (R$11.4 million)) in respect of assets held under finance leases.

Land and buildings with a net carrying amount of US$0.2 million (R$0.8 million) (2015: US$0.2 million (R$0.8 million)) and Plant and Equipment with a net carrying amount of US$0.3 million (R$1.0 million) (2015: US$0.5 million (R$2.0 million)) have been pledged as guarantee for various tax lawsuits.

The Group has pledged assets with a carrying amount of approximately US$290.5 million (R$946.9 million) (2015: US$254.1 million (R$992.2 million)) to secure loans granted to the Group.

The amount of borrowing costs capitalised in 2016 is US$0.8 million (R$2.8 million) (2015: US$1.5 million (R$5.2 million)), at an average interest rate of 3.12% (2015: 3.00%).

In December 2016, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US$20.4 million (R$66.6 million) (2015: US$13.5 million (R$52.9 million)). The amount mainly refers to the expansion of Brasco Caju, investments in Tecon Salvador and Tecon Rio Grande.

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

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

In December 2015, management considered a number of pieces of property, plant and equipment to be discontinued in the logistics segment. Local management hired an independent firm to measure the market value of the remaining asset related to dedicated operations amounting US$0.9 million (R$3.4 million), and an impairment loss of US$0.7 million (R$2.8 million) was recognised for write-downs to the lower of its carrying amount and its fair value less cost to sell. The impairment loss had been applied to reduce the carrying amount of property, plant and equipment, and it had been included in Profit (loss) on disposal and impairment of property, plant and equipment. In 2016 there are no evidences of impairment losses in respect of property, plant and equipment.

In November 2016 the subsidiary Tecon Salvador S.A signed the second amendment to the terminal lease agreement, which extends the term of validity of lease until March 2050. According to management´s expectation and technical evidence presented in a report prepared by a specialized engineer, the estimated useful lives of the quay, patio, administrative building, warehouse, electrical substation, office and storage building are higher than the lease contract termination. Therefore, the depreciation expense for the above mentioned assets will be measured considering the validity of the lease contract (2050). The useful life of the portainers is 20 years, according to management´s expectation and builder's technical specifications. As a result of the above mentioned changes in estimated useful lives of Tecon Salvador assets, the depreciation expense of Tecon Salvador, on 31 December 2016, was US$4.0 million (R$13.8 million) (against US$4.5 million (R$15.6 million) that would have been recorded if the change had not occurred).

12 Inventories

	31 December 2016 US$	31 December 2015 US$
Operating materials	10,278	8,657
Raw materials for construction contracts (external customers)	5,149	19,628
Total	15,427	28,285

	31 December 2016 R$	31 December 2015 R$
Operating materials	33,497	33,804
Raw materials for construction contracts (external customers)	16,781	76,643
Total	50,278	110,447

13 Trade and other trade receivables

	31 December 2016 US$	31 December 2015 US$
Operational trade receivables		
Receivable for services rendered	55,434	44,386
Allowance for bad debts	(1,187)	(846)
Total operational trade and other trade receivables	54,247	43,540
Other trade receivables		
Income tax recoverable	7,466	5,728
Recoverable taxes and levies	36,571	25,340
Intergroup loans	28,995	28,392
Prepayment	4,031	11,360
Other trade receivables	5,025	10,168
Total other trade receivables	82,088	80,988
Total	136,335	124,528
Total operational trade receivables current	54,247	43,540
Total other trade receivables current	27,018	36,660
Total other trade receivables non-current	55,070	44,328

	31 December 2016 R$	**31 December 2015 R$**
Operational trade receivables		
Receivable for services rendered	180,666	173,319
Allowance for bad debts	(3,869)	(3,303)
Total operational other trade receivables	176,797	170,016
Other trade receivables		
Income tax recoverable	24,332	22,366
Recoverable taxes and levies	119,189	98,948
Intergroup loans	94,498	110,865
Prepayment	13,137	44,359
Other trade receivables	16,376	39,704
Total other trade receivables	267,532	316,242
Total	444,329	486,258
Total operational trade receivables current	176,797	170,016
Total other trade receivables current	88,053	143,150
Total other trade receivables non-current	179,479	173,092

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

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

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

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

	31 December 2016 US$	**31 December 2015 US$**
Current	45,048	34,522
Overdue but not impaired:		
01 to 30 days	6,177	6,004
31 to 90 days	2,178	1,491
91 to 180 days	844	1,523
Impaired:		
More than 180 days	1,187	846
Total	55,434	44,386

	31 December 2016 R$	31 December 2015 R$
Current	146,818	134,803
Overdue but not impaired:		
01 to 30 days	20,131	23,444
31 to 90 days	7,098	5,821
91 to 180 days	2,750	5,948
Impaired:		
More than 180 days	3,869	3,303
Total	180,666	173,319

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

Changes in allowance for bad debts are as follows:

	US$	R$
At 1 January 2015	1,154	3,065
Increase in allowance	76	238
Exchange difference	(384)	-
At 31 December 2015	846	3,303
Increase in allowance	163	566
Exchange difference	178	-
At 31 December 2016	1,187	3,869

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

14 Cash and cash equivalents and short-term investments

Cash and cash equivalents

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

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

Short-term investments

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

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

	31 December 2016 US$	**31 December 2015 US$**
Denominated in US dollar:		
Cash and cash equivalents	22,257	7,059
Short-term investments	37,400	40,723
Total	59,657	47,782
Denominated in Brazilian Real:		
Cash and cash equivalents	52,744	83,342
Total	112,401	131,124
Total cash and cash equivalents	75,001	90,401
Total short-term investments	37,400	40,723

	31 December 2016 R$	**31 December 2015 R$**
Denominated in US dollar:		
Cash and cash equivalents	72,539	27,564
Short-term investments	121,890	159,015
Total	194,429	186,579
Denominated in Brazilian Real:		
Cash and cash equivalents	171,897	325,434
Total	366,326	512,013
Total cash and cash equivalents	244,436	352,998
Total short-term investments	121,890	159,015

Private investment fund

The Group has investments in a private investment fund called Hydrus Fixed Income Private Credit Investment Fund that is consolidated in this financial information. This fund is managed by Itaú bank and its policies and objectives are determined by the Group's treasury. This fund comprises deposit certificates, financial notes and debentures, with final maturities ranging from March 2017 to August 2026. The fund portfolio is marked to fair value on a daily basis against current earnings. This fund´s financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses. The fund´s investments are highly liquid which are readily convertible to known amounts of cash and which is subjected to as insignificant risk of changes in value.

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

15 Bank loans

Secured borrowings	**Interest rate - % p.a.**	**31 December 2016 US$**	**31 December 2015 US$**
BNDES - FMM linked to US Dollar[1]	2.07% - 4.13%	162,408	176,792
BNDES - FMM linked to US Dollar[1]	5.00% - 6.00%	5,977	7,291
BNDES - Real	7.50% - 9.69%	25,466	23,232
BNDES - linked to US Dollar	5.07% - 5.36%	5,069	7,239
BNDES - FMM Real[1]	8.90% - 11.21%	1,838	1,684
BNDES - FINAME Real	4.50% - 13.40%	1,133	1,952
Total BNDES		201,891	218,190
BB - FMM linked to US Dollar[1]	2.00% - 3.00%	85,576	75,387
IFC - US Dollar	5.25%	48,571	58,971
China Construction Bank - US Dollar	4.36%	19,047	-
Santander - US Dollar	3.07%	14,005	-
Eximbank - US Dollar	2.71%	5,270	7,356
Finimp - US Dollar	4.81%	1,170	3,503
IFC - Real	14.09%	-	348
Total others		173,639	145,565
Total		375,530	363,755

Secured borrowings	**Interest rate - % p.a.**	**31 December 2016 R$**	**31 December 2015 R$**
BNDES - FMM linked to US Dollar[1]	2.07% - 4.13%	529,305	690,337
BNDES - FMM linked to US Dollar[1]	5.00% - 6.00%	19,480	28,470
BNDES - Real	7.50% - 9.69%	82,996	90,718
BNDES - linked to US Dollar	5.07% - 5.36%	16,520	28,265
BNDES - FMM Real[1]	8.90% - 11.21%	5,990	6,576
BNDES - FINAME Real	4.50% - 13.40%	3,692	7,620
Total BNDES		657,983	851,986
BB - FMM linked to US Dollar[1]	2.00% - 3.00%	278,900	294,373
IFC - US Dollar	5.25%	158,297	230,270
China Construction Bank - US Dollar	4.36%	62,077	-
Santander - US Dollar	3.07%	45,642	-
Eximbank - US Dollar	2.71%	17,176	28,725
Finimp - US Dollar	4.81%	3,814	13,678
IFC - Real	14.09%	-	1,358
Total others		565,906	568,404
Total		1,223,889	1,420,390

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

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

	31 December 2016 US$	**31 December 2015 US$**
Within one year	49,780	41,490
In the second year	49,029	40,231
In the third to fifth years (including)	105,953	107,996
After five years	170,768	174,038
Total	375,530	363,755
Total current	49,780	41,490
Total non-current	325,750	322,265

	31 December 2016 R$	**31 December 2015 R$**
Within one year	162,238	162,010
In the second year	159,787	157,094
In the third to fifth years (including)	345,312	421,701
After five years	556,552	679,585
Total	1,223,889	1,420,390
Total current	162,238	162,010
Total non-current	1,061,651	1,258,380

The analysis of borrowings by currency is as follows:

	Real US$	**Real linked to US Dollars US$**	**US Dollars US$**	**Total US$**
31 December 2016				
Bank loans	28,437	259,030	88,063	375,530
Total	28,437	259,030	88,063	375,530
31 December 2015				
Bank loans	27,216	266,709	69,830	363,755
Total	27,216	266,709	69,830	363,755

	Real R$	**Real linked to US Dollars R$**	**US Dollars R$**	**Total R$**
31 December 2016				
Bank loans	92,678	844,205	287,006	1,223,889
Total	92,678	844,205	287,006	1,223,889
31 December 2015				
Bank loans	106,272	1,041,445	272,673	1,420,390
Total	106,272	1,041,445	272,673	1,420,390

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

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

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

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

The loan agreement between Tecon Rio Grande and Santander for equipment acquisition rely on a corporate guarantee from Wilson, Sons de Administração e Comércio Ltda.

Undrawn credit facilities
At 31 December 2016, the Group had available US$53.2 million (R$173.3 million) of undrawn borrowing facilities. For each disbursement, there is a set of conditions precedent that must be satisfied.

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

	31 December 2016 US$	**31 December 2015 US$**
Bank loans		
BNDES	201,891	218,190
BB	85,576	75,387
IFC	48,571	59,319
CCB	19,047	-
Santander	14,005	-
Eximbank	5,270	7,356
Finimp	1,170	3,503
Total	375,530	363,755

	31 December 2016 R$	**31 December 2015 R$**
Bank loans		
BNDES	657,983	851,986
BB	278,900	294,373
IFC	158,297	231,628
CCB	62,077	-
Santander	45,642	-
Eximbank	17,176	28,725
Finimp	3,814	13,678
Total	1,223,889	1,420,390

Covenants

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

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

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

At 31 December 2016, the subsidiary was not in compliance with the Net Equity / Total Assets ratio, according to loan agreement with BNDES. This implies the requirement for waiver or constitution of guarantees of at least 130% of the debt´s value in the period of 60 days from the date of the communication made by the bank, or prepayment of the debt. The amount recognised at the reporting date in respect of this loan is US$5.1 million (R$16.5 million). A waiver of the Net Equity / Total Assets ratio will be sought from BNDES. If this is not obtained, the loan could be repaid.

At 31 December 2016, the Company was in compliance with all other loan covenants.

16 Deferred taxes

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

	Accelerated depreciation US$	Exchange differences on loans US$	Timing differences US$	Non-monetary items US$	Total US$
At 1 January 2015	(19,910)	24,600	23,463	(41,685)	(13,532)
(Charge) credit to income	4,070	24,999	(3,711)	(27,003)	(1,645)
Deferred tax transferred to current taxes	-	(3,859)	-	-	(3,859)
Exchange differences	43	(4,693)	3,183	-	(1,467)
At 31 December 2015	(15,797)	41,047	22,935	(68,688)	(20,503)
(Charge) credit to income	(6,356)	(14,305)	(727)	22,376	988
Exchange differences	-	1,437	(1,841)	-	(404)
At 31 December 2016	(22,153)	28,179	20,367	(46,312)	(19,919)

	Accelerated depreciation R$	Exchange differences on loans R$	Timing differences R$	Non-monetary items R$	Total R$
At 1 January 2015	(52,885)	65,342	62,324	(110,724)	(35,943)
(Charge) credit to income	13,303	80,789	(12,107)	(86,999)	(5,014)
Deferred tax transferred to current taxes	-	(12,115)	-	-	(12,115)
Translation adjustment to real	(22,103)	26,265	22,266	(53,416)	(26,988)
At 31 December 2015	(61,685)	160,281	72,483	(251,139)	(80,060)
(Charge) credit to income	(22,150)	(50,298)	(4,065)	78,898	2,385
Translation adjustment to real	11,636	(18,143)	(13,273)	32,537	12,757
At 31 December 2016	(72,199)	91,840	55,145	(139,704)	(64,918)

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

	31 December 2016 US$	**31 December 2015 US$**
Deferred tax liabilities	(48,974)	(52,631)
Deferred tax assets	29,055	32,128
Total	(19,919)	(20,503)

	31 December 2016 R$	**31 December 2015 R$**
Deferred tax liabilities	(159,611)	(205,513)
Deferred tax assets	94,693	125,453
Total	(64,918)	(80,060)

At the end of the reporting period, the Group has unutilized tax loss carry forwards of US$42.5 million (R$138.4 million) (2015: US$17.9 million (R$69.9 million)) available for offset against future taxable income.

A deferred tax asset in the amount of US$12.4 million (R$40.4 million) (2015: US$6.1 million (R$23.8 million)) has not been recognised due to the unpredictability of this portion of future flows of related taxable income.

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

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

17 Provisions for tax, labour and civil risks

	US$	**R$**
At 1 January 2015	15,702	41,708
Addition to provision	3,706	12,655
Exchange difference	(5,486)	-
At 31 December 2015	13,922	54,363
Addition to provision	3,361	10,940
Exchange difference	2,754	-
At 31 December 2016	20,037	65,303

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

	31 December 2016 US$	**31 December 2015 US$**
Labour claims	13,612	9,211
Tax cases	4,816	2,492
Civil cases	1,609	2,219
Total	20,037	13,922

	31 December 2016 R$	**31 December 2015 R$**
Labour claims	44,363	35,966
Tax cases	15,695	9,731
Civil cases	5,245	8,666
Total	65,303	54,363

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

In addition to the cases for which the Group booked the provision there are other tax, civil and labour disputes amounting to US$129.9 million (R$423.4 million) (2015: US84.1 million (R$328.5 million)) with probability of loss was estimated by the legal counsels as possible.

The breakdown of possible claims is described as follows:

	31 December 2016 US$	**31 December 2015 US$**
Tax cases	93,271	63,056
Labour claims	25,232	16,609
Civil cases	11,411	4,453
Total	129,914	84,118

	31 December 2016 R$	31 December 2015 R$
Tax cases	303,980	246,220
Labour claims	82,233	64,856
Civil cases	37,190	17,388
Total	423,403	328,464

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

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

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

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

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

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

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

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

When classifying the claim as a probable loss, the lawyer estimates the amount at risk for such claim.

18 Obligations under finance leases

	Minimum lease payments		**Present value of minimum lease payments**	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	US$	**US$**	**US$**	**US$**
Amounts payable under finance leases:				
Within one year	1,669	1,517	1,211	1,192
From second to fifth years (including)	1,721	2,399	1,085	1,536
	3,390	3,916	2,296	2,728
Less future finance charges	(1,094)	(1,188)	-	-
Present value of lease obligations	2,296	2,728	-	-
Total current	1,211	1,192	-	-
Total non-current	1,085	1,536	-	-

	Minimum lease payments		**Present value of minimum lease payments**	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	R$	**R$**	**R$**	**R$**
Amounts payable under finance leases:				
Within one year	5,439	5,924	3,947	4,655
From second to fifth years (including)	5,609	9,368	3,536	5,998
	11,048	15,292	7,483	10,653
Less future finance charges	(3,565)	(4,639)	-	-
Present value of lease obligations	7,483	10,653	-	-
Total current	3,947	4,655	-	-
Total non-current	3,536	5,998	-	-

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The average original lease term is 60 months, of which an average of 28 months remained outstanding at the December 2016.

For the period ended 31 December 2016, the average effective leasing interest rate was 16.43% (December 2015: 16.75%). Interest rates are set at contract date.

All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. The interest rates range from 15.86% p.a. to 18.03% p.a. Leases are denominated in Reais.

There is a 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 trade payables

	31 December 2016 US$	31 December 2015 US$
Operational trade payables		
Trade payables	44,462	39,773
Advance from customers for construction contracts	4,580	17,858
Total operational trade payables	49,042	57,631
Other trade payables		
Taxes	12,583	7,704
Accruals and other trade payables	6,008	7,686
Advances from customers	30	5,241
Total other trade payables	18,621	20,631
Total	67,663	78,262

	31 December 2016 R$	31 December 2015 R$
Operational trade payables		
Trade payables	144,905	155,306
Advance from customers for construction contracts	14,928	69,732
Total operational trade payables	159,833	225,038
Other trade payables		
Taxes	41,009	30,083
Accruals and other trade payables	19,580	30,012
Advances from customers	98	20,465
Total other trade payables	60,687	80,560
Total	220,520	305,598

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

	31 December 2016 US$	31 December 2015 US$
Contract costs incurred plus recognised revenues less recognised losses to date	3,925	72,019
Less unbilled services	(8,505)	(89,877)
Net liability included in suppliers	(4,580)	(17,858)

	31 December 2016 R$	31 December 2015 R$
Contract costs incurred plus recognised revenues less recognised losses to date	12,792	281,220
Less unbilled services	(27,720)	(350,952)
Net liability included in suppliers	(14,928)	(69,732)

20 Stock options plan and post-employment benefits

20.1 Stock option plan

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

Options series	Grant date	Original vesting date	Expiry date	Exercise price (R$)	Number	Expired	Vested	Outstanding not Vested	Total Subsisting
07 ESO - 3 Year	10/01/2014	10/01/2017	10/01/2024	31.23	961,653	(146,850)	22,044	792,759	814,803
07 ESO - 4 Year	10/01/2014	10/01/2018	10/01/2024	31.23	961,653	(146,850)	22,044	792,759	814,803
07 ESO - 5 Year	10/01/2014	10/01/2019	10/01/2024	31.23	990,794	(151,300)	22,712	816,782	839,494
07 ESO - 3 Year	13/11/2014	13/11/2017	13/11/2024	33.98	45,870	(11,880)	-	33,990	33,990
07 ESO - 4 Year	13/11/2014	13/11/2018	13/11/2024	33.98	45,870	(11,880)	-	33,990	33,990
07 ESO - 5 Year	13/11/2014	13/11/2019	13/11/2024	33.98	47,260	(12,240)	-	35,020	35,020
07 ESO - 3 Year	11/08/2016	11/08/2019	11/08/2026	34.03	82,500	-	-	82,500	82,500
07 ESO - 4 Year	11/08/2016	11/08/2019	11/08/2026	34.03	82,500	-	-	82,500	82,500
07 ESO - 5 Year	11/08/2016	11/08/2019	11/08/2026	34.03	85,000	-	-	85,000	85,000
Total					3,303,100	(481,000)	66,800	2,755,300	2,822,100

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

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

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

	10 January 2014
Closing share price (in Real)	R$30.05
Expected volatility	28%
Expected life	10 years
Risk free rate	10.8%
Expected dividend yield	1.7%

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

20.2 Post-employment benefits

The Group operates a private medical insurance scheme for its employees which require the eligible employees to pay fixed monthly contributions. In accordance with regulation of the Brazilian law, eligible employees with greater than ten years service acquire the right to remain in the plan following retirement or termination of employment, generating a post-employment commitment for the Group. Ex-employees remaining in the plan will be liable for paying the full cost of their continued scheme membership. The present value of actuarial liabilities in 31 December 2016 is US$0.6 million (R$2.1 million) (2015: US$1.3 million (R$5.1 million). The future actuarial liability for the Group relates to the potential increase in plan costs resulting from additional claims as a result of the expanded membership of the scheme.

Actuarial assumptions

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

Economic and Financial Assumptions

	31 December 2016	**31 December 2015**
Annual interest rate	11.35%	14.17%
Estimated inflation rate in the long-term	5.00%	6.50%
Aging Factor	2.50% p.a.	2.50% p.a.
Medical cost trend rate	2.50% p.a.	2.50% p.a.

Biometric and Demographic Assumptions

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

Sensitivity analysis

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

	31 December 2016 US$	**31 December 2015 US$**	**31 December 2016 R$**	**31 December 2015 R$**
CiPBO(*) - discount rate + 0.5%	(41)	(96)	(134)	(374)
CiPBO(*) - discount rate - 0.5%	52	108	169	421
CiPBO(*) - Health Care Cost Trend Rate + 1.0%(*)	112	239	364	933
CiPBO(*) - Health Care Cost Trend Rate - 1.0%	(84)	(190)	(274)	(741)

(*) CiPBO means Change in projected benefit obligation

21 Equity

Share Capital

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

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

Dividends

The Board has approved a dividend policy defined in 2014 proposing a distribution of an amount of approximately 50% of the Company's net profit, provided that:

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

	31 December 2016 US$	**31 December 2015 US$**
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid for the year ended 31 December 2015 of US$0.50 (2014: US$0.408) per share	35,572	29,027

Earnings per share

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

	31 December 2016 US$	**31 December 2015 US$**	**31 December 2016 R$**	**31 December 2015 R$**
Profit for the year attributable to owners of the Company	84,892	30,184	292,550	105,120
Weighted average number of common shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic earnings per share (cents per share)	119.32	42.43	411.21	147.76
Weighted average number of common shares	73,966,100	74,093,000	73,966,100	74,093,000
Diluted earnings per share (cents per share)	114.77	40.74	395.52	141.88

Capital reserves

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

Profit reserve

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

Additional paid in capital

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

Translation reserve

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

22 Subsidiaries

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

		Proportion of ownership interest	
	Place of incorporation and operation	**31 December 2016**	**31 December 2015**
Holding company			
Wilson, Sons de Administração e Comércio Ltda.	Brazil	100%	100%
Vis Limited.[1]	Guernsey	-	100%
WS Participações S.A.	Brazil	100%	100%
WS Participaciones S.A.	Uruguay	100%	100%
Wilson, Sons Administração de Bens Ltda.	Brazil	100%	100%
Towage			
Saveiros Camuyrano Serviços Marítimos S.A.	Brazil	100%	100%
Shipyard			
Wilson, Sons Comércio, Indústria, e Agência de Navegação Ltda.	Brazil	100%	100%
Wilson, Sons Estaleiro Ltda.	Brazil	100%	100%
Ship Agency			
Wilson, Sons Agência Marítima Ltda.	Brazil	100%	100%
Transamérica Visas Serviços de Despachos Ltda.	Brazil	100%	100%
Logistics			
Wilson, Sons Logística Ltda.	Brazil	100%	100%
EADI Santo André Terminal de Carga Ltda.	Brazil	100%	100%
Consórcio EADI Santo André	Brazil	100%	100%
AllinkTransportes Internacionais Ltda.[2]	Brazil	50%	50%
Port terminal			
Brasco Logística Offshore Ltda.	Brazil	100%	100%
Tecon Rio Grande S.A.	Brazil	100%	100%
Tecon Salvador S.A.	Brazil	100%	92.5%
Wilport Operadores Portuários Ltda.	Brazil	100%	100%

(1) On 17 October 2016, the Vis Limited was incorporated by Wilson Sons Limited.

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

On 2 February 2016, Wilson Sons, through its subsidiaries, completed the acquisition of the 7.5% of the ordinary shares of Tecon Salvador S.A. for consideration of US$5.1 million (R$20.7 million) from Intermaritima Terminais Ltda. The consideration included US$2.6 million (R$10.5 million) in cash and the settlement of US$2.8 million (R$11.3 million) in debt. Following completion of the transaction Wilson Sons now holds 100% of the shares of the subsidiary.

23 Joint ventures and joint operations

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

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

(1) Joint Operations.
(2) Wilson, Sons Ultratug Participações S.A. controls Wilson, Sons Offshore S.A. and Magallanes Navegação Brasileira S.A. These latter two companies are indirect joint ventures of the Company.
(3) Atlantic Offshore S.A. controls South Patagonia S.A. This company is indirect joint venture of Wilson Sons Limited.

23.1 Joint operations

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

	31 December 2016 US$	31 December 2015 US$	31 December 2016 R$	31 December 2015 R$
Income	14,490	14,699	50,204	49,356
Expense	(7,315)	(5,463)	(25,316)	(18,190)
Net income	7,175	9,236	24,888	31,166

	31 December 2016 US$	31 December 2015 US$	31 December 2016 R$	31 December 2015 R$
Intangible assets	47	57	152	221
Property, plant & equipment	2,798	2,448	9,118	9,559
Inventories	340	258	1,107	1,009
Trade and other trade receivables	2,615	1, 608	8,524	6,282
Cash and cash equivalents	614	1,139	2,002	4,446
Total assets	6,414	5,510	20,903	21,517
Trade and other trade payables	(6,362)	(5,153)	(20,733)	(20,123)
Deferred tax liabilities	(52)	(357)	(170)	(1,394)
Total liabilities	(6,414)	(5,510)	(20,903)	(21,517)

23.2 Joint ventures

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

	31 December 2016 US$	31 December 2015 US$	31 December 2016 R$	31 December 2015 R$
Revenue	141,728	141,975	490,181	471,960
Raw materials and consumable used	(7,522)	(4,835)	(26,924)	(15,904)
Employee benefits expense	(41,382)	(40,226)	(143,283)	(132,209)
Depreciation and amortisation expenses	(34,912)	(35,460)	(121,996)	(118,285)
Other operating expenses	(17,063)	(15,534)	(58,250)	(51,572)
Loss on disposal of property, plant and equipment	(2,202)	(576)	(8,862)	(1,992)
Results from operating activities	38,647	45,344	130,866	151,998
Finance income	2,661	1,117	9,193	277
Finance costs	(21,218)	(18,362)	(74,012)	(60,794)
Exchange gain (loss) on translation	9,591	(15,799)	33,782	(46,654)
Profit before tax	29,681	12,300	99,829	44,827
Income tax expense	(13,535)	(2,613)	(46,809)	(10,406)
Profit for the year	16,146	9,687	53,020	34,421
Participation	50%	50%	50%	50%
Equity result	8,073	4,843	26,510	17,211

	31 December 2016 US$	31 December 2015 US$	31 December 2016 R$	31 December 2015 R$
Property, plant and equipment	674,476	666,656	2,198,185	2,603,154
Long-term investment	2,066	2,041	6,733	7,970
Other assets	3,752	2,470	12,226	9,645
Trade and other trade receivables	42,494	32,415	138,492	126,574
Derivative	261	-	851	-
Cash and cash equivalents	10,859	21,011	35,391	82,044
Total assets	733,908	724,593	2,391,878	2,829,387
Bank loans	533,771	547,550	1,739,613	2,138,073
Other non-current liabilities	30,295	21,819	98,734	85,199
Trade and other trade payables	82,114	81,126	267,617	316,781
Equity	87,728	74,098	285,914	289,334
Total liabilities	733,908	724,593	2,391,878	2,829,387

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

Magallanes Navegação Brasileira's (subsidiary of Wilson, Sons Ultratug Participações S.A.) loan agreement with Banco do Brasil is guaranteed by a pledge on the financed supply vessels. The security package also includes a standby letter of credit issued by Banco de Crédito e Inversiones - Chile for part of the debt balance, assignment of Petrobras' long-term contracts and a corporate guarantee issued by Inversiones Magallanes Ltda - Chile. A cash reserve account, accounted for under long term investments, funded with US$2.1 million (R$6.7 million) should be maintained until full repayment of the loan agreement.

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

Covenants
Annually, the joint venture subsidiary Magallanes Navegação Brasileira S.A. has to comply with specific financial covenants. As at 31 December 2016, the company was in compliance with all clauses in the loans contracts.

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

On 24 February 2017 a change to the calculation basis of the debt service coverage ratio was agreed with the two lenders such that Atlantic Offshore S.A. became fully compliant with all loan covenants.

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

WSUT booked provisions related to labour claims amounting to US$0.02 million (R$0.1 million) (2015: US$0.1 million (R$0.3 million)), whose probability of loss was estimated as probable.

In addition to the cases for which WSUT booked the provision, there are other tax, civil and labour disputes amounting to US$13.9 million (R$45.1 million) (2015: US$ 9.7 million (R$37.8 million)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described as follows:

	31 December 2016 US$	31 December 2015 US$
Tax cases	10,066	7,600
Labour claims	3,784	2,089
Civil cases	-	1
Total	13,850	9,690

	31 December 2016 R$	31 December 2015 R$
Tax cases	32,805	29,675
Labour claims	12,331	8,157
Civil cases	-	5
Total	45,136	37,837

Insurance coverage

The main insurance coverage in 31 December 2016 that the Group contracted:

Risks	Subject	Coverage US$	Coverage R$
Maritime CR	CR - Protection and loss of income *(shipowners)**	11,500,000	37,479,650
Maritime Hull	Platform Supply Vessels	939,091	3,060,591
Total		12,439,091	40,540,241

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

23.3 Investment in joint ventures

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

31 December 2016

	Currency	Number of shares	Ownership interest - %	Share capital	Investee's adjusted shareholders' equity	Elimination of profit on Construction Contracts	Investee's adjusted profit or loss	Equity in subsidiaries	Book value of investment
Wilson, Sons Ultratug Participações S.A.	US$	45,816,550	50.00	25,131	81,975	(43,269)	22,850	11,425	19,353
Atlantic Offshore S.A.	US$	10,000	50.00	8,010	5,753	-	(6,704)	(3,352)	2,877
Total					87,728	(43,269)	16,146	8,073	22,230
Wilson, Sons Ultratug Participações S.A.	R$	45,816,550	50.00	45,817	267,164	(141,018)	77,746	38,873	63,074
Atlantic Offshore S.A.	R$	10,000	50.00	18,345	18,750	-	(24,726)	(12,363)	9,376
Total					285,914	(141,018)	53,020	26,510	72,450

31 December 2015

	Currency	Number of shares	Ownership interest - %	Share capital	Investee's adjusted shareholders' equity	Elimination of profit on Construction Contracts	Investee's adjusted profit or loss	Equity in subsidiaries	Book value of investment
Wilson, Sons Ultratug Participações S.A.	US$	45,816,550	50.00	25,131	61,911	(37,499)	6,876	3,438	12,207
Atlantic Offshore S.A.	US$	10,000	50.00	8,010	12,187	-	2,811	1,405	6,094
Total					74,098	(37,499)	9,687	4,843	18,301
Wilson, Sons Ultratug Participações S.A.	R$	45,816,550	50.00	45,817	241,747	(146,426)	25,612	12,806	47,666
Atlantic Offshore S.A.	R$	10,000	50.00	18,345	47,587	-	8,809	4,405	23,796
Total					289,334	(146,426)	34,421	17,211	71,462

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

	Investment	
	US$	**R$**
At 1 January 2015	11,500	30,546
Share of result of joint ventures	4,843	17,211
Elimination on Construction Contracts	1,472	4,749
Derivatives	486	1,192
Foreign currency gains in respect of translation into Brazilian Reais	-	17,764
At 31 December 2015	18,301	71,462
Share of result of joint ventures	8,073	26,510
Elimination on Construction Contracts	(4,278)	(13,782)
Derivatives	134	427
Foreign currency loss in respect of translation into Brazilian Reais	-	(12,167)
At 31 December 2016	22,230	72,450

24 Operating lease arrangements and other obligations

The Group as lessee
The lease payments under operating leases recognised in net income at 31 December 2016 was US$17.2 million (R$59.7 million) (2015: US$20.0 million (R$65.7 million)).

Lease commitments for operational areas and buildings with a term between five and thirty years are recognised as an expense on a straight-line basis over the lease term.

There are operating lease arrangements mainly concluded between Tecon Rio Grande and the Rio Grande port authority, and between Tecon Salvador and the Salvador port authority.

Tecon Rio Grande
The Tecon Rio Grande minimum period extends to 2022 and has an option to renew the concession for a maximum period of 25 years.

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

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
On 16 November 2016, the subsidiary Tecon Salvador S.A signed the second Amendment to the Lease Agreement which extends the term of validity of lease for an additional period of 25 years, until March 2050. The Company is obligated to complete minimum expansion and maintenance capital expenditure through the end of the concession. Minimum expansion civil works investments are budgeted at approximately R$398 million using values of base date December 2013. These investments will be completed in three phases during concession, expanding the terminal´s dynamic capacity to 925 thousand TEUs per year. The first phase construction is expected to commence in nine months after the Amendment signature and will be completed by twenty four months after the commencement of the works (total gross investment of R$255 million using values of base date December 2013). The second phase construction limit is by 2030 (total gross investment of R$29 million using values of base date December 2013). And the third phase construction limit is by 2034 (total gross investment of R$114 million using values of base date December 2013). Additionally, there are investments totalling R$317 million, related to the maintenance of the current operating area and replacement of equipment that will be completed up to 2050.

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 operating leases, which fall due as follows:

	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	US$	**US$**	**R$**	**R$**
Within one year	16,968	15,655	55,300	61,130
In the second to fifth year inclusive	54,136	51,660	176,435	201,722
Greater than five years	198,725	47,751	647,665	186,458
Total	269,829	115,066	879,400	449,310

The Group as lessor
The Group leases out part of assets and machinery related to dedicated operations, which were discontinued in the logistics segment. At the year ended on 31 December 2016 the future minimum lease payments under non-cancellable operating leases were fully received (2015: US$0.2 million (R$0.5 million)). Also, the rental related to these non-cancellable operating leases were recognised in profit or loss amounting to US$0.1 million (R$0.5 million) (2015: US$0.9 million (R$3.1 million)).

25 Financial instruments and risk assessment

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

b. Categories of financial instruments

	Fair value		Book value	
	31 December 2016 US$	**31 December 2015 US$**	**31 December 2016 US$**	**31 December 2015 US$**
Financial instruments classified as loans and receivables				
Cash and cash equivalents	75,001	90,401	75,001	90,401
Short-term Investments	37,400	40,723	37,400	40,723
Operational trade receivables	54,247	43,540	54,247	43,540
Other trade receivables	82,088	80,636	82,088	80,636
Total financial instruments - loans and receivables	248,736	255,300	248,736	255,300
Financial instruments classified as amortised cost				
Bank loans	375,530	363,755	375,530	363,755
Operational trade payables	49,042	57,631	49,042	57,631
Other trade payables	18,621	20,631	18,621	20,631
Total financial instruments - amortised cost	443,193	442,017	443,193	442,017
Financial instruments classified as cash flow hedge				
Derivatives	1,662	2,886	1,662	2,886
Total	444,855	444,903	444,855	444,903

	Fair value		Book value	
	31 December 2016 R$	**31 December 2015 R$**	**31 December 2016 R$**	**31 December 2015 R$**
Financial instruments classified as loans and receivables				
Cash and cash equivalents	244,436	352,998	244,436	352,998
Short-term investments	121,890	159,015	121,890	159,015
Operational trade receivables	176,797	170,016	176,797	170,016
Other trade receivables	267,532	314,867	267,532	314,867
Total financial instruments - loans and receivables	810,655	996,896	810,655	996,896
Financial instruments classified as amortised cost				
Bank loans	1,223,889	1,420,390	1,223,889	1,420,390
Operational trade payables	159,833	225,038	159,833	225,038
Other trade payables	60,687	80,560	60,687	80,560
Total financial instruments - amortised cost	1,444,409	1,725,988	1,444,409	1,725,988
Financial instruments classified as cash flow hedge				
Derivatives	5,418	11,268	5,418	11,268
Total	1,449,827	1,737,256	1,449,827	1,737,256

c. Financial risk management objectives

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

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

d. Foreign currency risk management

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

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

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

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

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

	Assets		**Liabilities**	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	US$	**US$**	**US$**	**US$**
Amounts denominated in dollar	256,549	370,096	206,286	315,553

	Assets		**Liabilities**	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	R$	**R$**	**R$**	**R$**
Amounts denominated in Real	836,118	1,445,151	672,307	1,232,171

Foreign currency sensitivity analysis

The sensitivity analysis presented in the following sections, which refer to the position on 31 December 2016, estimates the impacts of the Brazilian Real devaluation against the US Dollar. Three exchange rate scenarios are contemplated: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate. The Group uses the Brazilian Central Bank's "Focus" report to determine the probable scenario.

31 December 2016
Exchange rates (i)

Probable scenario	Possible scenario (25%)	Remote scenario (50%)
R$3.5000 / US$1.00	R$4.3750 / US$1.00	R$5.2500 / US$1.00

Operation	Risk	Amount US$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R$	256,549	Exchange Effects	(17,658)	(65,436)	(97,288)
Total liabilities	R$	206,286	Exchange Effects	14,198	52,616	78,228
				(3,460)	(12,820)	(19,060)

Operation	Risk	Amount R$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R$	836,118	Exchange Effects	(57,549)	(213,263)	(317,072)
Total liabilities	R$	672,307	Exchange Effects	46,274	171,481	254,952
				(11,275)	(41,782)	(62,120)

(i) Information source: Focus BACEN, report from 20 January 2017

31 December 2015
Exchange rates (i)

Probable scenario	Possible scenario (25%)	Remote scenario (50%)
R$4.3000 / US$1.00	R$5.3750 / US$1.00	R$6.4500 / US$1.00

Operation	Risk	Amount US$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R$	370,096	Exchange Effects	(34,014)	(101,231)	(146,042)
Total liabilities	R$	315,553	Exchange Effects	29,001	86,312	124,519
				(5,013)	(14,919)	(21,523)

Operation	Risk	Amount R$	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	R$	1,445,151	Exchange Effects	(132,818)	(395,287)	(570,265)
Total liabilities	R$	1,232,171	Exchange Effects	113,243	337,031	486,222
				(19,575)	(58,256)	(84,043)

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

e. Interest rate risk management

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

Other loans exposed to floating rates are as follows:

- TJLP (Brazilian Long Term Interest Rate) for Brazilian Real-denominated funding through FINAME credit line to port operations and Logistics operations;

- DI (Brazilian Interbank Interest Rate) for Brazilian Real-denominated funding in logistics operations, and

- 6-month Libor (London Interbank Offered Rate) for US Dollar-denominated funding for port operations (Eximbank).

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

Interest rate sensitivity analysis

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

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

31 December 2016

Libor(i), CDI(ii) and TJLP

Transaction	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Loans - Libor	1.70%	2.13%	2.55%
Loans - CDI	11.14%	13.93%	16.71%
Loans - TJLP	7.50%	9.38%	11.25%
Investments - Libor	1.88%	2.31%	2.73%
Investments - CDI	11.14%	13.93%	16.71%

Transaction	**Risk**	**Amount US$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Loans - Libor	Libor	88,041	Interest	(217)	(420)	(623)
Loans - TJLP	TJLP	27,441	Interest	-	(324)	(643)
Loans - Fixed	None	260,026	None	-	-	-
Total Loans		375,508		(217)	(744)	(1,266)
Investments	Libor	51,500	Income	-	195	390
Investments	CDI	51,112	Income	(1,650)	(232)	1,187
Total Investments		102,612		(1,650)	(37)	1,577
			Net Income	(1,867)	(781)	311

Transaction	**Risk**	**Amount R$**	**Result**	**Probable scenario**	**Possible scenario (25%)**	**Remote scenario (50%)**
Loans - Libor	Libor	286,934	Interest	(708)	(1,370)	(2,031)
Loans - TJLP	TJLP	89,433	Interest	-	(1,056)	(2,096)
Loans - Fixed	None	847,450	None	-	-	-
Total Loans		1,223,817		(708)	(2,426)	(4,127)
Investments	Libor	167,842	Income	-	635	1,270
Investments	CDI	166,580	Income	(5,379)	(755)	3,868
Total Investments		334,422		(5,379)	(120)	5,138
			Net Income	(6,087)	(2,546)	1,011

(i) Information source: Bloomberg, report from 11 January 2017

(ii) Information source: BM&F (Bolsa de Mercadorias e Futuros), report from 10 January 2017

The net effect was obtained by assuming a 12 month period starting 31 December 2016 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the scenario rate and actual rate.

The interest rate risk mix is 46,49% of Libor and 46,14% of CDI.

31 December 2015

Libor(i), CDI(ii) and TJLP

Transaction	**Probable scenario**	**Possible scenario 25%**	**Remote scenario 50%**
Loans - Libor	1.03%	1.29%	1.55%
Loans - CDI	15.20%	19.00%	22.80%
Loans - TJLP	7.50%	9.38%	11.25%
Investments - Libor	1.04%	1.30%	1.56%
Investments - CDI	15.20%	19.00%	22.80%

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

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

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

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

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

Derivative financial instruments

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

The Group uses cash flow hedges to limit its exposure that may result from the variation of floating interest rates. On 16 September 2013, Tecon Salvador, entered into an interest rate swap agreement with an initial notional amount of US$74.4 million to hedge a portion of its outstanding floating-rate debt with IFC. On 31 December 2016 the notional amount was US$48.6 million, equivalent to the outstanding debt amount on that date. This swap converts floating interest rate based on the London Interbank Offered Rate, or LIBOR, into fixed-rate interest and expires in March 2020.The derivatives were entered into with Santander Brasil as counterparty and its credit rating was AA, as of 31 December 2016, according to Standard & Poor's Brazilian local rating scale.

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

	US$ Outflows	**R$ Outflows**
Within one year	(712)	(2,322)
In the second year	(787)	(2,562)
In the third to fifth years (including)	(395)	(1,290)
After five years	-	-
Fair value	(1,894)	(6,174)

Fair Value

The swap fair value was estimated based on the yield curve as of 31 December 2016, and represents its carrying value. As of 31 December 2016, the interest rate swap balance in liabilities was US$1.9 million; and the balance in accumulated other comprehensive income on the consolidated balance sheet was US$2.4 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the period ended 31 December 2016 was an after tax loss of US$1.4 million.

31 December 2016	**Notional Amount US$**	**Maturity**	**US$ Fair Value**	**R$ Fair Value**
Financial Assets				
Interest Rates Swap	48,571	Mar/2020	(1,894)	(6,174)
Total			(1,894)	(6,174)

Derivative Sensitivity Analysis

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

					31 December 2016
Probable scenario US$	**Possible scenario (25%) US$**	**Remote scenario (50%) US$**	**Probable scenario R$**	**Possible scenario (25%) R$**	**Remote scenario (50%) R$**
(1,889)	(2,221)	(2,558)	(6,158)	(7,239)	(8,338)

Cash Flow Hedge

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

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

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

Under this methodology, the swap was deemed to be highly effective for the period ended 31 December 2016. There was no hedge ineffectiveness recognised in profit or loss for the year ended 31 December 2016.

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.

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

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

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

31 December 2016	**Weighted average effective interest rate %**	**Less than 12 months US$**	**1-5 years US$**	**More than 5 years US$**	**Total US$**
Variable interest rate instruments	3.73%	27,762	75,307	12,435	115,504
Fixed interest rate instruments	2.85%	22,018	79,675	158,333	260,026
		49,780	154,982	170,768	375,530

31 December 2016	**Weighted average effective interest rate %**	**Less than 12 months R$**	**1-5 years R$**	**More than 5 years R$**	**Total R$**
Variable interest rate instruments	3.73%	90,479	245,432	40,528	376,439
Fixed interest rate instruments	2.85%	71,759	259,667	516,024	847,450
		162,238	505,099	556,552	1,223,889

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

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

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 trade receivables disclosed in the balance sheet are shown net of the allowance for bad debts.

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

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

			US$		**R$**
	Note	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
Cash and cash equivalents	14	75,001	90,401	244,436	352,998
Short-term investments	14	37,400	40,723	121,890	159,015
Operational trade receivables	13	54,247	43,540	176,797	170,016
Other trade receivables	13	82,088	80,636	267,532	314,867
Exposed to credit risk		248,736	255,300	810,655	996,896

h. Fair value of financial instruments

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Cash and cash equivalents
The market values of the bank current account balances are consistent with book balances.

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

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

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

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

26 Related-party transactions

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

	Current assets (liabilities) US$	**Revenues US$**	**Expenses US$**
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	5	9	108
2. Consórcio de Rebocadores Barra de Coqueiros	145	-	-
3. Consórcio de Rebocadores Baía de São Marcos	2,483	623	5
4. Wilson, Sons Ultratug and subsidiaries	15,529	19,640	-
5. Atlantic Offshore S.A.	13,622	-	-
6. Intermaritima Terminais Ltda	-	-	-
Other:			
7. Gouvêa Vieira Advogados	-	-	79
8. CMMR Intermediação Comercial Ltda.	-	-	182
At 31 December 2016	31,784	20,272	374
At 31 December 2015	6,752	22,176	315

	Current assets (liabilities) R$	**Revenues R$**	**Expenses R$**
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	16	30	355
2. Consórcio de Rebocadores Barra de Coqueiros	473	-	-
3. Consórcio de Rebocadores Baía de São Marcos	8,092	2,198	18
4. Wilson, Sons Ultratug and subsidiaries	50,611	66,977	-
5. Atlantic Offshore S.A.	44,395	-	-
6. Intermaritima Terminais Ltda	-	-	-
Other:			
7. Gouvêa Vieira Advogados	-	-	268
8. CMMR Intermediação Comercial Ltda.	-	-	630
At 31 December 2016	103,587	69,205	1,271
At 31 December 2015	26,366	77,399	831

1. Allink Transportes Internacionais Ltda. is 50% owned by the Group and rents terminal warehousing from the Group. Allink Transportes Internacionais Ltda controls 100% of Allink Serviços e Gerenciamento de Cargas Ltda.

2-3. The transactions with the joint operations are disclosed as a result of proportionate amounts not eliminated on consolidation.

4. Intergroup loan with Wilson, Sons Ultratug (interest - 0.3% per month with no maturity) and other trade payables and receivables from Wilson, Sons Offshore and Magallanes.

5. Intergroup loan with Atlantic Offshore S.A.

6. On 2 February 2016, Wilson Sons completed the acquisition of the 7.5% of the ordinary shares of Tecon Salvador S.A. from Intermaritima Terminais Ltda (details are disclosed in Note 22).

7. Mr. J.F. Gouvêa Vieira is a partner with the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.

8. Mr. C.M. Marote is a shareholder and director of CMMR Intermediação Comercial Ltda. Fees were paid to CMMR Intermediação Comercial Ltda. for consultancy services to the Wilson Sons towage segment.

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

27 Notes to the consolidated statement of cash flows

	31 December 2016 US$	**31 December 2015 US$**	**31 December 2016 R$**	**31 December 2015 R$**
Profit before tax	121,940	70,834	422,176	240,639
Less: Finance income	(23,042)	(12,583)	(81,038)	(41,977)
Add: Exchange gain (loss) on translation	(6,839)	15,806	(23,752)	51,584
Less: Share of result of joint ventures	(8,073)	(4,843)	(26,510)	(17,211)
Add: Finance costs	17,621	45,403	61,038	149,707
Operating profit from operations	101,607	114,617	351,914	382,742
Adjustments for:				
Depreciation and amortisation expenses	52,584	53,213	182,298	174,787
Gain (loss) on disposal of property, plant and equipment	(745)	1,294	(2,314)	4,966
Provision equity-settled share-based payment	3,410	3,314	11,872	11,058
Post-employment benefits	198	149	686	515
Increase (decrease) in provisions	6,456	(1,839)	21,642	(6,123)
Operating cash flows before movements in working capital	163,510	170,748	566,098	567,945
Decrease in inventories	12,858	4,175	43,104	13,939
Increase (decrease) in trade and other trade receivables	(21,862)	15,838	(75,671)	52,963
Increase in trade and other trade payables	(7,115)	(5,419)	(24,364)	(17,564)
Increase (decrease) in other non-current assets	(5,389)	5,988	(18,066)	19,992
Cash generated by operations	142,002	191,330	491,101	637,275
Income taxes paid	(34,412)	(22,690)	(120,143)	(74,697)
Interest paid - borrowings	(12,291)	(13,296)	(42,592)	(44,150)
Interest paid - leasing	(383)	(341)	(1,309)	(1,145)
Interest paid - others	(82)	(510)	(291)	(1,914)
Net cash from operating activities	94,834	154,493	326,766	515,369

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:

	31 December 2016 US$	**31 December 2015 US$**	**31 December 2016 R$**	**31 December 2015 R$**
Additions to fixed assets				
Equipment acquisition through finance leases	171	402	664	1,159
Capitalised interest	761	1,470	2,832	5,223
Acquisition of non controlling interest				
Reversion of debts from purchase of non controlling interest	(2,802)	-	(11,329)	-
Payables from purchase of non controlling interest	1,850	-	6,203	-
Taxes settlement				
Income tax compensation	2,376	(2,440)	7,964	(8,146)

28 Compensation of key management personnel

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

	2016 US$	2015 US$	2016 R$	2015 R$
Short-term employee benefits	10,573	8,684	37,013	27,870
Post-employment benefits and social charges	1,440	1,173	4,997	3,866
Stock Option	3,410	3,314	11,872	7,893
Total	15,423	13,171	53,882	39,629

29 Insurance coverage

The main insurance coverage in 31 December 2016 that the Group contracted:

Risks	Subject	Coverage US$	Coverage R$
Maritime CR	CR - Protection and civil responsibility (*shipowners*)[1]	7,600,000	24,769,160
Maritime Hull	Tugs	305,503	995,666
Port Operator CR	Port Operator Civil Responsibility (including chattels and real estates), Terminals (including chattels and real estates), logistics operations	80,000	260,728
Automobiles	Damage to the hull of the vehicle	100% FIPE[2]	100% FIPE[2]
Property (Multiline)	Buildings, machines, furniture and fixtures, goods and raw materials	36,820	120,000
Builder Risk	Shipbuilding	15,737	51,290
Managers and directors	Managers' Civil Responsibility	15,342	50,000
RCTR-C	Civil Responsibility of the freight carrier	3,068	10,000
Ship repair CR	Civil Responsibility for repair on third-party vessels	614	2,000
Agency Services CR	CR - Protection and loss of income (agency services)	500	1,630
Total		8,057,584	26,260,474

(1) Available limit to all P&I Club members
(2) The FIPE Table (Economic Research Institute Foundation) expresses the average prices of vehicles in the Brazilian market

30 Approval of the consolidated financial statements

The consolidated financial statements were approved by the board of directors and authorised for issue on 23 March 2017.

Directors Declaration

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