

Wilson Sons Limited

*Condensed consolidated interim financial
statements*

March 31, 2012



KPMG Auditores Independentes
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Independent Accountants' Review Report on the Quarterly Information (ITR)

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

Introduction

1. We have reviewed the condensed consolidated interim accounting information of Wilson Sons Limited ("the Company"), contained in the quarterly information form for the quarter ended March 31, 2012, which comprises the statement of financial position as of March 31, 2012 and the respective statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period ended at that date, as well as the explanatory notes.
2. Management is responsible for the preparation of the interim accounting information in accordance with IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), applicable to the preparation of quarterly information. Our responsibility is to express our conclusion on this condensed consolidated interim accounting information based on our review.

Scope of the review

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

Conclusion on the condensed consolidated interim information

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



Independent Accountants' Review Report on the Quarterly Information (ITR) (continued)

Other issues

5. Our review also comprehended the convenience translation of the presentation currency amounts (United States Dollar) into Brazilian Real amounts and, based on our review nothing has come to our attention that causes us to believe that such convenience translation has been made in conformity with the basis stated in Note 2. The translation of the condensed consolidated interim financial information amounts into Brazilian Reais has been made solely for the convenience of readers in Brazil and does not purport to represent amounts in accordance with International Financial Reporting Standards.

Audit and review of the figures corresponding to the previous year and quarter, respectively

6. Figures corresponding to the year ended December 31, 2011 and March 31, 2011, presented for comparison purposes, were audited and reviewed by other independent auditors, which issued an unqualified report dated March 23, 2012 and May 12, 2011, respectively.

Rio de Janeiro, May 14, 2012

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WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011

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

	Notes	March 31, 2012		March 31, 2011	
		US\$	US\$	R\$	R\$
REVENUE	4	157,165	156,633	286,370	255,108
Raw materials and consumables used		(19,560)	(17,330)	(35,642)	(28,225)
Employee benefits expense	5	(64,970)	(48,545)	(118,382)	(79,065)
Depreciation and amortization expenses		(17,436)	(12,871)	(31,769)	(20,963)
Other operating expenses	6	(44,038)	(50,872)	(80,242)	(82,855)
Gains /(loss) in respect of property, plant and equipment		14	30	26	49
Finance income	7	7,203	4,172	13,125	6,795
Finance costs	7	(4,217)	(3,360)	(7,684)	(5,472)
PROFIT BEFORE TAX		14,161	27,857	25,802	45,372
Income tax expense	8	(7,661)	(8,160)	(13,959)	(13,292)
PROFIT FOR THE PERIOD		<u>6,500</u>	<u>19,697</u>	<u>11,843</u>	<u>32,080</u>
Profit for the period attributable to:					
Owners of the Company		6,238	19,485	11,366	31,735
Non-controlling interests		<u>262</u>	<u>212</u>	<u>477</u>	<u>345</u>
		<u>6,500</u>	<u>19,697</u>	<u>11,843</u>	<u>32,080</u>
OTHER COMPREHENSIVE INCOME					
Exchange differences on translating		<u>2,620</u>	<u>1,915</u>	<u>4,775</u>	<u>3,119</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>9,120</u>	<u>21,612</u>	<u>16,618</u>	<u>35,199</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		8,803	21,341	16,040	34,758
Non-controlling interests		<u>317</u>	<u>271</u>	<u>578</u>	<u>441</u>
		<u>9,120</u>	<u>21,612</u>	<u>16,618</u>	<u>35,199</u>
Earnings per share from continuing operations					
Basic and diluted (cents per share)	21	<u>8.77c</u>	<u>27.39c</u>	<u>15.98c</u>	<u>44.61c</u>

Exchange rates

03/31/12 – R\$1.8221/ US\$1.00

12/31/11 – R\$1.8758/ US\$1.00

03/31/11 – R\$1.6287/ US\$1.00

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

WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2012 AND DECEMBER, 2011

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

	Notes	Convenience translation			
		2012 US\$ (Unaudited)	2011 US\$ (Unaudited)	2012 R\$ (Unaudited)	2011 R\$ (Unaudited)
ASSETS					
NON-CURRENT ASSETS					
Goodwill	9	15,612	15,612	28,447	29,285
Other intangible assets	10	30,401	28,546	55,394	53,547
Property, plant and equipment	11	757,786	725,859	1,380,762	1,361,566
Deferred tax assets	16	31,164	28,525	56,784	53,507
Trade and other receivables	13	28,217	28,240	51,414	52,972
Long term- investments	14	1,084	1,072	1,976	2,012
Other non-current assets		<u>9,303</u>	<u>8,414</u>	<u>16,949</u>	<u>15,783</u>
Total non-current assets		<u>873,567</u>	<u>836,268</u>	<u>1,591,726</u>	<u>1,568,672</u>
CURRENT ASSETS					
Inventories	12	12,389	21,142	22,574	39,657
Trade and other receivables	13	140,330	135,517	255,695	254,203
Short-term investments	14	24,100	24,500	43,913	45,957
Cash and cash equivalents	14	<u>114,696</u>	<u>112,388</u>	<u>208,988</u>	<u>210,817</u>
Total current assets		<u>291,515</u>	<u>293,547</u>	<u>531,170</u>	<u>550,634</u>
TOTAL ASSETS		<u>1,165,082</u>	<u>1,129,815</u>	<u>2,122,896</u>	<u>2,119,306</u>
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	21	9,905	9,905	18,048	18,580
Capital reserves		94,324	94,324	171,867	176,932
Profit reserve		1,981	1,981	3,610	3,716
Contributed surplus		9,379	9,379	17,090	17,594
Retained earnings		356,854	350,616	650,223	657,685
Translation reserve		<u>11,708</u>	<u>9,143</u>	<u>21,333</u>	<u>17,150</u>
Equity attributable to owners of the Company		484,151	475,348	882,171	891,657
Non-controlling interests		<u>2,464</u>	<u>2,147</u>	<u>4,491</u>	<u>4,028</u>
Total equity		<u>486,615</u>	<u>477,495</u>	<u>886,662</u>	<u>895,685</u>
NON-CURRENT LIABILITIES					
Trade and other payables	19	2,381	2,471	4,338	4,635
Bank loans	15	472,536	451,381	861,008	846,700
Deferred tax liabilities	16	25,686	26,093	46,802	48,945
Provisions for tax, labor and civil risks	17	14,849	13,378	27,056	25,094
Obligations under finance leases	18	<u>3,045</u>	<u>3,278</u>	<u>5,548</u>	<u>6,149</u>
Total non-current liabilities		<u>518,497</u>	<u>496,601</u>	<u>944,752</u>	<u>931,523</u>
CURRENT LIABILITIES					
Trade and other payables	19	116,270	115,788	211,857	217,196
Current tax liabilities		3,250	3,472	5,921	6,512
Obligations under finance leases	18	3,489	3,787	6,357	7,104
Bank overdrafts and loans	15	<u>36,961</u>	<u>32,672</u>	<u>67,347</u>	<u>61,286</u>
Total current liabilities		<u>159,970</u>	<u>155,719</u>	<u>291,482</u>	<u>292,098</u>
Total liabilities		<u>678,467</u>	<u>652,320</u>	<u>1,236,234</u>	<u>1,223,621</u>
TOTAL EQUITY AND LIABILITIES		<u>1,165,082</u>	<u>1,129,815</u>	<u>2,122,896</u>	<u>2,119,306</u>

Exchange rates

03/31/12 – R\$1.8221/ US\$1.00

12/31/11 – R\$1.8758/ US\$1.00

03/31/11 – R\$1.6287/ US\$1.00

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

WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011

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

Notes	Share capital US\$	Capital reserves			Profit reserve US\$	Contributed surplus US\$	Retained earnings US\$	Translation reserve US\$	Attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
		Share premium US\$	Others US\$	Additional paid- in capital US\$							
BALANCE AT JANUARY 1, 2011	9,905	67,951	28,383	(4,850)	1,981	27,449	313,299	20,924	465,042	-	465,042
Profit for the period	-	-	-	-	-	-	19,485	-	19,485	212	19,697
Other comprehensive income	-	-	-	-	-	-	-	1,856	1,856	59	1,915
Total comprehensive income for the period	-	-	-	-	-	-	19,485	1,856	21,341	271	21,612
Sale of shares to non-controlling interests	-	-	-	2,840	-	-	-	-	2,840	2,408	5,248
BALANCE AT MARCH 31, 2011	9,905	67,951	28,383	(2,010)	1,981	27,449	332,784	22,780	489,223	2,679	491,902
BALANCE AT JANUARY 1, 2012	<u>9,905</u>	<u>67,951</u>	<u>28,383</u>	<u>(2,010)</u>	<u>1,981</u>	<u>9,379</u>	<u>350,616</u>	<u>9,143</u>	<u>475,348</u>	<u>2,147</u>	<u>477,495</u>
Profit for the period	-	-	-	-	-	-	6,238	-	6,238	262	6,500
Other comprehensive income	-	-	-	-	-	-	-	2,565	2,565	55	2,620
Total comprehensive income for the period	-	-	-	-	-	-	6,238	2,565	8,803	317	9,120
BALANCE AT MARCH 31, 2012	<u>9,905</u>	<u>67,951</u>	<u>28,383</u>	<u>(2,010)</u>	<u>1,981</u>	<u>9,379</u>	<u>356,854</u>	<u>11,708</u>	<u>484,151</u>	<u>2,464</u>	<u>486,615</u>

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WILSON SONS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2012 AND 2011

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

	Notes	Share capital R\$	Capital reserves			Profit reserve R\$	Contributed surplus R\$	Retained earnings R\$	Translation reserve R\$	Attributable to owners of the parent R\$	Non-controlling interests R\$	Total R\$
			Share premium R\$	Others R\$	Additional paid-in capital R\$							
BALANCE AT JANUARY 1, 2011		16,504	113,220	47,291	(8,080)	3,301	45,737	522,017	34,864	774,854	-	774,854
Profit for the period		-	-	-	-	-	-	31,735	-	31,735	345	32,080
Other comprehensive income		-	-	-	-	-	-	-	3,023	3,023	96	3,119
Total comprehensive income for the period		-	-	-	-	-	-	31,735	3,023	34,758	441	35,199
Sale of shares to non-controlling interests		-	-	-	4,625	-	-	-	-	4,625	3,922	8,547
Translation adjustment to Real		(372)	(2,548)	(1,064)	181	(75)	(1,031)	(11,747)	(785)	(17,441)	-	(17,441)
BALANCE AT MARCH 31, 2011	21	<u>16,132</u>	<u>110,672</u>	<u>46,227</u>	<u>(3,274)</u>	<u>3,226</u>	<u>44,706</u>	<u>542,005</u>	<u>37,102</u>	<u>796,796</u>	<u>4,363</u>	<u>801,159</u>
BALANCE AT JANUARY 1, 2012		<u>18,580</u>	<u>127,462</u>	<u>53,241</u>	<u>(3,771)</u>	<u>3,716</u>	<u>17,594</u>	<u>657,685</u>	<u>17,150</u>	<u>891,657</u>	<u>4,028</u>	<u>895,685</u>
Profit for the period		-	-	-	-	-	-	11,366	-	11,366	477	11,843
Other comprehensive income		-	-	-	-	-	-	-	4,674	4,674	101	4,775
Total comprehensive income for the period		-	-	-	-	-	-	11,366	4,674	16,040	578	16,618
Translation adjustment to Real		(532)	(3,648)	(1,524)	107	(106)	(504)	(18,828)	(491)	(25,526)	(115)	(25,641)
BALANCE AT MARCH 31, 2012	21	<u>18,048</u>	<u>123,814</u>	<u>51,717</u>	<u>(3,664)</u>	<u>3,610</u>	<u>17,090</u>	<u>650,223</u>	<u>21,333</u>	<u>882,172</u>	<u>4,491</u>	<u>886,662</u>

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

Exchange rates

03/31/12 – R\$1.8221/ US\$1.00

12/31/11 – R\$1.8758/ US\$1.00

03/31/11 – R\$1.6287/ US\$1.00

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED MARCH 31, 2012 AND 2011 (Amounts expressed in thousands, unless otherwise noted – Brazilian Real amounts are the result of a Convenience Translation) - Unaudited

	Note	2012	2011	Convenience translation	
		US\$	US\$	2012 R\$	2011 R\$
NET CASH GENERATED BY OPERATING ACTIVITIES	27	15,477	20,755	28,201	33,804
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		2,848	2,005	5,189	3,265
Proceeds from disposal of property, plant and equipment		(212)	1,082	(386)	1,762
Purchases of property, plant and equipment		(40,248)	(52,692)	(73,336)	(85,819)
Other intangible assets		(2,276)	-	(4,147)	-
Investments		388	4,879	707	7,946
Net cash used in investing activities		<u>(39,500)</u>	<u>(44,726)</u>	<u>(71,973)</u>	<u>(72,846)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of borrowings		(8,367)	(6,896)	(15,246)	(11,231)
Repayments of obligation under finance leases		(767)	(1,121)	(1,398)	(1,826)
New bank loans raised		<u>32,253</u>	<u>2,737</u>	<u>58,768</u>	<u>4,458</u>
Net cash generated by financing activities		<u>23,119</u>	<u>(5,280)</u>	<u>42,124</u>	<u>(8,599)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(904)	(29,251)	(1,648)	(47,641)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		112,388	118,172	210,817	196,898
Effect of foreign exchange rate on cash		3,212	1,686	5,853	2,745
Foreign currency gains / (loss) in respect of translation into Brazilian Real		-	-	(6,034)	(4,430)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>114,696</u>	<u>90,607</u>	<u>208,988</u>	<u>147,572</u>

Exchange rates for convenience translation

03/31/12 – R\$1.8221/ US\$1.00

12/31/11 – R\$1.8758/ US\$1.00

03/31/11 – R\$1.6287/ US\$1.00

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2012

(Amounts expressed in thousands, unless otherwise noted – Brazilian real amounts are the result of a Convenience Translation – See Note 2) - Unaudited

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), specifically with International Accounting Standards (“IAS”) 34, and do not include all of the information required for full annual financial accounts.

Basis of preparation

The condensed consolidated interim financial statements are presented in US Dollars because that is the currency of the economic environment in which Company operates. Entities with a functional currency other than US Dollars are consolidated in accordance with the IFRS.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments and the share-based payments liability that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies and most significant judgments adopted by the Group’s management were not modified in relation to those presented in the consolidated financial statements for the year ended December 31, 2011, approved in March 23, 2012.

Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Groups's accounting policies and the key source of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2011.

Convenience translation

The condensed consolidated interim financial statements were originally prepared in US Dollars. A convenience translation to the Real, the Brazilian currency, was carried out solely for the convenience of readers in Brazil and does not purport to represent amounts in accordance with International Financial Reporting Standards, and should not be construed as implying that the amounts in US Dollars represent, or could have been or could be converted into Brazilian Real, at such rates or at any other rate.

The exchange rates used for the purposes of this convenience translation were the PTAX exchange rates prevailing at the end of the reporting period, as disclosed by the *Banco Central do Brasil*. On March 31, 2012, December 31, 2011 and March 31, 2011 the applicable exchange rates were R\$1.8221, R\$1.8758, and R\$1.6287, respectively. The difference between the applicable exchanges rates applied at the end of the reporting period generates impacts on the translation of the financial statements opening balances in Brazilian Real and the changes therein disclosed in the financial statements for the subsequent period. The effect of this difference is disclosed in the Brazilian Real Condensed Consolidated Statement of Changes in Equity (Other Comprehensive Income).

3. SEGMENT INFORMATION

Reportable segments

For management purposes, the Group is currently organized into six reportable segments: towage, port terminals, shipping agency, offshore, 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 constructions of fixed assets in that segment.

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

Segment information relating to these businesses is presented below:

	2012								
	Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment	Elimination	Consolidated
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
March 31, 2012									
Revenue	40,397	59,920	5,712	9,358	29,798	32,526	-	(20,546)	157,165
Operating profit	3,407	14,161	(97)	(941)	1,583	9,992	(11,614)	(5,316)	11,175
Finance costs	(1,458)	(651)	(2)	(1,176)	(832)	(1)	(97)	-	(4,217)
Operating profit adjusted by finance cost	<u>1,949</u>	<u>13,510</u>	<u>(99)</u>	<u>(2,117)</u>	<u>751</u>	<u>9,991</u>	<u>(11,711)</u>	<u>(5,316)</u>	<u>6,958</u>
Finance income	-	-	-	-	-	-	-	-	7,203
Profit before tax	-	-	-	-	-	-	-	-	<u>14,161</u>
Other information									
Capital expenditures	(15,347)	(13,792)	(36)	(8,019)	(453)	(10,330)	(1,103)	5,866	(43,214)
Depreciation and amortization	(5,578)	(5,548)	(53)	(2,458)	(2,621)	(828)	(1,133)	783	(17,436)
Balance sheet									
Segment assets	<u>375,547</u>	<u>386,626</u>	<u>1,490</u>	<u>198,027</u>	<u>54,211</u>	<u>81,581</u>	<u>107,302</u>	<u>(39,702)</u>	<u>1,165,082</u>
Segment liabilities	<u>(167,255)</u>	<u>(164,384)</u>	<u>(3,817)</u>	<u>(195,807)</u>	<u>(49,180)</u>	<u>(73,451)</u>	<u>(24,573)</u>	<u>-</u>	<u>(678,467)</u>
	2011								
	Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment	Elimination	Consolidated
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
March 31, 2011									
Revenue	36,196	64,776	3,955	6,939	33,057	28,507	-	(16,797)	156,633
Operating profit	8,014	20,472	(30)	(343)	3,224	5,742	(7,638)	(2,396)	27,045
Finance costs	(1,082)	(269)	(2)	(845)	(1,077)	-	(85)	-	(3,360)
Operating profit adjusted by finance cost	<u>6,932</u>	<u>20,203</u>	<u>(32)</u>	<u>(1,188)</u>	<u>2,147</u>	<u>5,742</u>	<u>(7,723)</u>	<u>(2,396)</u>	<u>23,685</u>
Finance income	-	-	-	-	-	-	-	-	4,172
Profit before tax	-	-	-	-	-	-	-	-	<u>27,857</u>
Other information									
Capital expenditures	(17,391)	(23,984)	(31)	(2,095)	(5,324)	(5,427)	(586)	-	(54,838)
Depreciation and amortization	(3,986)	(3,920)	(53)	(1,825)	(2,459)	(41)	(587)	-	(12,871)
December 31, 2011									
Balance Sheet									
Segment assets	<u>357,745</u>	<u>303,626</u>	<u>2,256</u>	<u>191,832</u>	<u>103,162</u>	<u>62,663</u>	<u>144,724</u>	<u>(36,193)</u>	<u>1,129,815</u>
Segment liabilities	<u>(174,647)</u>	<u>(142,014)</u>	<u>(6,626)</u>	<u>(186,988)</u>	<u>(49,330)</u>	<u>(76,961)</u>	<u>(15,754)</u>	<u>-</u>	<u>(652,320)</u>

Wilson Sons Limited

		2012							
		Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment	Consolidated
		R\$	terminals	agency	R\$	R\$	R\$	activities	R\$
		R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
March 31, 2012									
Revenue		73,607	109,180	10,408	17,051	54,295	59,266	-	286,370
Operating profit		6,208	25,803	(177)	(1,715)	2,884	18,206	(21,162)	20,361
Finance costs		(2,657)	(1,186)	(4)	(2,143)	(1,516)	(2)	(176)	(7,684)
Operating profit adjusted by finance cost		<u>3,551</u>	<u>24,617</u>	<u>(181)</u>	<u>(3,858)</u>	<u>1,368</u>	<u>18,204</u>	<u>(21,338)</u>	<u>12,677</u>
Finance income		-	-	-	-	-	-	-	13,125
Profit before tax		-	-	-	-	-	-	-	25,802
Other information									
Capital expenditures		(27,964)	(25,130)	(66)	(14,611)	(825)	(18,822)	(2,010)	(78,740)
Depreciation and amortization		(10,164)	(10,109)	(98)	(4,479)	(4,775)	(1,508)	(2,063)	(31,769)
Balance Sheet									
Segment assets		684,282	704,471	2,716	360,825	98,779	148,649	195,515	2,122,896
Segment liabilities		(304,755)	(299,524)	(6,955)	(356,780)	(89,611)	(133,835)	(44,774)	(1,236,234)
		2011							
		Towage	Port	Ship	Offshore	Logistics	Shipyard	Non-segment	Consolidated
		R\$	terminals	agency	R\$	R\$	R\$	activities	R\$
		R\$	R\$	R\$	R\$	R\$	R\$	R\$	R\$
March 31, 2011									
Revenue		58,951	105,501	6,442	11,302	53,840	46,429	-	255,108
Operating profit		13,051	33,342	(49)	(559)	5,251	9,352	(12,438)	44,049
Finance costs		(1,762)	(438)	(3)	(1,376)	(1,754)	-	(139)	(5,472)
Operating profit adjusted by finance cost		<u>11,289</u>	<u>32,904</u>	<u>(52)</u>	<u>(1,935)</u>	<u>3,497</u>	<u>9,352</u>	<u>(12,577)</u>	<u>38,577</u>
Finance income		-	-	-	-	-	-	-	6,795
Profit before tax		-	-	-	-	-	-	-	45,372
Other information									
Capital expenditures		(28,326)	(39,063)	(50)	(3,412)	(8,671)	(8,839)	(954)	(89,315)
Depreciation and amortization		(6,492)	(6,385)	(86)	(2,972)	(4,005)	(67)	(956)	(20,963)
December 31, 2011									
Balance Sheet									
Segment assets		671,058	569,542	4,232	359,838	193,511	117,543	271,473	2,119,306
Segment liabilities		(327,603)	(266,390)	(12,429)	(350,752)	(92,533)	(144,363)	(29,551)	(1,223,621)

Geographical information

The Group's operations are mainly located in Brazil. The Group earns income on cash and cash equivalents and short-term investments in Bermuda and in Brazil and incurs expenses on its activities in the both countries.

4. REVENUE

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

	<u>Mar 31, 2012</u> <u>US\$</u>	<u>Mar 31, 2011</u> <u>US\$</u>	<u>Mar 31, 2012</u> <u>R\$</u>	<u>Mar 31, 2011</u> <u>R\$</u>
Sales of services	145,263	145,726	264,683	237,344
Revenue from construction contracts	<u>11,902</u>	<u>10,907</u>	<u>21,687</u>	<u>17,764</u>
Total	<u>157,165</u>	<u>156,633</u>	<u>286,370</u>	<u>255,108</u>

5. EMPLOYEE BENEFITS EXPENSE

	<u>Mar 31, 2012</u> <u>US\$</u>	<u>Mar 31, 2011</u> <u>US\$</u>	<u>Mar 31, 2012</u> <u>R\$</u>	<u>Mar 31, 2011</u> <u>R\$</u>
Salaries and benefits	47,751	43,251	87,008	70,443
Payroll taxes	11,634	10,866	21,199	17,697
Pension costs	363	266	659	433
Long-term incentive plan (Note 20)	<u>5,222</u>	<u>(5,838)</u>	<u>9,516</u>	<u>(9,508)</u>
Total	<u>64,970</u>	<u>48,545</u>	<u>118,382</u>	<u>79,065</u>

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

6. OTHER OPERATING EXPENSES

	<u>Mar 31, 2012</u> <u>US\$</u>	<u>Mar 31, 2011</u> <u>US\$</u>	<u>Mar 31, 2012</u> <u>R\$</u>	<u>Mar 31, 2011</u> <u>R\$</u>
Service cost	14,243	15,507	25,952	25,256
Rent of maritime vessels	5,595	5,251	10,194	8,553
Freight	2,126	5,240	3,873	8,534
Other rentals	6,110	9,135	11,133	14,879
Energy, water and communication	3,888	3,806	7,084	6,199
Container handling	2,797	2,595	5,096	4,226
Insurance	1,779	1,679	3,242	2,735
Maintenance	976	910	1,779	1,482
Other taxes	3,589	3,599	6,540	5,862
Provisions for tax, labor and civil risks	1,076	571	1,961	931
Other expenses	<u>1,859</u>	<u>2,579</u>	<u>3,388</u>	<u>4,198</u>
Total	<u>44,038</u>	<u>50,872</u>	<u>80,242</u>	<u>82,855</u>

7. FINANCE INCOME AND FINANCE COSTS

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Mar 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Mar 31,</u> <u>2011</u> <u>R\$</u>
Interest on investments	2,848	2,005	5,753	3,608
Exchange gain (loss) on investments	3,231	1,688	5,887	2,748
Other interest income	<u>1,124</u>	<u>479</u>	<u>1,485</u>	<u>439</u>
Total finance income	<u>7,203</u>	<u>4,172</u>	<u>13,125</u>	<u>6,795</u>
Interest on bank loans and overdrafts	(3,615)	(2,872)	(6,588)	(4,678)
Exchange gain (loss) on loans	(18)	98	(32)	160
Interest on obligations under finance leases	<u>(272)</u>	<u>(416)</u>	<u>(496)</u>	<u>(678)</u>
Total borrowing costs	<u>(3,905)</u>	<u>(3,190)</u>	<u>(7,116)</u>	<u>(5,196)</u>
Other interest	<u>(312)</u>	<u>(170)</u>	<u>(568)</u>	<u>(276)</u>
Total finance costs	<u>(4,217)</u>	<u>(3,360)</u>	<u>(7,684)</u>	<u>(5,472)</u>

8. INCOME TAX EXPENSE

Income tax recognized in profit or loss:

	<u>Mar 31, 2012</u> <u>US\$</u>	<u>Mar 31, 2011</u> <u>US\$</u>	<u>Mar 31, 2012</u> <u>R\$</u>	<u>Mar 31, 2011</u> <u>R\$</u>
Current				
Brazilian taxation				
Income tax	7,672	6,509	13,978	10,601
Social contribution	<u>2,716</u>	<u>2,362</u>	<u>4,949</u>	<u>3,849</u>
Total Brazilian current tax	<u>10,388</u>	<u>8,871</u>	<u>18,927</u>	<u>14,450</u>
Deferred tax				
Total deferred tax	<u>(2,727)</u>	<u>(711)</u>	<u>(4,968)</u>	<u>(1,157)</u>
Total income tax expense	<u>7,661</u>	<u>8,160</u>	<u>13,959</u>	<u>13,292</u>

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

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

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Mar 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Mar 31,</u> <u>2011</u> <u>R\$</u>
Profit before tax	14,161	27,857	25,802	45,372
Tax at statutory Brazilian tax rate (34%)	4,815	9,471	8,773	15,425
Effect of exchange differences arising on translation - IAS 21	(4,457)	(3,108)	(8,120)	(5,062)
Exchange differences on US Dollar loans	2,527	3,253	4,604	5,298
Effect of different tax rates in other jurisdictions	1,948	(1,926)	3,550	(3,137)
Effect of tax losses unrecognized in deferred tax assets	3,814	2,623	6,949	4,273
Others	<u>(986)</u>	<u>(2,153)</u>	<u>(1,797)</u>	<u>(3,505)</u>
Income tax expense	<u>7,661</u>	<u>8,160</u>	<u>13,959</u>	<u>13,292</u>
Effective rate for the period	<u>54%</u>	<u>29%</u>	<u>54%</u>	<u>29%</u>

The tax rate used for the 2012 and 2011 reconciliations above is the corporate tax rate of 34% payable by entities in Brazil under the tax law in that jurisdiction.

9. GOODWILL

	<u>Mar 31, 2012</u> <u>US\$</u>	<u>Dec 31, 2011</u> <u>US\$</u>	<u>Mar 31, 2012</u> <u>R\$</u>	<u>Dec 31, 2011</u> <u>R\$</u>
Cost and carrying amount attributed to:				
Tecon Rio Grande	13,132	13,132	23,928	24,633
Tecon Salvador	<u>2,480</u>	<u>2,480</u>	<u>4,519</u>	<u>4,652</u>
Total	<u>15,612</u>	<u>15,612</u>	<u>28,447</u>	<u>29,285</u>

For the purposes of testing goodwill for impairment losses, the Group prepares, at each year end, cash flow forecasts for the relevant cash-generating unit (Tecon Rio Grande and Tecon Salvador) derived from the most recent financial budget for the following year and extrapolates cash flows for the remaining life of the concession based on an estimated annual growth of between 8% and 10% for Tecon Rio Grande and 7% and 10% for Tecon Salvador. This rate does not exceed the average long-term historical growth rate for the relevant market. After testing goodwill as mentioned above, no impairment losses were recognised for the periods presented.

10. OTHER INTANGIBLE ASSETS

	<u>US\$</u>	<u>R\$</u>
At January 1, 2011	19,214	32,014
Additions	6,807	12,769
Exchange differences	(2,063)	(3,871)
Transfer from property, plant and equipment (software)	15,149	28,416
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>4,029</u>
At December 31, 2011	<u>39,107</u>	<u>73,357</u>
Additions	2,276	4,147
Write off	(144)	(262)
Exchange differences	571	1,041
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>(2,101)</u>
At March 31, 2012	<u>41,810</u>	<u>76,182</u>
Accumulated amortization		
At January 1, 2011	2,373	3,954
Charge for the year	2,700	5,066
Exchange differences	(301)	(564)
Transfer from property, plant and equipment (software)	5,789	10,859
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>495</u>
At December 31, 2011	<u>10,561</u>	<u>19,810</u>
Charge for the period	878	1,600
Exchange differences	110	200
Write off	(140)	(255)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>(567)</u>
At March 31, 2012	<u>11,409</u>	<u>20,788</u>
Carrying amount		
March 31, 2012	<u>30,401</u>	<u>55,394</u>
December 31, 2011	<u>28,546</u>	<u>53,547</u>

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

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Vessels	Vehicles, plant and equipment	Assets under construction	Total
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Cost or valuation					
At January 1, 2011	145,017	380,275	206,914	24,059	756,265
Additions	79,960	30,065	67,219	78,883	256,127
Transfers	-	73,258	-	(73,258)	-
Transfer to other intangible assets (software)	-	-	(15,149)	-	(15,149)
Exchange differences	(10,281)	-	(14,849)	-	(25,130)
Disposals	(594)	(1,394)	(10,333)	-	(12,321)
At December 31, 2011	214,102	482,204	233,802	29,684	959,792
Additions	21,080	1,118	3,336	15,403	40,937
Transfers	-	46,739	-	(46,739)	-
Exchange differences	5,218	-	3,858	-	9,076
Disposals	(25)	(67)	(1,085)	-	(1,177)
At March 31, 2012	240,375	529,994	239,911	(1,652)	1,008,628
Accumulated depreciation					
At January 1, 2011	27,908	100,173	67,352	-	195,433
Charge for the year	8,740	25,979	22,059	-	56,778
Transfer to other intangible assets (software)	-	-	(5,789)	-	(5,789)
Exchange differences	(1,283)	-	(4,294)	-	(5,577)
Disposals	(373)	(761)	(5,778)	-	(6,912)
At December 31, 2011	34,992	125,391	73,550	-	233,933
Additions	2,652	7,867	6,051	-	16,570
Exchange differences	287	-	1,003	-	1,290
Disposals	(19)	125	(1,057)	-	(951)
At March 31, 2012	37,912	133,383	79,547	-	250,842
Carrying amount					
March 31, 2012	<u>202,462</u>	<u>396,611</u>	<u>160,365</u>	<u>(1,652)</u>	<u>757,786</u>
December 31, 2011	<u>179,110</u>	<u>356,813</u>	<u>160,252</u>	<u>29,684</u>	<u>725,859</u>

Wilson Sons Limited

	Land and buildings	Vessels	Vehicles, plant and equipment	Assets under construction	Total
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Cost or valuation					
At January 1, 2011	<u>241,627</u>	<u>633,615</u>	<u>344,760</u>	<u>40,086</u>	<u>1,260,088</u>
Additions	149,990	56,396	126,089	147,969	480,444
Transfers	-	137,417	-	(137,417)	-
Transfer to other intangible assets (software)	-	-	(28,416)	-	(28,416)
Exchange differences	(19,284)	-	(27,854)	-	(47,138)
Disposals	(1,115)	(2,615)	(19,382)	-	(23,112)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>30,396</u>	<u>79,705</u>	<u>43,370</u>	<u>5,040</u>	<u>158,511</u>
At December 31, 2011	<u>401,614</u>	<u>904,518</u>	<u>438,567</u>	<u>55,678</u>	<u>1,800,377</u>
Additions	38,410	2,039	6,079	28,067	74,595
Transfers	-	85,164	-	(85,164)	-
Exchange differences	9,506	-	7,029	-	16,535
Disposals	(45)	(123)	(1,977)	-	(2,145)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>(11,500)</u>	<u>(25,893)</u>	<u>(12,556)</u>	<u>(1,592)</u>	<u>(51,541)</u>
At March 31, 2012	<u>437,985</u>	<u>965,705</u>	<u>437,142</u>	<u>(3,011)</u>	<u>1,837,821</u>
Accumulated depreciation					
At January 1, 2011	<u>46,500</u>	<u>166,908</u>	<u>112,222</u>	-	<u>325,630</u>
Charge for the period	16,394	48,733	41,378	-	106,505
Transfer to other intangible assets (software)	-	-	(10,859)	-	(10,859)
Exchange differences	(2,406)	-	(8,055)	-	(10,461)
Disposals	(699)	(1,427)	(10,839)	-	(12,965)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>5,849</u>	<u>20,994</u>	<u>14,118</u>	-	<u>40,961</u>
At December 31, 2011	<u>65,638</u>	<u>235,208</u>	<u>137,965</u>	-	<u>438,811</u>
Charge for the period	4,833	14,339	11,026	-	30,198
Exchange differences	524	-	1,825	-	2,349
Disposals	(35)	228	(1,926)	-	(1,733)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>(1,885)</u>	<u>(6,732)</u>	<u>(3,949)</u>	-	<u>(12,566)</u>
At March 31, 2012	<u>69,075</u>	<u>243,043</u>	<u>144,941</u>	-	<u>457,059</u>
Carrying amount					
March 31, 2012	<u>368,910</u>	<u>722,662</u>	<u>292,201</u>	<u>(3,011)</u>	<u>1,380,762</u>
December 31, 2011	<u>335,976</u>	<u>669,310</u>	<u>300,602</u>	<u>55,678</u>	<u>1,361,566</u>

The cost balance of the Group's vehicles, plant and equipment includes an amount of US\$21.5 million (R\$39.2 million) (2011: US\$21.0 million (R\$39.4 million)) in respect of assets held under finance leases.

Land and buildings with a net carrying amount of US\$0.2 million (R\$0.4 million) (2011: US\$0.3 million (R\$0.5 million)) and tugboats with a net carrying amount of US\$ 2.3 million (R\$4.2 million) (2011: US\$2.4 million (R\$4.5 million)) have been pledged as guarantee of various lawsuits.

The Group has pledged assets with a carrying amount of approximately US\$423.6 million (R\$771.9 million) (2011: US\$439.4 million (R\$824.2 million)) to secure loans granted to the Group.

The amount of borrowing costs capitalized in 2012 is US\$ 3.1 million (R\$ 5.7 million) (2011: US\$4.9 million (R\$9.2 million)), at an average interest rate of 3.34 % (2011: 3.37%).

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

On March 31, 2012, the Group had contractual commitments to suppliers for the acquisition and construction of property, plant and equipment amounting to US\$28 million (R\$ 51.1 million) (2011: US\$26.5 million (R\$49.7 million)). The amount mainly refers to the expansion of Tecon Salvador and Tecon Rio Grande and to the construction of the Guarujá II shipyard.

12. INVENTORIES

	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Operating materials	10,136	11,543	18,469	21,652
Raw materials for construction contracts (external customers)	<u>2,253</u>	<u>9,599</u>	<u>4,105</u>	<u>18,005</u>
Total	<u>12,389</u>	<u>21,142</u>	<u>22,574</u>	<u>39,657</u>

The cost of inventories recognised as an expense during the period in respect of continuing operations was US\$10.2 million (R\$18.7 million).

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

13. TRADE AND OTHER RECEIVABLES

	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Receivables for services rendered	74,378	73,529	135,524	137,926
Allowance for doubtful debts	(1,329)	(927)	(2,422)	(1,739)
Income tax recoverable (IT and SC)	12,511	11,485	22,796	21,544
Recoverable taxes and levies	43,167	42,286	78,655	79,320
Prepayment	23,319	22,462	42,490	42,133
Other	<u>16,501</u>	<u>14,922</u>	<u>30,066</u>	<u>27,991</u>
Total	<u>168,547</u>	<u>163,757</u>	<u>307,109</u>	<u>307,175</u>
Total current	<u>140,330</u>	<u>135,517</u>	<u>255,695</u>	<u>254,203</u>
Total non-current	<u>28,217</u>	<u>28,240</u>	<u>51,414</u>	<u>52,972</u>

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

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

As a matter of routine, the Group reviews taxes and levies impacting its business to ensure that payments of such amounts are correctly made and that no amounts are paid unnecessarily. The 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 of Brasil.

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

	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Current	53,709	55,591	97,863	104,278
Overdue but not impaired:				
01 to 30 days	11,883	15,289	21,652	28,679
31 to 90 days	3,563	1,085	6,491	2,035
91 to 180 days	3,894	637	7,096	1,195
Impaired:				
More than 180 days	<u>1,329</u>	<u>927</u>	<u>2,422</u>	<u>1,739</u>
Total	<u>74,378</u>	<u>73,529</u>	<u>135,524</u>	<u>137,926</u>

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

Changes in allowance for doubtful debts are as follows:

	<u>US\$</u>	<u>R\$</u>
At January 1, 2011	<u>1,320</u>	<u>2,200</u>
Amounts written off during the year	(2,570)	(4,820)
Increase in allowance	2,316	4,344
Exchange difference	(139)	(261)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>276</u>
At December 31, 2011	<u>927</u>	<u>1,739</u>
Amounts written off during the period	(357)	(650)
Increase in allowance	745	1,357
Exchange difference	14	26
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>-</u>	<u>(50)</u>
At March 31, 2012	<u>1,329</u>	<u>2,422</u>

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

14. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents

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

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

Short-term investments

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

Long-term investments

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

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

	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Denominated in US dollar:				
Cash and cash equivalents	521	572	949	1,073
Short-term investments	24,100	24,500	43,913	45,957
Long-term investments	<u>1,084</u>	<u>1,072</u>	<u>1,976</u>	<u>2,012</u>
Total	25,705	26,144	46,838	49,042
Denominated in Brazilian Real:				
Cash and cash equivalents	<u>114,175</u>	<u>111,816</u>	<u>208,039</u>	<u>209,744</u>
Total	114,175	111,816	208,039	209,744
Total cash and cash equivalents	<u>114,696</u>	<u>112,388</u>	<u>208,988</u>	<u>210,817</u>
Total short-term investments	<u>24,100</u>	<u>24,500</u>	<u>43,913</u>	<u>45,957</u>
Total long-term investments	<u>1,084</u>	<u>1,072</u>	<u>1,976</u>	<u>2,012</u>

Private investment fund

The Group has investments in a private investment fund called Hydrus Fixed Income Private Credit Investment Fund that are consolidated in these financial statements. This private investment fund comprises deposit certificates and equivalent instruments, with final maturities ranging from April 2012 to September 2014, and government bonds, with final maturities ranging from September 2013 to March 2018. About 93.31% of the securities included in the portfolio of the Private Investment Fund have daily liquidity and are marked to fair value on a daily basis against current earnings. This private investment fund does not have significant financial obligations. Any financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses.

15. BANK OVERDRAFTS AND LOANS

	<u>Interest rate - %</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
		<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
<u>Unsecured borrowings</u>					
Bank overdrafts - Real	12,4% p.a.	<u>-</u>	<u>132</u>	<u>-</u>	<u>248</u>
Total unsecured borrowings		<u>-</u>	<u>132</u>	<u>-</u>	<u>248</u>
<u>Secured borrowings</u>					
BNDES - FINAME Real	4.5% to 13% p.a.	30,418	30,591	55,426	57,383
BNDES - FMM linked to US Dollar	2.11% to 6% p.a.	314,705	300,460	573,423	563,601
BNDES - FMM Real	9.71%	4,600	4,540	8,382	8,516
BNDES - linked to US Dollar	5.07% to 5.36% p.a.	<u>15,524</u>	<u>15,447</u>	<u>28,286</u>	<u>28,975</u>
Total BNDES		<u>365,247</u>	<u>351,038</u>	<u>665,517</u>	<u>658,475</u>
IFC - US Dollar	3.37% to 8.5% p.a.	71,362	57,208	130,031	107,311
IFC - linked to Real	14.09% p.a.	<u>3,238</u>	<u>3,618</u>	<u>5,901</u>	<u>6,787</u>
Total IFC		<u>74,600</u>	<u>60,826</u>	<u>135,932</u>	<u>114,098</u>
Eximbank - US Dollar	2.12% p.a.	14,648	15,769	26,691	29,579
Finimp - US Dollar	2.07% to 2.13% p.a.	2,678	3,152	4,878	5,913
BB - FMM linked to US Dollar	3.1% p.a.	51,872	52,649	94,515	98,759
Carterpillar - Real	4.41 to 7,44% p.a.	<u>452</u>	<u>487</u>	<u>822</u>	<u>914</u>
Total others		<u>69,650</u>	<u>72,057</u>	<u>126,906</u>	<u>135,165</u>
Total secured borrowings		<u>509,497</u>	<u>483,921</u>	<u>928,355</u>	<u>907,738</u>
Total		<u>509,497</u>	<u>484,053</u>	<u>928,355</u>	<u>907,986</u>

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

	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Within one year	36,961	32,672	67,347	61,286
In the second year	43,204	41,197	78,723	77,277
In the third to fifth years (including)	130,813	127,351	238,354	238,885
After five years	<u>298,519</u>	<u>282,833</u>	<u>543,931</u>	<u>530,538</u>
Total	<u>509,497</u>	<u>484,053</u>	<u>928,355</u>	<u>907,986</u>
Total current	<u>36,961</u>	<u>32,672</u>	<u>67,347</u>	<u>61,286</u>
Total non-current	<u>472,536</u>	<u>451,381</u>	<u>861,008</u>	<u>846,700</u>

The analysis of borrowings by currency is as follows:

	Real linked to				Real linked to			
	<u>Real</u> <u>US\$</u>	<u>US Dollars</u> <u>US\$</u>	<u>US Dollars</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>	<u>Real</u> <u>R\$</u>	<u>US Dollars</u> <u>R\$</u>	<u>US Dollars</u> <u>R\$</u>	<u>Total</u> <u>R\$</u>
<u>March 31, 2012</u>								
Bank loans	<u>38,708</u>	<u>382,101</u>	<u>88,688</u>	<u>509,497</u>	<u>70,529</u>	<u>696,227</u>	<u>161,599</u>	<u>928,355</u>
Total	<u>38,708</u>	<u>382,101</u>	<u>88,688</u>	<u>509,497</u>	<u>70,529</u>	<u>696,227</u>	<u>161,599</u>	<u>928,355</u>
<u>December 31, 2011</u>								
Bank overdrafts	132	-	-	132	248	-	-	248
Bank loans	<u>39,236</u>	<u>368,556</u>	<u>76,129</u>	<u>483,921</u>	<u>73,600</u>	<u>691,335</u>	<u>142,803</u>	<u>907,738</u>
Total	<u>39,368</u>	<u>368,556</u>	<u>76,129</u>	<u>484,053</u>	<u>73,848</u>	<u>691,335</u>	<u>142,803</u>	<u>907,986</u>

The Group's main lenders are described as follows:

The total debt amount with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) was US\$365.2 million (R\$665.5 million) on March 31, 2012 (2011: US\$351.0 million / R\$658.5 million). As a Fundo da Marinha Mercante's (FMM) agent, BNDES finances the construction of tugboats, platform supply vessels, and shipyard facilities with a debt amount of US\$319.3 million (R\$581.8 million) on March 31, 2012 (2011: US\$305.0 million / R\$572.1 million). FINAME credit line, through a variety of financial agents, finances Logistics and Port Operation equipment acquisition amounting US\$30.4 million (R\$55.4 million) on March, 31 2012 (2011: US\$30.6 million / R\$57.4 million). Through FINAME credit line, BNDES is also financing Tecon Rio Grande's existing fixed assets improvement, amounting US\$ 15.5 million (R\$ 28.2 million) on March, 31 2012 (2011: US\$15.4 million / R\$29.0 million). The debt amount is repayable over different periods up to 21 years. Loans linked to US Dollars bear fixed interest rates between 2.11% p.a. and 6% p.a., loans linked to UMBNDES bear floating interest rate of BNDES's external funding cost plus a spread of 1.48 % p.a., whereas loans denominated in Brazilian-Real, have fixed interest rates between 4.5 % p.a. and 13 % p.a.

Banco do Brasil ("BB") as a Fundo da Marinha Mercante's (FMM) agent, finances the acquisition of four platform supply vessels, with a debt amount of US\$51.8 million (R\$94.5 million) on March 31, 2012 (2011: US\$52.6 million / R\$98.7 million). This debt was assumed when the Company officially formed the Wilson, Sons Ultratug Offshore joint venture with Remolcadores Ultratug Ltda. The Company recognized fifty percent of the liability. The contract shall be repaid in 17 years with monthly amortization and interest payment. This loan is linked to U.S. Dollars and bears a fixed interest rate of 3.1% p.a.

International Finance Corporation (IFC) finances projects in both container terminals – Tecon Rio Grande and Tecon Salvador. There are three loan agreements, one for Tecon Rio Grande and two for Tecon Salvador. The total debt amount of US\$ 74.6 million (R\$135.9 million) on March 31, 2012 (2011: US\$60.8 million / R\$114.1 million) is repayable up to 7.5 years. The amortization and interest payment are semiannual. The Tecon Rio Grande loan is denominated in U.S. Dollar and carries a fixed interest rate of 8.49% p.a. Tecon Salvador loans are denominated part in US Dollar and part in Brazilian Real. The first bears a floating interest rate of Libor (6 months) plus a 2,75% p.a. spread, whereas the one denominated in Brazilian Real, has interest rate fixed at 14.09% p.a.

The Export-Import Bank of China (Eximbank) finances Tecon Rio Grande's equipment acquisition. As per loan agreement Principal shall be repaid in 8 years with semiannual amortization and interest payment. The loan is denominated in U.S. Dollars with a floating interest rate of Libor (6 months) plus a spread of 1.7 % p.a. Additionally, there is a 2.0 % p.a. guarantee fee paid to Banco Itaú BBA. The debt amount was US\$ 14.6 million (R\$26.6 million) on March 31, 2012 (2011: US\$15.8 million / R\$29.6 million).

Banco Itaú BBA S.A finances Tecon Rio Grande's equipment acquisition through an Import Finance Facility ("FINIMP"). As per loan agreement Principal shall be repaid in 5 years with semiannual amortization and interest payment. The loan is denominated in U.S. Dollars with a floating interest rate of Libor (6 months) plus a spread of 1.63% p.a. Banco Itaú BBA S.A. also charges a 1.75 % p.a. local fee. The debt amount was US\$2.6 million (R\$4.8 million) on March 31, 2012 (2011: US\$3.2 million / R\$5.9 million).

Guarantees

Loans with BNDES count 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 or platform supply vessel, (ii) guarantee of Petroleo Brasileiro S.A. - Petrobras contract receivables;

Financing contracts for Logistics count on pledge of the financed equipment and corporate guarantee from Wilson Sons de Administração e Comércio Ltda.

Loans with Banco do Brasil are guaranteed by a pledge over the financed supply vessels, "Standby Letter of Credit" and fiduciary assignment of Petrobras long-term contracts. The Magallanes Navegação Brasileira S.A. subsidiary, in accordance to this Financing Agreement with Banco do Brasil, constituted a restricted cash account, accounted for under Long term investments, in the amount of US\$1.1 million (R\$2.0 million). This reserve will be retained until financing settlement, with minimum remuneration as savings account or by other financial instrument with similar risk, at the financial institution's discretion, and operated exclusively by the financial institution.

The loans that Tecon Salvador and Tecon Rio Grande hold with IFC are guaranteed by shares of each company, cash flows, equipment and buildings.

The loan with “The Export-Import Bank of China” is guaranteed by a “Standby Letter of Credit” issued for Tecon Rio Grande by Banco Itaú BBA S.A., with the financing bank as beneficiary. As counter-guarantee, Tecon Rio Grande obtained a formal authorization from IFC trustee to pledge the equipment funded by “The Export-Import Bank of China” to Banco Itaú BBA S.A.

Undrawn credit facilities

At March 31, 2012, the Group had available US\$320.3 million of undrawn borrowing facilities. For each disbursement, there is a set of precedent conditions that must be satisfied.

Fair value

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

	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Bank overdrafts	—	132	—	248
Bank loans				
BNDES	365,247	351,038	665,517	658,475
IFC	74,798	60,934	136,289	114,300
Eximbank	14,648	15,769	26,690	29,579
Finimp	2,678	3,152	4,880	5,913
BB	51,872	52,649	94,516	98,759
Carterpillar	452	487	823	914
Total bank loans	<u>509,695</u>	<u>484,029</u>	<u>928,715</u>	<u>907,940</u>
Total	<u>509,695</u>	<u>484,161</u>	<u>928,715</u>	<u>908,188</u>

Covenants

The subsidiaries Tecon Rio Grande, Tecon Salvador and Magallanes Navegação Brasileira S.A. and the holding Wilson, Sons de Administração e Comércio Ltda. have to comply with specific financial covenants.

According to IFC loans, the subsidiaries Tecon Rio Grande and Tecon Salvador have specific restrictive clauses. Those clauses are basically related to the maintenance of specific liquidity ratios. On March 31, 2012 these subsidiaries were in compliance with all clauses in those loan contracts.

According to the BNDES loan, the subsidiary Tecon Rio Grande has specific restrictive clauses. Those clauses are basically related to the maintenance of specific liquidity ratios. On March 31, 2012 this subsidiary was in compliance with all clauses in this loan contract.

According to Banco do Brasil loan, the subsidiary Magallanes Navegação Brasileira S.A. was not in compliance with one of its covenants, the Debt Service Coverage Ratio (EBIDA/debt service), as of March 31, 2012. This contract requires the maintenance of a debt service coverage ratio equal to or higher than 1.1, calculated annually based on audited financial statements. Also, according to the Financing Agreement, if the subsidiary does not comply with this ratio, the shareholders must make a capital injection of the amount necessary to restore compliance with the covenant. The management will discuss with Banco do Brasil a waiver to this covenant. If it is not possible, the Group has the capacity to make the aforementioned capital injection. Noncompliance with Banco do Brasil's agreement covenants does not trigger a cross default in other financing agreements.

16. DEFERRED TAXES

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

	Accelerated depreciation US\$	Exchange Differences on loans US\$	Timing differences US\$	Non- monetary items US\$	Total US\$
At January 1, 2011	<u>(22,405)</u>	<u>(11,811)</u>	<u>15,077</u>	<u>32,989</u>	<u>13,850</u>
(Charge) credit to income	(2,668)	15,368	10,775	(33,749)	(10,274)
Exchange differences	-	(85)	(1,059)	-	(1,144)
At December 31, 2011	<u>(25,073)</u>	<u>3,472</u>	<u>24,793</u>	<u>(760)</u>	<u>2,432</u>
(Charge)/credit to income	(2,338)	(1,896)	1,845	5,127	2,738
Exchange differences	-	22	286	-	308
At March 31, 2012	<u>(27,411)</u>	<u>1,598</u>	<u>26,924</u>	<u>4,367</u>	<u>5,478</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
At January 1, 2011	<u>(37,332)</u>	<u>(19,680)</u>	<u>25,123</u>	<u>54,966</u>	<u>23,077</u>
(Charge) credit to income	(5,005)	28,828	20,210	(63,306)	(19,273)
Exchange differences	-	(159)	(1,986)	-	(2,145)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>(4,696)</u>	<u>(2,473)</u>	<u>3,158</u>	<u>6,914</u>	<u>2,903</u>
At December 31, 2011	<u>(47,033)</u>	<u>6,516</u>	<u>46,505</u>	<u>(1,426)</u>	<u>4,562</u>
(Charge)/credit to income	(4,260)	(3,455)	3,362	9,342	4,989
Exchange differences	-	38	524	-	562
Foreign currency gains/(loss) in respect of translation into Brazilian Real	<u>1,347</u>	<u>(189)</u>	<u>(1,330)</u>	<u>41</u>	<u>(131)</u>
At March 31, 2012	<u>(49,946)</u>	<u>2,910</u>	<u>49,061</u>	<u>7,957</u>	<u>9,982</u>

Certain tax assets and liabilities have been offset on an entity-by-entity basis. In the condensed consolidated interim financial statements, a deferred tax asset of one Group entity cannot be offset against a deferred tax liability of another Group entity as there is no legally enforceable right to offset tax assets and liabilities between Group companies. After offset, deferred tax balances are disclosed in the balance sheet as follows:

	Mar 31, 2012 US\$	Dec 31, 2011 US\$	Mar 31, 2012 R\$	Dec 31, 2011 R\$
Deferred tax liabilities	(25,686)	(26,093)	(46,802)	(48,945)
Deferred tax assets	<u>31,164</u>	<u>28,525</u>	<u>56,784</u>	<u>53,507</u>
Total	<u>5,478</u>	<u>2,432</u>	<u>9,982</u>	<u>4,562</u>

At the end of the reporting period, the Group has unutilized tax loss carryforwards of US\$73,353 (R\$133,656) (2011: US\$56,122 (R\$105,273)) available for offset against future taxable income. No deferred tax asset has been recognized in the amount of US\$20,607 (R\$37,548) (2011: US\$16,311 (R\$30,597)) due to the unpredictability of future flows of related taxable income. Part of this amount, US\$2,104 (R\$3,833), refers to unutilized tax loss carryforwards generated by the holding entities of the group, the remaining amount of US\$18,503 (R\$33,717) refers to operational entities.

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

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

17. PROVISIONS FOR TAX, LABOR AND CIVIL RISKS

	<u>US\$</u>	<u>R\$</u>
At January 1, 2011	<u>12,289</u>	<u>20,476</u>
Addition to provision	5,650	10,598
Reversal of provision	(3,208)	(6,017)
Exchange difference	(1,353)	(2,537)
Foreign currency gains/(loss) in respect of translation into Brazilian real	-	<u>2,574</u>
At December 31, 2011	<u>13,378</u>	<u>25,094</u>
Addition to provision	1,179	2,149
Reversal of provision	(512)	(933)
Exchange difference	804	1,464
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	<u>(718)</u>
At March 31, 2012	<u>14,849</u>	<u>27,056</u>

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

	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Civil cases	2,409	1,910	4,389	3,583
Tax cases	652	169	1,188	317
Labor claims	<u>11,788</u>	<u>11,299</u>	<u>21,479</u>	<u>21,194</u>
Total	<u>14,849</u>	<u>13,378</u>	<u>27,056</u>	<u>25,094</u>

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

In addition to the cases for which the Group booked the provision there are other tax, civil and labor disputes amounting to US\$83,563 (R\$152,260) (2011: US\$69,418 (R\$130,213)), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described below as follows:

	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Civil cases	9,031	6,261	16,456	11,744
Tax cases	31,216	25,775	56,878	48,348
Labor claims	<u>43,316</u>	<u>37,382</u>	<u>78,926</u>	<u>70,121</u>
Total	<u>83,563</u>	<u>69,418</u>	<u>152,260</u>	<u>130,213</u>

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

- Civil and environmental cases: Discussions on contractual matters, being the most significant of which related to occasional disagreement on transport contract. There is also a significant provision related to an indemnification claim resulting from a collision of a tug boat in 1992.
- Labor claims: These lawsuits claim payment of salary differences, overtime worked without payment, and other allowances. The most relevant probable claims relates to a work accident with death amounting to US\$0.6 million (R\$1.2 million).
- Tax cases: The Group itself litigates against governments in respect of assessments considered inappropriate.

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

18. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	<u>Mar 31,</u>	<u>Dec 31,</u>	<u>Mar 31,</u>	<u>Dec 31,</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Amounts payable under finance leases:				
Within one year	4,333	4,607	3,489	3,787
From second to fifth years, inclusive	<u>4,164</u>	<u>4,365</u>	<u>3,045</u>	<u>3,278</u>
	8,497	8,972	<u>6,534</u>	<u>7,065</u>
Less future finance charges	<u>(1,963)</u>	<u>(1,907)</u>	—	—
Present value of lease obligations	<u>6,534</u>	<u>7,065</u>	—	—
Total current	<u>3,489</u>	<u>3,787</u>	—	—
Total non-current	<u>3,045</u>	<u>3,278</u>	—	—

	Minimum lease payments		Present value of minimum lease payments	
	Mar 31,	Dec 31,	Mar 31,	Dec 31,
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Amounts payable under finance leases:				
Within one year	7,895	8,642	6,357	7,104
From second to fifth years inclusive	<u>7,586</u>	<u>8,187</u>	<u>5,548</u>	<u>6,149</u>
	15,481	16,829	<u>11,905</u>	<u>13,253</u>
Less future finance charges	<u>(3,576)</u>	<u>(3,576)</u>	-	-
Present value of lease obligations	<u>11,905</u>	<u>13,253</u>	-	-
Total current	<u>6,357</u>	<u>7,104</u>	-	-
Total non-current	<u>5,548</u>	<u>6,149</u>	-	-

It is the Group's policy to lease certain of its vehicles and equipment under finance leases. The average lease term is 50 months, of which, at the end of March 2012, only 26 months on average remained.

For the period ended March 31, 2012, the average effective leasing interest rate was 16.24 percent per annum (2011: 16.65 percent). Interest rates are set at contract date.

All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. The interest rates ranges from 12.84 to 17.76 percent per annum.

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 PAYABLES

	Mar 31,	Dec 31,	Mar 31,	Dec 31,
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>R\$</u>	<u>R\$</u>
Trade payables	72,823	73,973	132,692	138,758
Taxes	16,344	17,950	29,781	33,671
Share-based payment (provision)	19,593	14,371	35,700	26,958
Accruals and other payables	<u>9,891</u>	<u>11,965</u>	<u>18,022</u>	<u>22,444</u>
	<u>118,651</u>	<u>118,259</u>	<u>216,195</u>	<u>221,831</u>
Total current	<u>116,270</u>	<u>115,788</u>	<u>211,857</u>	<u>217,196</u>
Total non-current	<u>2,381</u>	<u>2,471</u>	<u>4,338</u>	<u>4,635</u>

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

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

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Dec 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Dec 31,</u> <u>2011</u> <u>R\$</u>
Contract costs incurred plus recognized revenues				
less recognized losses to date	32,463	36,307	59,151	68,105
Less unbilled services	<u>(44,411)</u>	<u>(48,211)</u>	<u>(80,921)</u>	<u>(90,434)</u>
Net liability included in suppliers	<u>(11,948)</u>	<u>(11,904)</u>	<u>(21,770)</u>	<u>(22,329)</u>

20. CASH-SETTLED SHARE-BASED PAYMENTS

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

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

	<u>US\$</u>	<u>R\$</u>
Liability at January 1, 2011	<u>23,795</u>	<u>39,647</u>
Reversal for the year	(8,879)	(16,654)
Payment for the year	(545)	(1,022)
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	4,987
Liability at December 31, 2011	<u>14,371</u>	<u>26,958</u>
Accrual for the year	5,222	9,516
Foreign currency gains/(loss) in respect of translation into Brazilian Real	-	(774)
Liability at March 31, 2012	<u>19,593</u>	<u>35,700</u>

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

Outstanding stock options are broken down as follows:

	<u>Number of share options</u>
Outstanding at January 1, 2011	3,897,760
Granted during the year	148,000
Exercised during the year	(118,000)
Forfeited during the year	<u>(101,500)</u>
Outstanding at December 31, 2011	<u>3,826,260</u>
Exercised during the year	<u>(26,000)</u>
Outstanding at March 31, 2012	<u>3,800,260</u>

The fair value of the recorded liability in the amount of US\$19,593 (R\$35,700) (2011: US\$14,371 (R\$26,958)) was determined using the Binomial model based on the assumptions mentioned below:

	<u>Mar 31, 2012</u>	<u>Mar 31, 2011</u>
Closing share price (in real)	R\$29.55	R\$26.52
Expected volatility	30-34%	27-31%
Expected life	10 years	10 years
Risk free rate	6.2%	8.80%
Expected dividend yield	1.4%	2.10%

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

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

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

Share options outstanding at the end of the period had a weighted average exercise price of R\$23.60 (2011: R\$23.64) and a weighted average remaining contractual life of 2,060 days (2011: 2,031 days).

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

	<u>Actual</u>	<u>(+10%)</u>	<u>(-10%)</u>
Share price at March 31, 2012 - R\$	29.55	32.51	26.60
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Balance sheet liability at March 31, 2012	19,593	22,828	15,867
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Balance sheet liability at March 31, 2012	35,701	41,594	28,912

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

21. EQUITY

Share Capital

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Dec 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Dec 31,</u> <u>2011</u> <u>R\$</u>
71,144,000 common shares issued and fully paid	9,905	9,905	18,048	18,580

Earnings per share

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

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Mar 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Mar 31,</u> <u>2011</u> <u>R\$</u>
Profit for the period attributable to owners of the Company	<u>6,238</u>	<u>19,485</u>	<u>11,366</u>	<u>31,735</u>
Weighted average number of common shares	71,144,000	71,144,000	71,144,000	71,144,000
Basic and diluted earnings per share (cents per share)	8,77	27,39	15,98	44,61

Capital reserves

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

Profit reserve

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

Translation reserve

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

22. SUBSIDIARIES

Sales of shares to non-controlling interests of Tecon Salvador

In 2011, the Group disposed of 7.5% equity interest in Tecon Salvador S.A. to Intermarítima, reducing its continuing interest to 92.5%.

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

Acquisition of Briclog

The Group announces that, further to the Relevant Fact on the 2nd of June 2011, it has, through its wholly-owned subsidiary Brasco Logística Offshore Limitada ("Brasco"), signed an amendment to the contract for the acquisition of 100% of the issued share capital of Bric Brazilian Intermodal Complex S/A. ("Briclog") adjusting the consideration to one hundred and sixteen million five hundred thousand Brazilian Reais (R\$116.5 million (equivalent to US\$63.9 million at the transaction date)). The closing of the acquisition is subject to conditions precedent expected on or before the 5th of October 2012.

Consideration for the acquisition is payable in three amounts including R\$10 million (equivalent to US\$5.4 million at the transaction date) already paid in deposit, R\$ 53.25 million (equivalent to US\$29.2 million at the transaction date) payable on satisfaction of the conditions precedent, and R\$53.25 million (equivalent to US\$29.2 million at the transaction date) 300 days from the closing with the latter two payments adjusted for movement in the Brazilian index of consumer prices (IPCA) from the date of the amendment. As at March 31, 2012, no business combination transaction has been applied in this combined consolidated interim financial statement.

Formation of Ecos Gerenciamento de Fluidos LTDA ("Ecocleaning Limpeza de Fluidos")

On January 23, 2012 the Company formed Ecos Gerenciamento De Fluidos LTDA ("Ecocleaning Limpeza de Fluidos") along with ICS DB. LLC.. The start up enterprise will provide innovative tank cleaning services to the upstream Oil and Gas industry. Wilson Sons holds a participation in is 70% and ICS DB. LLC. a participation of 30% although the capital of the entity is not yet paid up by either partner.

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

	Place of incorporation and operation	Proportion of ownership interest	
		Mar 31, 2012	Dec 31, 2011
<u>Holding company</u>			
Wilson, Sons de Administração e Comércio Ltda.	Brazil	100%	100%
Vis Limited	Guernsey	100%	100%
WS Participações S.A.	Brazil	100%	100%
<u>Towage</u>			
Saveiros Camuyrano Serviços Marítimos S.A.	Brazil	100%	100%
Sobrare-Servemar Ltda.	Brazil	100%	100%
Wilson, Sons Apoio Marítimo Ltda.	Brazil	100%	100%
Wilson, Sons Operações Marítimas Especiais Ltda.	Brazil	100%	100%

Wilson Sons Limited

	Place of incorporation and operation	Proportion of ownership interest	
		<u>Mar 31,</u> <u>2012</u>	<u>Dec 31,</u> <u>2011</u>
<u>Shipyard</u>			
Wilson, Sons S.A. Comércio, Indústria, e Agência de Navegação Ltda.	Brazil	100%	100%
Wilson, Sons Estaleiro Ltda.	Brazil	100%	100%
<u>Ship Agency</u>			
Wilson, Sons Agência Marítima Ltda.	Brazil	100%	100%
Wilson, Sons Navegação Ltda.	Brazil	100%	100%
Transamérica Visas Serviços de Despachos Ltda.	Brazil	100%	100%
<u>Logistics</u>			
Wilson, Sons Logística Ltda.	Brazil	100%	100%
EADI Santo André Terminal de Carga Ltda.	Brazil	100%	100%
<u>Port terminal</u>			
Brasco Logística Offshore Ltda.	Brazil	100%	100%
Ecos Gerenciamento de Fluidos Ltda.	Brazil	70%	-
Tecon Rio Grande S.A.	Brazil	100%	100%
Tecon Salvador S.A.	Brazil	92.5%	92.5%
Wilport Operadores Portuários Ltda.	Brazil	100%	100%
Wilson, Sons Operadores Portuários Ltda.	Brazil	100%	100%
Wilson, Sons Terminais de Cargas Ltda.	Brazil	100%	100%

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

23. JOINT VENTURES

The Group holds the following significant interests in joint ventures at March 31, 2012:

	Place of incorporation and operation	Proportion of ownership interest	
		<u>2012</u>	<u>2011</u>
<u>Towage</u>			
Consórcio de Rebocadores Barra de Coqueiros	Brazil	50%	50%
Consórcio de Rebocadores Baía de São Marcos	Brazil	50%	50%
<u>Logistics</u>			
Allink Transportes Internacionais Ltda.	Brazil	50%	50%
Consórcio EADI Santo André	Brazil	50%	50%
Porto Campinas, Logística e Intermodal Ltda	Brazil	50%	50%
<u>Offshore</u>			
Wilson, Sons Ultratug Participações S.A.*	Brazil	50%	50%

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

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

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Dec 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Dec 31,</u> <u>2011</u> <u>R\$</u>
Current assets	20,718	23,165	37,751	43,453
Non-current assets	177,477	224,991	323,382	422,038
Current liabilities	(53,324)	(55,202)	(97,162)	(103,548)
Non-current liabilities	(165,960)	(155,642)	(302,395)	(291,953)
	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Mar 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Mar 31,</u> <u>2011</u> <u>R\$</u>
Income	15,272	11,994	27,824	7,436
Expenses	(10,773)	(9,809)	(19,629)	(6,816)

24. OPERATING LEASE ARRANGEMENTS AND OTHER OBLIGATIONS

The Group as lessee

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Dec 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Dec 31,</u> <u>2011</u> <u>R\$</u>
Minimum lease payments under operating leases recognized in income for the year	13,536	17,520	24,664	32,864

On March 31, 2012, the minimum amount due by the Group for future lease payments under cancellable operating leases was US\$12,919 (R\$23,540) (2011: US\$12,549 (R\$23,539)).

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

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

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

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

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Dec 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Dec 31,</u> <u>2011</u> <u>R\$</u>
Within one year	2,568	2,549	4,679	4,781
In the second to fifth year inclusive	<u>14,544</u>	<u>15,081</u>	<u>26,501</u>	<u>28,289</u>
Total	<u>17,112</u>	<u>17,630</u>	<u>31,180</u>	<u>33,070</u>

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

In November, 2008 the Group's renewed the concession to operate EADI Santo Andre (a bonded warehouse) for a further ten years. With this, the Group's management renewed the rental agreement contract of the bonded warehouse used by EADI Santo Andre for the same period. The unexpired lease period at March 31, 2012 is 6 years and 8 months. These rental payments are updated by a Brazilian general inflation index (IGPM - General Market Price Index).

Other obligations

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

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

25. FINANCIAL INSTRUMENTS AND RISK ASSESSMENT

a) Capital risk management

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

b) Categories of financial instruments:

	Fair value		Book value	
	Mar 31, 2012	Dec 31, 2011	Mar 31, 2012	Dec 31, 2011
	US\$	US\$	US\$	US\$
Financial assets:				
Cash and cash equivalents	114,696	112,388	114,696	112,388
Short Term Investments	24,100	24,500	24,100	24,500
Long Term Investments	1,084	1,072	1,084	1,072
Trade and other receivables	<u>168,547</u>	<u>163,757</u>	<u>168,547</u>	<u>163,757</u>
	<u>308,427</u>	<u>301,717</u>	<u>308,427</u>	<u>301,717</u>
Financial liabilities:				
Bank loans and overdrafts	509,695	484,161	509,497	484,053
Obligations under finance leases	6,534	7,065	6,534	7,065
Trade and other payables	<u>118,651</u>	<u>118,259</u>	<u>118,651</u>	<u>118,259</u>
	<u>634,880</u>	<u>609,485</u>	<u>634,682</u>	<u>609,377</u>

	Fair value		Book value	
	Mar 31, 2012	Dec 31, 2011	Mar 31, 2012	Dec 31, 2011
	R\$	R\$	R\$	R\$
Financial assets:				
Cash and cash equivalents	208,988	210,817	208,988	210,817
Short Term Investments	43,913	45,958	43,913	45,958
Long Term Investments	1,975	2,011	1,975	2,011
Trade and other receivables	<u>307,109</u>	<u>307,175</u>	<u>307,109</u>	<u>307,175</u>
	<u>561,985</u>	<u>565,961</u>	<u>561,985</u>	<u>565,961</u>
Financial liabilities:				
Bank loans and overdrafts	928,715	908,189	928,355	907,987
Obligations under finance leases	11,906	13,253	11,906	13,253
Trade and other payables	<u>216,194</u>	<u>221,830</u>	<u>216,194</u>	<u>221,830</u>
	<u>1,156,815</u>	<u>1,143,272</u>	<u>1,156,455</u>	<u>1,143,070</u>

c) Financial risk management objectives

The Group's Structured Finance Department monitors and manages financial risks related to the operations. These risks include market risk, credit risk and liquidity risk. The primary objective is to keep a minimum exposure to those risks by using financial instruments and by assessing and controlling the credit and liquidity risks. The Group does not operate financial instruments with different goals than protection (hedging).

d) Foreign currency risk management

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

Cash flows from investments in fixed assets are denominated in Brazilian Real and U.S. Dollars. These investments are subject to currency fluctuations between the time that price of 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 contracted US Dollar-denominated and Brazilian Real-denominated debt, and the cash and cash equivalents balances are also US Dollar-denominated and Brazilian Real-denominated.

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

	Assets		Liabilities	
	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Amounts denominated in Real	320,749	310,823	208,339	207,637

	Assets		Liabilities	
	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Mar 31, 2012</u>	<u>Dec 31, 2011</u>
	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>	<u>R\$</u>
Amounts denominated in Real	584,437	583,042	379,614	389,486

Foreign currency sensitivity analysis

Sensitivity analysis in the following sections, referred to the position on March 31, 2012, seek to simulate how a stress on the risk variables may impact the Company. The first step was to identify the main factors that have potential to generate losses in the results, which in the case of the Company, summed up the exchange rate. The analysis was based on a baseline scenario, represented by the carrying value of the operations, considering the PTAX of March 31, 2012 and accrued interest. Additionally, three scenarios were drawn: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate. The Group uses Focus BACEN to parameterize the probable scenario.

				Exchange rates (i)		
<u>Probable scenario</u>		<u>Possible scenario (25%)</u>		<u>Remote scenario (50%)</u>		
R\$1.80/US\$1.00		R\$2.25/US\$1.00		R\$2.70/US\$1.00		
<u>Operation</u>	<u>Risk</u>	<u>Amount USD</u>	<u>Result</u>	Probable <u>scenario</u>	Possible <u>scenario (25%)</u>	Remote <u>scenario (50%)</u>
Total assets	BRL	320,749	Exchange effects	3,938	(60,999)	(104,291)
Total liabilities	BRL	208,339	Exchange effects	(2,558)	39,621	67,741
			Net effect	<u>1,380</u>	<u>(21,378)</u>	<u>(36,550)</u>

e) Interest rate risk management

Most of the Group's fixed rates loans with BNDES and Banco do Brasil as agents of the FMM.

Other loans are. exposed to floating rates, as follows:

- 1) TJLP (Brazilian Long Term Interest Rate) for Brazilian Real-denominated funding through FINAME credit line to Port Operations and Logistics operations;
- 2) DI (Brazilian Interbank Interest Rate) for Brazilian Real-denominated funding in Logistics operations;
- 3) 6-month Libor (London Interbank Offered Rate) for U.S. Dollar-denominated funding for Port Operations.

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 U.S. Dollar-denominated investments are part deposits, with short-term maturities, and part linked to PTAX variation.

Interest rate sensitivity analysis

The Group does not account for any financial asset or liability interest rate at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a model using for fair value hedge accounting. Therefore, a change in interest rates at the reporting date would not change the result. Additionally, 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.

<u>LIBOR (i)</u>						
<u>Transaction</u>		<u>Probable scenario</u>		<u>Possible scenario 25%</u>		<u>Remote scenario 50%</u>
Loans		1,05%		1,31%		1,57%
Investments		0,73%		0,91%		1,10%
<u>Transaction</u>	<u>Risk</u>	<u>Amount</u> <u>USD</u>	<u>Result</u>	<u>Probable</u> <u>scenario</u>	<u>Possible</u> <u>scenario (25%)</u>	<u>Remote</u> <u>scenario (50%)</u>
IFC loan	Libor	69,174	Interest	(113)	(211)	(309)
Eximbank loan	Libor	14,648	Interest	(24)	(48)	(72)
Finimp loan	Libor	2,673	Interest	(4)	(7)	(10)
Investments	Libor	24,100	Income	(110)	(64)	(19)
			Net effect	(251)	(330)	(410)

<u>CDI (ii)</u>						
<u>Transaction</u>		<u>Probable scenario</u>		<u>Possible scenario 25%</u>		<u>Remote scenario 50%</u>
Investments		8,19%		10,24%		12,29%
<u>Transaction</u>	<u>Risk</u>	<u>Principal</u> <u>US dollars</u>	<u>Result</u>	<u>Probable</u> <u>scenario</u>	<u>Possible</u> <u>scenario 25%</u>	<u>Remote</u> <u>scenario 50%</u>
Investments	CDI	111,348	Income	(631)	1,806	4,242
			Net effect	(631)	1,806	4,242

The net effect was obtained by assuming a 12 month period starting March 31, 2012 in which interest rates vary and all other variables remain constant.

The investment rate risk mix is 17.7% Libor, 81.6% CDI, and 0.8% on exchange rate variation (PTAX).

f) Liquidity risk management

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

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 asset. 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 condition, without causing unacceptable losses or risk damaging to the reputation of the Group.

The Group uses costing based on activities to price their products and services, which assists in monitoring cash flow requirements and optimizing the return on cash investments. Typically the Group ensures that the Group has enough cash to fulfill the expected operational expenses, including compliance with financial obligations, this excludes the potential impact of extreme circumstances that can not be reasonably foreseen, such as natural disasters.

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

	Weighted average effective interest rate %	Less than 12 months US\$	1-5 years US\$	More than 5 years US\$	Total US\$
<u>March 31, 2012</u>					
Finance lease liabilities	16,24%	3,489	2,616	428	6,533
Variable interest rate instruments	4,07%	9,042	54,900	35,183	99,125
Fixed interest rate instruments	3,64%	<u>27,927</u>	<u>119,106</u>	<u>263,336</u>	<u>410,369</u>
		<u>40,458</u>	<u>176,622</u>	<u>298,947</u>	<u>516,027</u>

	Weighted average effective interest rate %	Less than 12 months US\$	1-5 years US\$	More than 5 years US\$	Total US\$
<u>December 31, 2011</u>					
Finance lease liabilities	16,65%	3,787	2,865	413	7,065
Variable interest rate instruments	4,18%	6,268	52,183	27,723	86,174
Fixed interest rate instruments	3,66%	<u>26,404</u>	<u>116,362</u>	<u>255,110</u>	<u>397,876</u>
		<u>36,459</u>	<u>171,410</u>	<u>283,246</u>	<u>491,115</u>

g) Credit Risk

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

The Group invests temporary cash surpluses in government 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.

h) Derivatives

The Group may enter into derivatives contracts to manage risks arising from exchange rate fluctuations and interest. At March 31, 2012 the Group did not have derivatives.

i) Fair value of financial instruments

The Group's financial instruments are recorded in balance sheet accounts at March 31, 2012 and December 31, 2011 at amounts similar to the fair value at those dates. These instruments are managed through operating strategies aimed to obtain liquidity, profitability and security. The control policy consists of an ongoing monitoring of rates agreed versus those in force in the market and confirmation as to whether its short-term financial investments are being properly marked to market by the institutions dealing with its funds.

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

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

Cash and cash equivalents

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

Investments

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

Trade and other receivables/payables

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

Bank Overdrafts and Loans

Fair value of loans arrangements were calculated at their present value determined by future cash flows and at interest rates applicable to instruments of similar nature, terms and risks or at market quotations of these securities. Fair value measurements recognised in the condensed consolidated financial statements are grouped into levels based on the degree to which the fair value is observable, level 3.

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

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

26. RELATED-PARTY TRANSACTIONS

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

	Current <u>Assets</u> <u>(liabilities)</u> US\$	<u>Revenues</u> US\$	<u>Expenses</u> US\$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	2	10	-
2. Consórcio de Rebocadores Barra de Coqueiros	(44)	79	-
3. Consórcio de Rebocadores Baía de São Marcos	1,774	4	414
4. Wilson Sons Ultratug and subsidiaries	3,070	112	-
Other:			
5. Gouvêa Vieira Advogados	2	-	65
6. CMMR Intermediação Comercial Ltda.	9	-	77
7. Transamérica Ag. Marítima	(1,676)	-	50
At March 31, 2012	<u>3,137</u>	<u>205</u>	<u>606</u>
At December 31, 2011	<u>8,418</u>	<u>56,135</u>	<u>1,585</u>
At March 31, 2011	<u>21,973</u>	<u>11,566</u>	<u>1,109</u>

	<u>Current Assets (liabilities)</u> R\$	<u>Revenues</u> R\$	<u>Expenses</u> R\$
Joint ventures:			
1. Allink Transportes Internacionais Ltda.	4	18	-
2. Consórcio de Rebocadores Barra de Coqueiros	(80)	144	-
3. Consórcio de Rebocadores Baía de São Marcos	3,232	7	754
4. Wilson Sons Ultratug and subsidiaries	5,594	204	-
Other:			
5. Gouvêa Vieira Advogados	4	-	118
6. CMMR Intermediação Comercial Ltda.	16	-	140
7. Transamérica Ag. Marítima	(3,054)	-	91
At March 31, 2012	<u>5,716</u>	<u>374</u>	<u>1,103</u>
At December 31, 2011	<u>15,790</u>	<u>105,298</u>	<u>2,973</u>
At March 31, 2011	<u>35,787</u>	<u>18,840</u>	<u>1,808</u>

- Allink Transportes Internacionais Ltda. is 50% owned by the Group and rents office space and terminal warehousing from the Group.
- 2-3. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation.
- Intragroup loans with Wilson, Sons Ultratug (interest – 0.3% per month; with no maturity) and trade payables from Wilson, Sons Offshore and Magallanes to Wilson, Sons shipyards relate to proportionate amounts of vessel construction not eliminated on consolidation
- Mr. J.F. Gouvea Vieira is a managing partner with the law firm Gouvea Vieira Advogados. Fees were paid to Gouvea Vieira Advogados for legal services.
- 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.
- Trade and other payables to Transamérica (interest – 1% per month; with no maturity).

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

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Mar 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Mar 31,</u> <u>2011</u> <u>R\$</u>
Profit before tax	14,161	27,857	25,802	45,371
Less: Investment revenues	(7,203)	(4,172)	(13,125)	(6,795)
Add: Finance costs	<u>4,217</u>	<u>3,360</u>	<u>7,684</u>	<u>5,472</u>
Operating profit from operations	<u>11,175</u>	<u>27,045</u>	<u>20,361</u>	<u>44,048</u>
Adjustments for:				
Depreciation and amortization expenses	17,436	12,871	31,769	20,963
Gain on disposal of property, plant and equipment	(14)	(30)	(26)	(49)
Provision (reversal) for cash-settled share-based payment	5,222	(5,838)	9,518	(9,508)
Increase in provisions	<u>1,873</u>	<u>879</u>	<u>3,414</u>	<u>1,432</u>
	<u>35,692</u>	<u>34,927</u>	<u>65,036</u>	<u>56,886</u>
Decrease in inventories	8,752	1,103	15,947	1,796
Increase in trade and other receivables	(4,168)	(6,656)	(7,599)	(10,841)
Decrease in trade and other payables	(4,828)	5,522	(8,796)	8,994
Decrease in other non-current assets	<u>(888)</u>	<u>(591)</u>	<u>(1,618)</u>	<u>(963)</u>
Cash generated by operations	<u>34,560</u>	<u>34,305</u>	<u>62,970</u>	<u>55,872</u>
Income taxes paid	(14,119)	(10,842)	(25,724)	(17,658)
Interest paid	<u>(4,964)</u>	<u>(2,708)</u>	<u>(9,045)</u>	<u>(4,410)</u>
Net cash from operating activities	<u>15,477</u>	<u>20,755</u>	<u>28,201</u>	<u>33,804</u>

Non-cash transactions:

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

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Mar 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Mar 31,</u> <u>2011</u> <u>R\$</u>
<u>Additions to fixed assets</u>				
Equipment acquisition through finance leases	-	1,374	-	2,238
Fixed assets suppliers	2,432	2,861	4,430	4,659
Capitalized interest	3,121	239	5,685	389
<u>Taxes Settlement</u>				
Income tax compensation	577	273	1,051	444
<u>Receivables</u>				
Receivables from Intermarítima transaction	-	6,405		10,431

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:

	<u>Mar 31,</u> <u>2012</u> <u>US\$</u>	<u>Mar 31,</u> <u>2011</u> <u>US\$</u>	<u>Mar 31,</u> <u>2012</u> <u>R\$</u>	<u>Mar 31,</u> <u>2011</u> <u>R\$</u>
Short-term employee benefits	1,492	1,537	2,718	2,504
Post-employment benefits and payroll taxes	554	562	1,010	916
Accrued share-based provision	<u>5,222</u>	<u>(5,838)</u>	<u>9,516</u>	<u>(9,508)</u>
Total	<u>7,268</u>	<u>(3,739)</u>	<u>13,244</u>	<u>(6,088)</u>

29. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors and authorized for issue on May 14, 2012.

Directors Declaration

In compliance with article 25, section V of CVM Instruction 480 of December 7, 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.