DEMONSTRAÇÕES FINANCEIRAS
FINANCIAL STATEMENTS

MANAGEMENT REPORT

Dear shareholders,

We submit to your examination the Management report and the financial statements of Santos Brasil Participações S.A. for the year ended December 31, 2011. They are available in the Company's website, www.santosbrasil.com.br.

Corporate Profile

Reference in container and logistics operations, Santos Brasil is a genuinely Brazilian company that actively contributes to the country's development, with constant investments in the modernization of port infrastructure.

Present in three Brazilian ports and able to comply with all stages of the logistics chain, the Company maintained, in Brazil and South America in 2011, its market share lead in containers movement, according to survey conducted by the British advisory company Drewry Independent Maritime, which works with the port industry since 1970.

The Company, whose administrative head office is located in São Paulo, has infrastructure formed by three container terminals (Tecon Santos, São Paulo State, the biggest terminal of South America, Tecon Imbituba, Santa Catarina State and Tecon Vila do Conde, Pará State); a vehicle export and import terminal (TEV), located in Santos Port; and integrated port logistics units in Santos (São Paulo State), Guarujá (São Paulo State), São Bernardo do Campo (São Paulo State), Jaguaré (São Paulo State) and Imbituba (Santa Catarina State).

Listed since 2006 in Level 2 of BM&FBOVESPA Corporate Governance, Santos Brasil adopts a continuous and sustainable growth model that unites high financial and operating performance with environmental conservation and social responsibility.

In addition to investing in the sustainable development of its business, Santos Brasil also seeks to generate value to its shareholders and the society with the adoption of an ethic and transparent attitude and by supporting the development of good practices for environment conservation and professional education of youngsters in the communities where it operates.

Operating Performance

Operating Indicators

(units)	2011	2010	Var.(%)
PORT TERMINALS			
Quay operations	**1,001,875**	**938,924**	**6.7%**
Full containers	781,523	742,681	5.2%
Empty containers	220,352	196,243	12.3%
Storage operations	**179,202**	**182,900**	**-2.0%**
LOGISTICS			
Storage operations	74,632	67,848	10.0%
VEHICLES TERMINAL			
Moved vehicles	205,603	154,211	33.3%

Expansion of emerging countries in 2011 gave a boost to load flow in the largest Brazilian port, making volume operated by port terminal of Santos Brasil exceed the historic figure of 1,000,000 containers handled in one year.

The growth of **6.7%** obtained in **2011** represents approximately twice the Brazilian GDP growth. This growth is possible due to the significant advance in operating efficiency of the Company's main terminal – Tecon Santos. Productivity broke historic records, and ended 2011 with a **monthly average of 78 movements per hour – MPH**.

Thus, Tecon Santos consolidates itself as the container terminal with highest productivity in Brazil, at a level that is similar to those of the best container terminal of the world. In the year, average exceeded expectations of reaching 70 MPH.

Annual performance would be even better had the second semester of 2011 not been affected by the reduction in sugar shipments, the main export load of terminals, which concentrates in the second semester of the year. Foreign exchange volatility also brought uncertainties that subtly reduced imports in the second semester of the year.

Full-empty mix of containers was **78% of full containers** during the year. Full containers flow had good performance and increased 3.4% in 2011.

Stored containers volume in port terminals presented a reduction of 2.0% in 2011 in comparison to 2010, due to the smaller time of storage of import containers unloaded in Tecon Santos that went from 52% in 2010 to 47% in 2011.

In customs storing operations, **Santos Brasil Logística** recorded a growth of **10.0%** in relation tho 2010 as market-share of Santos Port increased. In 2011, there was a strong growth of integrated logistics services through Distribution Centers of São Bernardo do Campo and Jaguaré. Services that are offered include from the receipt of load through port terminals, CLIAs (customs logistics and industrial centers), Distribution Centers to road transportation of containers and fractioned load distribution.

Finally, **vehicles movement** recorded in the Vehicle Terminal in **2011** was **33.3%** higher than in 2010. Performance of this industry was influenced both by exports and imports, which grew 38% and 26% respectively.

Economic-Financial Results

Amounts included in this discussion on results are presented in R$ million and, therefore, subject to rounding. As a result, total amounts presented in tables may differ from the direct numeric aggregation of preceding amounts.

Gross revenue from services

(R$ million)	2011	2010	Var.(%)
PORT TERMINALS	**997,5**	**787,2**	**26.7%**
Quay operations	581,2	515,2	12.8%
Storage operations	416,3	272,0	53.1%
LOGISTICS	**216,1**	**165,5**	**30.6%**
VEHICLES TERMINAL	**65,1**	**30,6**	**112.7%**
Consolidated	**1,278,7**	**982,7**	**30.1%**

In **Port Terminal** segment, gross revenue from quay operation services grew 12.8% in 2011. This growth, higher than operating volume evolution is mainly due to adjustments in contracts with ship companies.

Revenue from storing operations grew expressive **53.1%** in the period, higher than stored containers volume variation. This difference is due mainly to price adjustment of storage services in Tecon Santos, and higher dwell time of stored containers, positively affecting the result – recording an increase of 15.4 days in 2010 to 16.4 days in 2011.

In the Logistics segment, gross revenue presented growth of **30.6%** in comparison with prior year, as follows: (i) the growth in load volumes stored in CLIAs (Logistics and Customs Industrial Center) of the Santos Port; (ii) the commercial effort of the Company to increment integrated logistic service for the purpose of serving the port's customers; (iii) Expansion of service with the Distribution Center and road transportation; and (iv) service price adjustments.

Revenue from Vehicles **Terminal – TEV** in the Santos Port recorded an increase of **112.7%** in **2011**. Substantial movement growth, greater storage time and annual price adjustment permitted the Vehicles Terminal to record the highest growth of business segments, becoming the **main highlight of the year**.

Net Revenue from Services

In 2011, consolidated net revenue amounted to **R$1,124.7** million as opposed to R$865.5 million in 2010, a significant increase of **29.9%**, in line with the growth of gross revenue.

Cost of Services Rendered

(R$ million)	2011	2010	Var.(%)
PORT TERMINALS			
Handling costs	130.2	123.0	5.9%
Personnel costs	136.2	108.5	25.5%
Lease and infrastructure	56.1	45.8	22.5%
Depreciation and amortization	78.4	69.0	13.6%
Other costs	73.0	45.0	62.2%
Total	**473.9**	**391.3**	**21.1%**
LOGISTICS			
Fuels and freight	40.2	31.9	26.0%
Personnel costs	44.5	32.2	38.2%
Depreciation and amortization	5.6	4.1	36.6%
Other costs	33.3	36.9	-9.0%
Total	**123.6**	**105.1**	**17.6%**
VEHICLES TERMINAL			
Handling costs	13.0	8.5	52.9%
Lease and infrastructure	3.5	3.0	16.7%
Depreciation and amortization	9.1	9.1	0.0%
Other costs	3.4	1.4	142.9%
Total	**29.0**	**22.0**	**31.8%**
Consolidated	**626.5**	**517.8**	**21.0%**

PORT TERMINALS

Handling Costs (Casual labor, channel fees-TUP, ad other variable costs): 5.9% growth in relation to 2010 is the result of container movement evolution in quay operations.

Personnel costs: presented growth of 25.5% due to: (i) staff increase due to the higher forecasted demand, aiming at increasing productivity and capacity; and (ii) salary adjustment granted to employees to comply with union agreement.

Lease and infrastructure: increase of R$10.4 million in 2011 was essentially due to contract adjustments provided in concession contracts and to the change in minimum movement quantity in Tecon Imbituba. As disclosed by the Company, Tecon Imbituba concession contract provides for the commitment of a minimum movement through terminal of 65,000 containers in the 1st year of activity, 150,000 in the 2nd year, 280,000 in the 3rd year and 360,000 from the 4th year onwards, and contract started in April 2008.

Depreciation and amortization: recorded increase of 13.6% as a result of the start of operations of Tecon Imbituba new quay, as well as the start of operations with new equipment.

Other costs: other costs recorded increase of 62.2% in 2011 due mainly to maintenance expenses that were R$15.7 million higher than prior year, aiming at productivity increase.

LOGISTICS

Fuels and freight: rose 26.0% in 2011 in relation to 2010, due mainly to: (i) increase in load storage operations and provision of transportation and distribution services; (ii) adjustment of prices charged from third parties due to the provision of road transportation services.

Personnel costs: recorded growth of 38.2% in annual comparison, resulting from the adjustment of salaries according to union agreement and mainly from staff increase in 2011 to serve new clients of the Distribution Center Jaguaré (SP).

Depreciation and amortization: recorded increase of 36.6% due to investments in new equipment acquired to meet demand growth.

Other costs: recorded reduction due to non-recurring expenses incurred in 2010 and that were not incurred in 2011, including expenses with the repair of CLIA Alemoa load warehouse due to the fire occurred in October 2010.

Operating Income or Loss

(R$ million)	2011	2010	Var. (%)
PORT TERMINALS			
Sales	17.0	13.2	28.8%
General and administrative	43.6	40.3	8.2%
Total	**60.6**	**53.5**	**13.5%**
LOGISTICS			
Sales	14.1	10.0	41.0%
General and administrative	13.2	10.7	23.4%
Total	**27.3**	**20.7**	**31.9%**
VEHICLES TERMINAL			
Sales	-	-	
General and administrative	0.3	0.1	200.0%
Total	**0.3**	**0.1**	**200.0%**
CORPORATE			
General and administrative	47.8	47.3	1.1%
Depreciation and amortization	15.6	16.5	-5.5%
Total	**63.4**	**63.8**	**-0.6%**
Consolidated	**151.7**	**138.1**	**9.8%**

Consolidated operating expenses grew **9.8%** in 2011, totaling **R$151.7 million**.

In the **Port Terminal** segment, storage revenue growth increased expenses with load agency commissions (calculated on storage billing). In case of general expenses, salary adjustments pushed personnel expenses, and contracts for the rendering of services were adjusted according to contract provisions.

In **Logistics**, expenditures were equally pushed by the increase in agency commission expenses as a result of increased operations and billing and of salary adjustments granted in accordance with collective agreement.

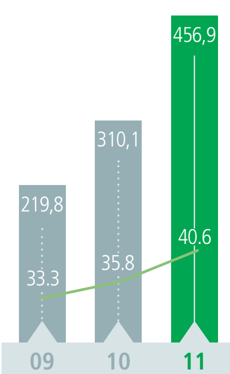
Vehicles Terminal had an increase of **200%** in expenses due to the great demand for services in 2011, which led to a great growth in operated volume.

Increase in **corporate expenses** was due mainly to the write-off of intangible assets in the amount of R$3.5 million, which corresponds to projects for the use of Prainha area and Imbituba Road System. Projects are subject to analysis and approval of public authorities and, in case they are used, the Company will be entitled to the reimbursement of expenses incurred.

EBITDA and EBITDA Margin

(R$ million)	2011	Margin (%)	2010	Margin (%)	Var. (%)	Var. % Margin
Port terminals	430.1	48.6%	324.1	46.4%	32.7%	2.2 p.p.
Logistics	40.0	21.6%	20.3	14.4%	97.0%	7.2 p.p.
Vehicles Terminal	34.6	63.1%	13.0	49.9%	166.2%	13.2 p.p.
Corporate	(47.8)	-	(47.3)	-	-	-
Consolidated	**456.9**	**40.6%**	**310.1**	**35.8%**	**47.3%**	**4.8 p.p.**

EBITDA (R$ million)
and EBITDA Margin (%)



Consolidated **EBITDA** recorded a significant growth of 47.3%, totaling **R$456.9 million**, with **margin of 40.6%**, 4.8 percentage points higher than prior year margin.

Port Terminal segment presented growth of 32.7% and margin increase of 2.2 percentage points due to (i) the increase in volume moved in port operations; (ii) scale savings in Tecon Santos; and (iii) adjustment of storage services and quay operations.

In Tecon Santos, **EBITDA** totaled **R$456.3 million** with **54% margin** in the year. Tecon Imbituba, still in the maturing stage, ended 2011 with negative **EBITDA** of **R$25.4 million**. While Tecon Vila do Conde ended the year with negative **EBITDA** of **R$759 thousand**.

EBITDA of **Santos Brasil Logística** presented an expressive increase of 97% this year, with evolution of **7,2 percentage points of EBITDA margin**, mainly due to: (i) volumes stored in CLIAs of Santos Port; (ii) the commercial effort of the Company to increment integrated logistic service for the purpose of serving the port's customers; (iii) expansion of services through a new Distribution Center in the city of São Paulo; and (iv) service price adjustments.

EBITDA of the **Vehicles Terminal** amounted to **R$34.6 million**, an expressive amount with growth of 166.2% and increase of 13.2 percentage points in margin. This is the result of the great volume of vehicles moved, service price adjustments and strong productivity of this terminal.

Net Income/Loss

(R$ million)	2011	2010	Var. (%)
EBITDA	**456.9**	**310.1**	**47.3%**
Depreciation and amortization	(110.4)	(100.5)	9.9%
EBIT	**346.5**	**209.6**	**65.3%**
Financial income (loss)	(47.0)	(3.2)	-
Income and social contribution taxes	**(53.2)**	**(95.2)**	**-44.1%**
Minority interests	0.2	0.8	-
Net income	**246.5**	**112.0**	**120.2%**

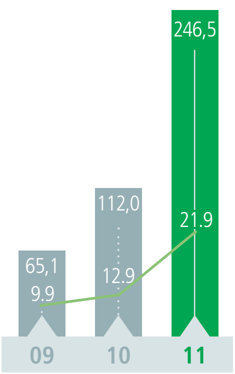
In 2011, net Income grew **120.2%**, positively influenced by the solid growth in the Company's operating result and also due to the merger of Tecon Santos into Santos Brasil Participações S.A.

Better operating income was mainly a result of the increase in net revenue from container terminal and vehicles segments, which, on its turn, derives from market-share gains in resulting from the excellent operating productivity of the Company. Accordingly, net income was positively affected by net margin and reached **21.9%** in **2011**, **9.0 percentage points** higher than prior year.

DEBT AND CASH AND CASH EQUIVALENTS

(R$ million)	Currency	31/12/2011	31/12/2010	Var. (%)
Short term	National	295.1	60.5	387.8%
	Foreign	51.3	101.7	-49.6%
Long term	National	264.9	78.4	237.9%
	Foreign	93.8	225.7	-58.4%
Total indebtedness		**705.1**	**466.3**	**51.2%**
Cash and cash equivalents		**294.9**	**107.5**	**174.3%**
Net Debt		**410.2**	**358.8**	**14.3%**

Net Income (R$ million) and Net Margin (%)



Consolidated **Total Indebtedness** reached the amount of **R$705.1** million as of **December 31, 2011**. In December 2011, **R$150 million** were raised through Export Credit Notes, with annual cost of **CDI + 1.6%** and a 3-year term. The purpose of this procedure is to pay loans maturing in the short-term and reduce the Company's debt cost. Accordingly, **cash available** grew **174.3%** in the year and **net debt** was **R$410.2 million** with increase of **14.3%**, which corresponds to 0.9 times accumulated EBITDA in 12 months. In addition, for 2011, the Company announced the distribution of Interest on own Capital and Dividends amounting to **R$187.4 million**.

Due to the excellent operating results obtained along the year and with the perspective of improving the Company's cash generation, both due to increase in operating results and small need for investments in coming years, rating agency Standard & Poor's increased rating attributed to the Company from "brAA-" to "brAA", in the Brasil National Scale.

INVESTMENTS

(R$ million)	2011	2010	Var. (%)
PORT TERMINALS	**175.9**	**163.9**	**7.3%**
Tecon Santos	43.4	32.0	35.6%
Tecon Imbituba	125.3	130.0	-3.6%
Tecon Vila do Conde	7.1	1.9	273.7%
LOGISTICS	**20.3**	**22.6**	**-10.2%**
VEHICLES TERMINAL	**0.2**	**1.0**	**-80.0%**
CORPORATE	**0.4**	**22.4**	**-**
Consolidated	**196.7**	**210.0**	**-6.3%**

Investments amounted to **R$196.7 million** in **2011**. Tecon Imbituba absorbed **58%** of total invested and the other 90% of the investment was directed to the expansion and improvement of the Company's operations. Investments made in Tecon Vila do Conde are mainly to adequate operations yard. Note that R$12.7 million accumulated in 2011 refer to financing effects on capitalization of loan costs for construction in progress, with no impact on cash related to investments.

In 2011, the Company completed Tecon Imbituba expansion work and quay reinforcement, in addition to acquiring 2 cranes ZPMC to support this terminal expected growth. In Tecon Santos, 12 new RTG twin picks (capable of hoisting 2 20-feet containers) were acquired, in addition to 30 new terminal tractors to replace trucks for internal use. These investments strengthen expected operating growth and make terminals able to receive a growing flow of containers with only small investments in coming years.

Corporate Governance

The Company is subject to the requirements of the Distinct Corporate Governance Level 2 Practices of the São Paulo Stock Exchange (Bovespa), since October 13, 2006, date of Santos-Brasil S.A. IPO.

Extraordinary Shareholders' Meeting held on October 24, 2007 approved the merger, by Santos Brasil Participações S.A., of all shares issued by Santos-Brasil S.A., with the latter becoming a fully-owned subsidiary of Santos Brasil Participações S.A. Accordingly, on December 5, 2007, Santos Brasil Participações S.A. signed the Agreement for Adoption of Differentiated Corporate Governance Practices, Level 2, and shares issued by Santos-Brasil S.A. were traded only up to December 4, 2007, and after December 5, 2007 only shares and units issued by Santos Brasil Participações S.A. have been traded in the São Paulo Stock Exchange (BOVESPA) Level 2 Special Segment.

At the Extraordinary General Meeting held on September 15, 2011, approval was granted to the merger of the spun-off portion of Santos-Brasil S.A. and the merger of Nara Valley Participações S.A. into the Company, in the conditions established in the Protocol and Justification of partial spin-off of SBSA and in the Merger Agreement and Plan of NV. Also approved was the amendment of the by-laws to reflect the changes arising from the merger of the spun-off portion of Santos-Brasil S.A.

On December 19, 2011, the Extraordinary General Meeting of Santos-Brasil S.A., which has Santos Brasil Participações as a single shareholder, decided to change the name of Santos-Brasil S.A., which was given the name of Numeral 80 Participações S.A.

The Company is committed to continuously seek to improve its corporate governance practices and its relationships with shareholders, customers, suppliers, public bodies and employees among other entities involved with its businesses.

The Company's corporate governance structure includes: (i) the Board of Directors; (ii) the Statutory Board; and (iii) the Fiscal Council.

The Board of Directors, the top body in Santos Brasil's corporate governance model, comprises nine full members, including three independent councilors, plus six alternate members. Its members, who are elected in annual shareholders' meetings, have a two-year tenure with a possibility of re-election.

Statutory Executive Board performs business management according to strategies and guidelines defined by the Board of Directors and is formed by the CEO and Officers: (i) of Operations; (ii) Economic-Financial and Investor Relations; and (iii) Commercial, all elected by the Board of Directors for two-year terms with a possibility of re-election.

The Fiscal Council is in charge of inspecting all management acts and the fulfillment of all legal and statutory duties. It is composed by four members (one president and three councilors, one of whom is elected by minority shareholders), plus four alternate members, one of whom elected by holders of preferred shares. The Fiscal Council has a permanent nature and acts independently from the management and external auditors.

The Company informs that it guarantees 100% tag-along rights for non-controlling shareholders in the event of a sale and/or control change, for holders of common shares as well as holders of preferred shares.

Human Capital

In accordance with established strategic objectives, the Company promotes the professional development and improvement of employees' quality of life through actions and benefit granting, with a clear and transparent relationship and involvement of employees, so that they understand their role in complying with established goals and their responsibility in improving operations creating value for the Company.

Positive results achieved in the year were a result of correct decisions on conditions that are necessary to make the Company achieve its purposes, according to the plan. Promotion, development and valuation processes are intended to recognize the employee's professional efforts and to obtain better Company performance in the long term.

Human capital is considered a valuable tool for the success of the Company's businesses, and in 2011 Santos Brasil closed the year with 3,534 employees.

Sustainability

Caring for the environment and the community is present in the daily affairs of Santos Brasil, which has initiatives to ensure environmental preservation in conducting its activities and close social relationships with the surrounding neighborhoods.

In 2011, Santos Brasil reaffirmed its commitment with society and expanded the scope of its sustainable development actions.

In order to develop a clear and accurate system for monitoring greenhouse gas emissions (GEE), Santos Brasil proceeded with the Carbon Project and, since 2008, it conducts an inventory of GEE emissions by Tecon Santos and Santos Brasil Logística.

One of the actions implemented for reducing emissions was replacing gasoline with ethanol, which has virtually no CO^2 emissions, in Tecon Santos' light-vehicle fleet and in the units of Santos Brasil Logística. The action benefited all the 58 vehicles used by the teams and inspectors, or used for material handling and other internal work at Tecon Santos and Santos Brasil Logística.

The Company also develops and supports social inclusion projects focusing on education and fostering of citizenship. Through the program called *Escola Santos Brasil Formare*, an initiative started in 2009 together with the Iochpe Foundation, Santos Brasil provides vocational training courses for public school students in the last year of high school to support the full development of their potential and help them get their first job.

Having adopted that positioning, the Company also fosters and stimulates awareness programs for employees concerning child exploitation, reading programs for youngsters, and has a partnership with the Church Program for Children focusing on full development of underprivileged children.

Independent Audit
The financial statements of the Company and its subsidiaries are audited by KPMG Auditores Independentes.

The Company's policy for contracting services other than external audit intends to evaluate the existence of conflict of interest; thus, the following aspects are analyzed: the auditor should not: (i) audit his/her own work; (ii) perform managerial jobs in the client; and (iii) promote his/her client's interest.

Accordingly, in the fiscal year ended December 31, 2011 the following services were contracted: (i) Survey and evaluation of risks in the general Information Technology environment and (ii) review of the Company's tax information. Those services amount to R$179 thousand, which represent about 22% of the external audit services contracted for the year.

Arbitration Commitment Clause
The Company, its shareholders, managers and members of the Fiscal Council undertake the commitment to resolve, by means of arbitration, any and all dispute or controversy which may arise among them, specially related or arising from the application, validity, effectiveness, interpretation, violation and their effects, of the provisions included in Law no. 6404/76, in the Company's Bylaws, in the rules published by the National Monetary Council, the Brazilian Central Bank and the Brazilian Securities Commission, as well as in the other rules applicable to the operation of the capital market in general, besides the ones present in the Level 2 Corporate Governance Regulation, in the Agreement for the Adoption of Level 2 Corporate Governance Differential Practices, and in the Arbitration Regulation of the Arbitration Chamber of the Market.

Final Message
Always striving to stay ahead of the growth of international trade, Santos Brasil significantly helps increase the logistic capacity of Brazil's ports, by making continued investments in infrastructure, acquisitions, expansion, technological modernization, personnel training and management.

Since it was established, the Company has made investments in excess of R$3 billion, and, in 2011, it invested R$196.7 million, especially for expansion and modernization of the Imbituba container terminal as a major logistical alternative for the South of Brazil.

The operating improvements are also reflected in the productivity indicators. During the year, the total volume operated in the three terminals of the Company grew 6.7% in relation to 2010, and, in 2011, the Santos container terminal achieved the highest productivity in its history, by exceeding the monthly average of 80 movements per hour and the annual average of 70 MPH, an index that puts Santos Brasil in the same efficiency level as the main worldwide operators.

To ensure operating synergy and logistic management efficiency, the Company offers all transportation, distribution and storage services integrated to port terminals and develops full logistic solutions for customers in a wide range of segments: autoparts, electrical and electronic goods, consumer goods, and in the food, pharmaceutical and chemical industries.

The Company seeks to adjust its processes and resources in accordance with required service levels. This year, the efforts were concentrated on expanding the capacity and keeping costs at adequate levels and maximizing the economic and financial result through revenue growth. In 2011 the Company was able to maintain the revenue expansion and operating margins and therefore increase its profitability.

Thus, Management understands that the Company has full capacity to maintain the international quality level already associated to the services it provides and is committed to improving productivity and profitability and increasing the creation of value for shareholders and society in general.

São Paulo, January 31, 2012

The Management

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Board Members and Shareholders of
Santos Brasil Participações S.A.
São Paulo – SP

We have examined the individual and consolidated financial statements of Santos Brasil Participações S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2011 and the related statements of income, changes in shareholders' equity and cash flows, for the year then ended, as well as the summary of the significant accounting practices and other explanatory notes.

Responsibility of Management for the Financial Statements

The Company's management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB, and in accordance with the accounting practices adopted in Brazil as well as for the internal controls that it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

Responsibility of the Independent Auditors

Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian auditing and international accounting standards. These standards require the fulfillment of ethical requirements by the auditors and that the audit be planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free of significant distortions.

An audit involves the carrying out of procedures selected to obtain evidence related to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of significant distortion in the financial statements, regardless of whether the latter are caused by fraud or error. In this risk evaluation, according to auditing standards, the auditor considers relevant internal controls for the preparation and adequate presentation of the financial statements of the Company, to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the efficacy of these internal controls of the Company. An audit also includes the evaluation of the adequacy of adopted accounting practices and reasonability of accounting estimates made by Management, as well as an assessment of the presentation of financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Opinion on the Individual Financial Statements

In our opinion, the individual aforementioned financial statements present fairly, in all material respects, the financial position of Santos Brasil Participações S.A. as of December 31, 2011, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the Consolidated Financial Statements

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Santos Brasil Participações S.A. as of December 31, 2011, the consolidated performance of its operations and its cash flows, consolidated for the year then ended, in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in accordance with the accounting practices adopted in Brazil.

Emphasis

As described in the note 2, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Santos Brasil Participações S.A., these practices differ from IFRS, as far as the individual financial statements are concerned, only as regards the valuation of investments in subsidiaries under the equity method, as, for IFRS purposes, they would be valued at cost or fair value. Our opinion is not qualified in this respect.

Other Issues

Statements of Added Value

We have also examined the individual and consolidated statements of value added (DVA) for the year ended December 31, 2011, prepared under responsibility of Company's management, whose presentation is required by Brazilian Corporate Law for publicly-held companies and as supplementary information under IFRS that do not require the presentation of a statement of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, January 31, 2012

KPMG Auditores Independentes
CRC 2SP014428/O-6

Wagner Petelin
Accountant CRC 1SP142133/O-7

BALANCE SHEETS

YEARS ENDED DECEMBER 31, 2011 AND 2010

(IN THOUSANDS OF REAIS)

		Parent company		Consolidated	
			Reclassified		Reclassified
Assets	**Note**	**12.31.2011**	**12.31.2010**	**12.31.2011**	**12.31.2010**
Current assets					
Cash and cash equivalents	8	222,557	11,522	266,831	82,566
Interest earnings bank deposits	8	28,023	-	28,023	24,947
Accounts receivable	9	88,036	3,700	114,586	68,484
Court-ordered dept payments receivable	10	-	-	-	3,413
Inventories		10,833	-	11,918	7,724
Current tax assets	11	6,638	10,277	9,247	16,299
Dividends receivable		9,263	738	-	-
Prepaid expenses		622	46	1,029	327
Swap transactions	27b1	4,822	2,320	4,959	2,320
Loan receivable	7a	4,364	-	-	-
Other assets		1,652	452	3,625	3,279
Total current assets		376,810	29,055	440,218	209,359
Non-current assets					
Judicial deposits	18	122,241	6	133,864	111,284
Deferred tax assets	25b	94,009	-	96,322	43,064
Court-ordered dept payments receivable	10	-	-	3,623	-
Loan receivable	7a	-	24,445	-	-
Swap transactions	27b1	4,272	9,280	4,272	9,280
Other assets		9,573	5,793	10,035	10,367
Investments	12	387,999	1,177,781	-	-
Property, plant and equipment	13	996,131	284,619	1,133,557	1,017,078
Intangible assets	14	338,148	132,900	586,530	622,345
Total non-current assets		1,952,373	1,634,824	1,968,203	1,813,418
Total assets		2,329,183	1,663,879	2,408,421	2,022,777

See the accompanying notes to the financial statements.

		Parent company		Consolidated	
			Reclassified		Reclassified
Liabilities	**Note**	**12.31.2011**	**12.31.2010**	**12.31.2011**	**12.31.2010**
Current liabilities					
Loans and financing and promissory notes	15	305,830	64,557	312,073	127,153
Debentures	16	34,344	34,953	34,344	34,953
Suppliers		40,491	12,242	55,459	53,301
Payroll and social charges		34,988	484	46,722	37,820
Taxes, duties and contributions		18,626	1,000	25,969	16,672
Taxes in installments	17	-	-	4,836	4,948
Dividends and interest on own capital payable		63,620	40,956	63,620	40,957
Loan payable	7a	-	40,933	-	-
Swap transactions	27b1	52	6,191	53	9,671
Other accounts payable		356	121	1,305	5,686
Total current liabilities		498,307	201,437	544,381	331,161
Non-current liabilities					
Loans and financing	15	310,821	167,739	325,463	238,094
Debentures	16	33,182	66,064	33,182	66,064
Deferred taxes on court-ordered dept payments		-	-	1,232	1,160
Provision to tax, labor, civil risks	18	108,698	-	111,532	87,370
Deferred tax liabilities	25b	92,523	14,178	104,796	85,219
Others		-	-	2,183	-
Total non-current liabilities		545,224	247,981	578,388	477,907
Shareholders' equity					
Paid-up capital	20a	1,053,893	1,042,070	1,053,893	1,042,070
Capital reserves	20b	47,783	49,247	47,783	49,247
Profit reserves	20c	159,457	100,282	159,457	100,282
Additional dividend proposed	20d	24,519	22,862	24,519	22,862
Shareholders' equity attributable to controlling shareholders		1,285,652	1,214,461	1,285,652	1,214,461
Non-controlling interest		-	-	-	(752)
Total shareholders' equity		1,285,652	1,214,461	1,285,652	1,213,709
Total liabilities and shareholders' equity		2,329,183	1,663,879	2,408,421	2,022,777

See the accompanying notes to the financial statements.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

(IN THOUSANDS OF REAIS, EXCEPT EARNINGS PER SHARE)

		Parent company		Consolidated	
	Note	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Net income	21	279,488	3,784	1,124,670	865,533
Cost of services rendered		(171,490)	(13,965)	(626,496)	(517,782)
Gross income		107,998	(10,181)	498,174	347,751
Operating income (expenses)					
Sales		(4,940)	(97)	(31,502)	(23,283)
Administrative		(49,800)	(12,310)	(102,679)	(85,253)
Amortization of goodwill		(5,141)	-	(15,616)	(16,126)
Other operating income	22	659	326	3,831	2,321
Other operating expenses	22	(4,382)	-	(5,708)	(15,779)
Income (loss) before financial income (loss), equity in income of subsidiaries and taxes		44,394	(22,262)	346,500	209,631
Financial income	23	81,399	87,208	100,188	123,803
Financial expenses	23	(131,257)	(92,663)	(147,155)	(126,960)
Financial income (loss)		(49,858)	(5,455)	(46,967)	(3,157)
Equity income (loss)	12	197,441	149,304	-	-
Income (loss) before taxes		191,977	121,587	299,533	206,474
Current income tax and social contribution		-	-	(86,808)	(62,668)
Deferred income and social contribution taxes		54,585	(9,551)	33,611	(32,577)
	25	54,585	(9,551)	(53,197)	(95,245)
Income (loss) for the year		246,562	112,036	246,336	111,229
Income attributable to:					
Controlling shareholders		246,562	112,036	246,562	112,036
Non-controlling shareholders		-	-	(226)	(807)
Income (loss) for the year		246,562	112,036	246,336	111,229
Basic earnings per share (Common shares) – R$	26a	0.37399	0.17084	0.37399	0.17084
Basic earnings per share (Preferred shares) – R$	26a	0.37399	0.17084	0.37399	0.17084
Diluted earning per share (Common shares) – R$	26b	0.37244	0.16961	0.37244	0.16961
Diluted earning per share (Preferred shares) – R$	26b	0.37244	0.16961	0.37244	0.16961

See the accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2011 AND 2010

(IN THOUSANDS OF REAIS)

		Parent company								Consolidated	
			Capital reserves		Profit reserves						
	Note	Paid-up capital	Stock option plan	Outras	Legal	Investment	Additional dividend proposed	Retained earnings	Total shareholders' equity attributable to controlling shareholders	Minority interest	Shareholders' equity
Balances at January 1, 2010		1,042,070	20,603	28,923	5,674	67,720	-	-	1,164,990	(4,715)	1,160,275
Income (loss) for the year		-	-	-	-	-	-	112,036	112,036	(807)	111,229
Share purchase option plan	24	-	4,269	-	-	-	-	-	4,269	-	4,269
Distribution of profit:											
Legal reserve	20c	-	-	-	5,602	-	-	(5,602)	-	-	-
Intermediary dividends credited	20d	-	-	-	-	-	-	(49,829)	(49,829)	-	(49,829)
Interest on own capital credited	20d	-	-	-	-	-	-	(12,457)	(12,457)	-	(12,457)
Reserve for investment and expansion	20c	-	-	-	-	21,286	-	(21,286)	-	-	-
Additional dividend proposed	20d	-	-	-	-	-	22,862	(22,862)	-	-	-
Variation of interest in subsidiaries		-	-	(4,548)	-	-	-	-	(4,548)	4,770	222
Balances at December 31, 2010		1,042,070	24,872	24,375	11,276	89,006	22,862	-	1,214,461	(752)	1,213,709
Dividends paid		-	-	-	-	-	(22,862)	-	(22,862)	-	(22,862)
Income (loss) for the year		-	-	-	-	-	-	246,562	246,562	(226)	246,336
Share purchase option plan	24	-	4,014	-	-	-	-	-	4,014	-	4,014
Exercised option	24	11,823	-	-	-	-	-	-	11,823	-	11,823
Distribution of profit:											
Legal reserve	20c	-	-	-	12,328	-	-	(12,328)	-	-	-
Intermediary dividends credited	20d	-	-	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Interest on own capital credited	20d	-	-	-	-	-	-	(72,868)	(72,868)	-	(72,868)
Reserve for investment and expansion	20c	-	-	-	-	46,847	-	(46,847)	-	-	-
Additional dividend proposed	20d	-	-	-	-	-	24,519	(24,519)	-	-	-
Variation of interest in subsidiaries		-	-	(5,478)	-	-	-	-	(5,478)	978	(4,500)
Balances at December 31, 2011		1,053,893	28,886	18,897	23,604	135,853	24,519	-	1,285,652	-	1,285,652

See the accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS – INDIRECT METHOD

YEARS ENDED DECEMBER 31, 2011 AND 2010

(IN THOUSANDS OF REAIS)

	Parent company		Consolidated	
				Reclassified
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Cash flows from operating activities				
Income before taxation	191,977	121,587	299,533	206,474
Adjustments to reconcile income to net cash generated by operational activities:				
Monetary and exchange variations	11,299	(23,129)	16,961	(24,122)
Depreciation and amortization	38,003	2,916	110,434	100,461
Provision for and write-off of investment projects that are not viable	3,887	-	4,352	12,730
Formation (reversal) of provision for contingencies	8,537	-	24,162	19,044
Equity in net income	(197,441)	(149,304)	-	-
Share purchase option plan	3,857	4,269	4,014	4,269
Write-offs and income in the sale of permanent assets	(11)	-	(156)	2,687
Interest on debentures	10,542	7,378	10,542	7,378
Recognized Interest on Loans	34,736	26,188	38,495	32,740
Interest on capitalized loans	12,294	14,521	12,748	14,542
Gain /(Loss) on swap transactions	(1,737)	8,768	(6,782)	6,339
Dividends and interest on own capital received	96,262	204,643	-	-
Minority interest	-	-	-	222
Reversal of IRPJ and CSLL on court-ordered dept payments	-	-	-	1,106
	212,205	217,837	514,303	383,870
Changes in assets and liabilities				
(Increase) decrease in assets:				
Accounts receivable	(22,589)	(808)	(46,102)	(16,605)
Inventories	20	-	(4,194)	(2,217)
Current tax assets	3,719	(3,380)	7,052	(7,315)
Prepaid expenses	364	55	(702)	(51)
Judicial deposits	(6,966)	-	(22,580)	(18,633)
Loans receivable	20,081	9,357	-	-
Other assets	2,777	(103)	(224)	6,173
Increase/(Decrease) in liabilities:				
Suppliers	9,150	5,526	2,158	(62,891)
Payroll and social charges	8,961	57	8,902	11,001
Taxes, duties and contributions	(508)	(854)	11,723	412
Accounts payable	-	-	42	(2,291)
Loans payable	28,234	40,933	-	-
Other liabilities	(921)	84	(2,243)	3,065
Income and social contribution taxes paid	-	-	(89,346)	(60,097)
Interest paid on debentures/loans	(41,270)	(62,755)	(46,165)	(70,024)
Net cash from operating activities	213,257	205,949	332,624	164,397

	Parent company		Consolidated	
				Reclassified
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Cash flows from investment activities				
Acquisition of property, plant and equipment	(137,457)	(87,839)	(195,272)	(204,864)
Sale of fixed assets	65	-	1,414	42,456
Increase in investments in subsidiaries	(36,057)	(81,624)	-	-
Acquisition of equity interest in subsidiaries	-	-	(4,500)	-
Increase in intangible assets	(41)	-	(1,436)	(8,131)
Merger Santos-Brasil S.A.	98,776	-	-	-
Merger Nara Valley Part. S.A.	6	-	-	-
Interest earnings bank deposits	(914)	-	(3,076)	(24,947)
Net cash from (used in) investment activities	(75,622)	(169,463)	(202,870)	(195,486)
Cash flows from financing activities				
Receipt of exercized share purchase options	11,823	-	11,823	-
Borrowings	330,226	98,376	366,400	131,108
Payments of loans	(105,584)	(228,734)	(160,647)	(282,805)
Dividends and interest on own capital paid	(163,065)	(52,811)	(163,065)	(52,811)
Net cash generated (used) in financing activities	73,400	(183,169)	54,511	(204,508)
Net increase (decrease) in cash and cash equivalents	211,035	(146,683)	184,265	(235,597)
Cash and cash equivalents at the beginning of the year	11,522	158,205	82,566	318,163
Cash and cash equivalents at the end of the year	222,557	11,522	266,831	82,566

See the accompanying notes to the financial statements.

STATEMENTS OF ADDED VALUE

YEARS ENDED DECEMBER 31, 2011 AND 2010

(IN THOUSANDS OF REAIS)

	Parent company		Consolidated	
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Revenue	306,437	4,504	1,247,682	955,631
Sale of merchandise, products and services	306,410	4,200	1,246,026	953,712
Other income	598	326	3,587	2,212
Allowance for doubtful accounts – Reversal (formation)	(571)	(22)	(1,931)	(293)
Inputs Acquired from Third Parties	(114,668)	(15,334)	(378,115)	(316,481)
Cost of produts and goods sold and services provided	(64,180)	(8,214)	(210,685)	(182,442)
Materials, energy, outsourced services and other	(46,167)	(7,120)	(161,964)	(118,549)
Others	(4,321)	-	(5,466)	(15,490)
Gross Added Value	191,769	(10,830)	869,567	639,150
Depreciation, Amortization and Depletion	(38,003)	(2,916)	(110,434)	(100,461)
Net Added Value Produced by the Entity	153,766	(13,746)	759,133	538,689
Added Value Received as Transfer	278,840	236,512	100,188	123,803
Equity income (loss)	197,441	149,304	-	-
Financial income	81,399	87,208	100,188	123,803
Total Added Value Payable	432,606	222,766	859,321	662,492
Distribution 0f Added Value	432,606	222,766	859,321	662,492
Personnel	65,287	6,767	215,160	173,281
Direct remuneration	55,689	6,531	171,412	139,271
Benefits	7,362	179	33,912	26,592
F.G.T.S	2,236	57	9,836	7,418
Taxes, duties and contributions	(21,741)	10,212	205,403	211,197
Federal	(31,126)	10,125	163,028	178,884
State	8	-	5,546	4,638
Municipal	9,377	87	36,829	27,675
Third-party capital remuneration	142,498	93,751	192,422	166,785
Interest	131,257	92,663	147,155	126,960
Rents	11,241	1,088	45,267	39,825
Remuneration of own capital	246,562	112,036	246,336	111,229
Interest on own capital	72,868	12,457	72,868	12,457
Dividends	90,000	49,829	90,000	49,829
Additional dividend proposed	24,519	22,862	24,519	22,862
Retained earnings	59,175	26,888	59,175	26,888
Interest of non-controlling shareholders in retained earnings (only for consolidation)	-	-	(226)	(807)

See the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

(IN THOUSANDS OF BRAZILIAN REAIS)

1. Operations

Santos Brasil Participações S.A. (Company), domiciled in Brazil, headquartered in São Paulo, is engaged in holding interest, as partner or shareholder, in the capital of other Brazilian or foreign entities and in consortium, as well as the commercial exploration of integrated port and logistics solutions, with the movement of containers and others.

On October 24, 2007, an Extraordinary General Meeting of Santos-Brasil S.A. (Santos-Brasil), approved the purchase of all shares issued by Alphapart Participações S.A., a publicly-held company since 1998 which had never had any operating activity, for it to operate as a holding company with the new name Santos Brasil Participações S.A. (Company). In a subsequent act, approval was granted to the merger, into the Company, of all shares issued by Santos-Brasil, which became its wholly-owned subsidiary.

The merger of shares was carried out with no dissent among the shareholders, and resulted in the increase of the Company's capital to R$1,042,070, represented by 655,776,449 shares, out of which 452,567,461 were common and 203,208,988 were preferred, and all were book-entry shares without par value, assigned to the shareholders of Santos-Brasil, in replacement of those they held, with a ratio of one share issued by the Company for each Santos-Brasil share.

The units are traded under the ticker STBP11 in the São Paulo Stock Exchange (BOVESPA), by observing the level-2 corporate governance practices.

On July 31, 2010, the Company, as authorized by the Extraordinary General Meeting of March 26, 2010, merged its subsidiary Tecon Imbituba S.A., as detailed in Note 1-b. The net assets arising from the merger are described in Note 12-d.

On July 31, 2010, the Company, as authorized by the Extraordinary General Meeting of March 26, 2010, merged the spun-off portion of Union Armazenagem e Operações Portuárias S.A., as detailed in Note 1-d. The net assets arising from the merger are described in Note 12-d.

On September 15, 2011, the Company's Annual Shareholders' Meeting (Merging Company), the partial spin-off operation of Santos-Brasil S.A. (SBSA), followed by the merger of the spun-off portion. In this same Meeting, the merger of Nara Valley Participações S.A. (Nara Valley) was approved. The net assets arising from those mergers are detailed in Note 12-d.

The spun-off and merged portion of Santos-Brasil comprised all chattels and properties, rights and obligations, and became the operating branch Tecon Santos, with Santos-Brasil retaining only the amount of R$10 (ten thousand Reais) in cash and capital of corresponding amount. Accordingly, Santos-Brasil is still a publicly-held company not jointly-liable with the Merging Company, as it was agreed that the Mergin company will be responsible for all Santos-Brasil liabilities, with Santos-Brasil holding no obligations any longer.

As a result of the merger, Nara Valley was extinct and succeeded by the Merger for all legal purposes.

On December 19, 2011, in accordance with Extraordinary General Meetings, subsidiaries Santos-Brasil S.A. and Mesquita S.A. Transportes e Serviços were renamed as Numeral 80 Participações S.A. (Numeral 80) and Nova Logística S.A. (Nova Logística) respectively.

a. Operating context of operating branch Tecon Santos (Tecon Santos)

Operating branch Tecon Santos is engaged in the commercial exploration of port facilities of Santos Port Containers Terminal – Tecon 1, under lease agreement valid from November 1997 to November 2022, through operations with containers or similar equipment that involve the recovery of existing facilities and its technological and managerial updating, as well as the expansion of said facilities with improvements, following legal and contractual standards of the respective Port and the Union, pursuant to the terms of Bid Notice PND/MT/CODESP No. 01/97.

In January 2010, the operating branch Tecon Santos opened the area called Tecon 4, represented by the expansion of the patio by 112,715 m², making up a total area of 596,715 m², and the construction of one additional berth, arising from the addendum to the Lease Agreement of July 2006.

b. Operating context of the operating branch Tecon Imbituba (Tecon Imbituba)

Operating branch Tecon Imbituba is engaged in the commercial exploration of port facilities of Imbituba Port Containers Terminal, under lease agreement valid from April 2008 to April 2033, through operations with containers or similar equipment that involve the recovery of existing facilities and its technological and managerial updating, as well as the expansion of said facilities with improvements, following legal and contractual standards of the respective Port and the Union, pursuant to the terms of Bid Notice 2 of Public Bidding No. 1/2007 – Port Management.

That branch also includes the operations of the Imbituba Port General Cargo Terminal, under a lease agreement in effect from February 2006 through February 2031, through operation, conservation and improvement and expansion of its bonded patio and warehouse facilities, and with preferential docking at a berth near Tecon Imbituba berths, as detailed in Note 1-d.

c. Operating context of subsidiary Nova Logística S.A. (Nova Logística)

Subsidiary Nova Logística's purpose is the commercial exploitation of the provision of integrated logistics services, development of customized logistic solutions and related services. It operates with inbound and outbound containers and loose cargo, and is authorized to receive cargo in several customs regimes, especially in bonded-warehousing in its two bonded logistic and industrial centers.

d. Operating context of subsidiary Union Armazenagem e Operações Portuárias S.A. (Union)

Subsidiary Union's initial purpose was the commercial exploitation of the Imbituba Port general cargo terminal, through the operation, preservation, improvement and expansion of its bonded patio and warehouse facilities, with preferred docking at a berth near the Imbituba container terminal berths, under a lease agreement entered into on that date.

In January 2010 the subsidiary Union, through its branch in the Guarujá municipality, assumed the operations of the Vehicle Export Terminal under a lease agreement valid through January 2035. The subsidiary's purpose is the management, operation and investment in the port's vehicle handling and storage facilities used for importing, exporting and coastal shipping, under a lease agreement entered into on that date (Note 19-b).

There is a possibility of expanding the vehicle export terminal into nearby areas considering about 27,500 thousand m² by obtaining approval from the port management.

On December 31, 2010 the partial spin-off of subsidiary Union was made, as detailed in Note 1. The portion merged into the controlling company refers to the Imbituba Port general cargo terminal, and the remaining portion refers to the vehicle export terminal.

e. Operating context of the subsidiary Convicon Contêineres de Vila do Conde S.A. (Convicon)

Indirect subsidiary Convicon's purpose is the commercial exploitation of the port facilities of Vila do Conde container terminal, located in the municipality of Barcarena, in the State of Pará, from May 2005 through September 2018. It assumed the terminal lease under Addendum No. 2 of Agreement No. 14/2003. The lease was previously held by Transnav Ltda., since September 2003. The activities are the implementation and exploitation of the container and vehicle storage and handling patio, technological and managerial modernization, facilities expansion and improvement, granting of right of way on the bridge leading to the piers, and use of public berth No. 301, with observation of federal and port regulations and contractual rules.

f. Main commitments arising from the Container Terminal No. 1 Exploitation Agreement entered into with Companhia Docas do Estado de São Paulo (CODESP

The operating branch of Tecon Santos, in addition to the initial disbursement at the time of the auction, assumed a commitment for its bidding of the amount of R$74,312, comprising monthly and quarterly rental installments for exploiting the area over the contractual period (25 years, renewable for an equal period), which are recognized in income under the accrual basis of accounting, since it is an operating lease.

It also makes monthly payments for services provided by CODESP based on specific tables established by port authorities.

There is a contractual commitment for a minimum volume of loading, unloading and ship operations. The contractual minimum volume after November 2003 is 363,000 containers per year, under the original agreement. A failure to abide by the contractual minimum volume conditions or any other contractual clauses is subject to a fine of up to 2% of the total amount of the monthly and quarterly installments of the preceding 12 months.

By virtue of the First Amendment to the original agreement, signed on July 3, 2006, the contractual minimum volume of 363,000 will be in effect up to the 48th month after the obtaining of the CETESB environmental permit for the area added by Tecon 4, which occurred on October 19, 2007. After the 49th month, i.e., after October 19, 2011, the contractual minimum volume was changed to 513,000 per year. This amendment added to the aforementioned contractual minimum volumes a target of 70,000 containers in coastal shipping.

The exploration contract includes the obligation to make additional payments for containers handled in excess of twice the contractual minimum volume. Those amounts vary as follows:

(i) R$13.11 per container handled in excess of twice the contractual minimum volume, when the movement is within two to three times the applicable minimum range, and (ii) R$6.56 per container handled in excess of the contractual minimum volume when the movement exceeds three times the minimum stipulated range.

The facilities being exploited and the goods owned by CODESP currently being used by the branch are required to be kept in perfect conditions of use. All improvements made in those facilities or equipment and software, information system and computers, communication or security systems, and port area control that are required for container operations will be transferred to CODESP after agreement completion or termination.

g. Main commitments arising from the Imbituba Container Terminal Exploitation Agreement with Companhia Docas de Imbituba (CDI)

Tecon Imbituba is committed to a minimum movement of 65,000 containers through the terminal in the first year of activity, 150,000 in the second, 280,000 in the third and 360,000 in the fourth and subsequent years. That commitment is not being met, and has thus generated a fine in the amount of R$19,927 as of December 31, 2011, recorded as cost of services provided.

The commitment for minimum investments considers, in the first step, works for expanding the existing back area, and construction of an administrative area, gates, warehouse, berth reinforcement and containment works and a 120 meter expansion of the berth. Also included is the acquisition of proper equipment for the wharf and back area facilities, i.e., mobile harbor cranes (MHC), reach stackers, tow trucks and lift trucks. In the second step, a new additional back area must be paved. New equipment for wharf and back area must be purchased over the years to replace existing ones and increase the terminal's handling capacity.

As part of the fixed installment of the lease, there is a commitment for a monthly payment for the use of the total leased area, in the amount of R$128, in the first year of activity, and R$179, in the second and subsequent years.

Composing the variable portion of the lease, there is a commitment of a monthly payment for the use of the land infrastructure, in the amount of R$62.51 per handled container.

Minimum operating standards have been established requiring Tecon Imbituba to conduct at least 6 movements per hour per team, when on-board resources are used, and at least 15 movements per hour per team when a mobile harbor crane is used.

h. Main commitments under the General Cargo Terminal Exploitation Agreement with Companhia Docas de Imbituba – (CDI)

Union is committed to minimum investments that include expanding warehouse in 1,500 m², constructing a new warehouse of 3,000 m², repair pavements, streets, fences, gates, implementation of facilities and service networks and increasing the capacity of refrigerated containers. In addition, the contract provides for the implementation of the ISPS Code and PSPP (Public Security Plan of Imbituba Port) as well as the acquisition of equipment suitable for handling general cargo.

As a remuneration agreed with the CDI, the subsidiary is obliged to pay R$1.92 per ton handled on a monthly basis under the leased area and R$4.26 per ton, per vessel, the remuneration for terrestrial infrastructure.

Union is committed to a minimum handling of general cargo of 120,000 tons in the first year of activity, 140,000 tons in the second year of activity, 180,000 tons in the third year of activity and 200,000 tons in the fourth year until the end of the contract.

i. Main commitments arising from the Vehicles Terminal Exploration Contract - TVE, with Companhia Docas do Estado de São Paulo – CODESP

Union is committed to a minimum handling by the terminal of 182,931 vehicles in the 2nd year of operation, 214,147 in the 3rd, 250,691 in the 4th, 293,470 in the 5th, and 300,000 as from the 6th year of operation.

The commitment of investments mainly includes constructions of external access to the terminal and to the public pier, and also construction of a gate and gatehouse for the terminal internal access.

Composing the monthly installment of the Lease, there is a commitment to paying for the use of the total leased area, in the amount of de R$ 254, and R$12.29 per handled vehicle. Regarding the use of infrastructure, there is a commitment to a monthly payment in the amount of R$49.

j. Main commitments arising from Convicon's Exploration Contract with the Companhia Docas do Pará – CDP

Convicon Contêineres de Vila do Conde S.A. is committed to carrying out with the pavement, fence and lighting of at least 20,000 m² of lot A, and acquiring equipment necessary to be able to handle at least 30,000 containers in the 5th year as from the agreement execution.

As part of the compensation guaranteed to the CDP by Convicon's Exploration Contract, the subsidiary is obliged to make payments of amounts per handled container, with R$14.56 per full container handled, R$2.92 per empty container handled, and R$1.46 per unitized cargo container handled.

The operated facilities and assets owned by the CDP, now in use by Convicon should be kept in perfect condition. All improvements made in these facilities, such as equipment and software, IT system and computers, and communication and security systems, and control systems of the port area, necessary for container operations will be transferred to CDP after expiration or termination of the agreement.

Convicon has the contractual obligation to pay remuneration to CDP for the operation of Convicon throughout the contractual period (15 years), in monthly installments, in September each year, for the replacement of inflation through IGP-M.

2. Preparation basis

a. Statement of conformity (regarding the IFRS and Accountant Statements Committee – CPC standards)

These financial statements include:

- The consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil in conformity with the pronouncements issued by the Accounting Pronouncement Committee (CPCs);

- The individual financial statements of the parent company were prepared in accordance with CPCs, these practices differ from the IFRS applicable to separate financial statements in the valuation of investments of subsidiaries under the equity method in CPCs, as, for IFRS purposes, they would be valued at cost or fair value.

However, there is no difference between the shareholders' equity and consolidated result presented and the shareholders' equity and result of the parent company in the individual financial statements. Accordingly, the consolidated financial statements and the parent company's individual financial statements are being presented side by side in a single set of financial statements.

The individual and consolidated statements of comprehensive income are not being submitted, as there are no amounts to be presented on this concept; in other words, net income for the year is equal to the total comprehensive net income.

The issue of individual and consolidated financial statements was authorized by the Board of Directors on January 31, 2012.

b. Measuring basis

The individual and consolidated financial statements were prepared based on the historical cost, except for the following material items recognized in the balance sheets:

- Derivative financial instruments are measured at fair value;
- Financial instruments measured at fair value through profit or loss.

c. Functional currency and presentation currency

These individual and consolidated financial statements are being presented in Brazilian Reais, functional currency of the Company. All financial information presented in Brazilian Reais has been rounded to the nearest value, except otherwise indicated.

d. Use of estimates and judgments

The preparation of individual and consolidated financial statements according to IFRS and CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information regarding critical judgments referring to the accounting policies adopted which impact the amounts recognized in the consolidated financial statements are included in the following note:

- Note 19 – Classification of lease – Consolidated.

Information on uncertainties as to assumptions and estimates that pose a high risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 25 – Income tax (IRPJ) and social contribution (CSLL);
- Note 18 – Provision to tax, labor, and civil risks, judicial deposits and contingencies – Consolidated.

e. Reclassifications

Some amounts previously presented in the balance sheet and statement of cash flows as of December 31, 2010 were reclassified to maintain current year's presentation standard:

- Financial statements backed by liabilities maturing in over 90 days that were previously presented as cash and cash equivalents are stated on an individual basis;
- Accounts receivable from former shareholder that was presented individually in non-current assets was reclassified to other assets;
- Deferred taxes on the payment notices to government that were presented as current liabilities were reclassified to non-current liabilities;
- Payment notices to government and fees payable that were presented individually in current liabilities were reclassified to other accounts payable.

3. Main Accounting Policies

The accounting practices described in detail below have been consistently applied by the Company and its subsidiaries to all the years presented in these individual and consolidated financial statements.

a. Consolidation basis

• Business combinations

There were no acquisitions carried out on January 1st, 2009 or after this date.

• Acquisition of interest of non-controlling shareholders

Is accounted for as a transaction between shareholders in shareholders' equity. Consequently, no goodwill is recognized as a result of such transactions.

Adjustments to minority interest of transactions involving loss of controlling interest are recorded based on the percentage of participation in the net assets of the subsidiary.

• Transactions eliminated in the consolidation

Intragroup balances and transactions, and any income or expenses derived from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains, if any, originating from transactions with investee companies recorded using the equity method, are eliminated against the investment in the proportion of the Company's interest in the subsidiaries. Unrealized losses, if any, are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to reduction to recoverable value.

Description of the main consolidation procedures:

- Elimination of intercompany asset and liability account balances;
- Elimination of investments of parent company in the shareholders' equity of direct and indirect subsidiaries;
- Elimination of intercompany income and expense balances and unearned income arising from intercompany transactions; Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment;
- Identification of minority interests in the consolidated financial statements.

b. Foreign currency

Transactions in foreign currency are translated into the respective functional currency of the Company and its subsidiaries at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies on the date of presentation are reconverted into the functional currency at the exchange rate determined on that date. Exchange gain or loss in monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted by interest and effective payments during the period, and the amortized cost in foreign currency at the exchange rate at the end of the presentation period.

c. Financial instruments

• Non-derivative financial assets

The Company and its subsidiaries recognize the loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the date of the negotiation under which becomes a party to the contractual provisions of the instrument.

The Company and its subsidiaries fail to recognize a financial asset when the contractual rights to the cash flows of the asset expire, or when they transfer the rights to reception of the contractual cash flows on a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

The Company and its subsidiaries classify non-derivative financial assets in the following categories:

• Financial assets recorded at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is held for trading, or stated as such when initially recognized. Financial assets are stated at fair value through profit or loss if the Company and its subsidiaries manage these investments and makes decisions on investment and redemption based on fair value according to the risk management and strategy of investment documented by the Company. The transaction costs, after initial recognition, are recognized in income (loss) as incurred. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in the fair value of such assets are recognized in the income (loss) for the year.

• Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, but not quoted on any active market. Such assets are initially recognized at fair value plus any transaction costs directly assignable. After their initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, reduced by any impairment losses.

Loans and receivables comprise trade accounts, other credits, related parties, court-ordered debt payments, and others.

• Cash and cash equivalents

Cash and cash equivalents include balances of cash and financial investments with the original maturity of three months or less as from the contracting date. Overdraft limits of banks that have to be paid at sight and that form an integral part of cash management, are included as a component of cash and cash equivalents for cash flow statement purposes.

• Non-derivative financial liabilities

The Company and its subsidiaries recognize the debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the negotiation date on which becomes a party to the contractual provisions of the instrument. The Company and its subsidiaries write off a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Such financial liabilities are initially recognized at fair value plus any transaction costs directly assignable. After their initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

The Company and its subsidiaries have the following non-derivative liabilities: loans and financing, debentures, suppliers and other accounts payable.

• Capital

Common and preferred shares

Common and preferred shares are classified as shareholders' equity.

Preference capital is classified as shareholders' equity if it is non-redeemable, or redeemable only at the Company's discretion. Preferred stock has no voting rights and takes priority in the settlement of their share of capital.

Compulsory minimum dividends as defined in the bylaws and when consigned at the end of the year, are recognized as liabilities.

• *Derivative financial instruments, including hedge accounting*

Derivatives are initially recognized at fair value; attributable transaction costs are recognized in profit or loss as incurred. After the initial recognition, derivatives are measured at fair value and changes are recorded in profit or loss.

d. Investments

Investments in subsidiaries with interest in voting capital above 20% or with significant influence and in other companies that are part of the same group or that are under common control are valued by the equity method.

e. Property, plant and equipment

• *Recognition and measurement*

Property, plant and equipment items are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses, when required.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

When parts of a property, plant and equipment item have different useful lives, they are accounted for as separate items (major components) of PP&E.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the carrying amount of Property, plant and equipment and are recognized net within "Other income" in the statement of income.

• *Subsequent costs*

The replacement cost of a component of PP&E is recognized in the book value of the item when it is probable that the future economic benefits embodied in the component will flow to the Company and its subsidiaries and cost can be reliably measured. The carrying amount of the component that is replaced is written off. Costs of normal maintenance on property, plant and equipment are charged to the statement of income as incurred.

• *Depreciation*

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, as this method is that more closely reflects the pattern of consumption of future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or the estimated useful life of the asset, unless it is reasonably certain that the ownership will be obtained at the end of the lease term. Land is not depreciated.

The useful estimated lives for the current and comparative periods are as follows:

Leasehold improvements	15 – 25 years
Cargo moving equipment	3 – 23 years
Computer equipment	5 years
Machinery, equipment and accessories	10 years
Facilities, furniture and fixtures	10 years
Vehicles	5 years
Real estate	46 years
Other	10 years

The depreciation methods, useful lives and residual values will be reviewed at each reporting date and potential adjustments will be recognized as a change in accounting estimates.

f. Intangible assets and goodwill

• Goodwill

Goodwill arising from the acquisition of subsidiaries is included in intangible assets in the consolidated financial statements.

Goodwill is measured at cost and amortized over the concession term. The goodwill without definite useful life is tested, net of impairment loss, if necessary.

Goodwill on acquisitions of entities holding exploitation rights is amortized within the term of the agreement and does not take into account the agreement renewal.

• Public service concessions

The Company's subsidiaries and affiliates, Tecon Santos, Tecon Imbituba, Union and Convicon, have concessions of public services under the lease agreements, as per Notes 1 and 14. These affiliates and subsidiaries operate under a concession, however, their activities do not meet the requirements of the Technical Interpretations ICPC No. 01 and No. 17 – Concession Agreements (International Financial Reporting Interpretations Committee IFRIC No. 12), according to the price of services is not regulated and/or controlled by the assignor.

• Other intangible assets

Other intangible assets acquired with defined useful lives are carried at cost, less accumulated amortization and accumulated impairment losses.

• Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

• Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, except goodwill, without a defined useful life from the date they are available for use, since this is the method that best reflects the consumption pattern of the future economic benefits embodied in the asset.

The useful estimated lives for the current and comparative periods are as follows:

Rights to exploit	25 years
Goodwill in acquisition	10 – 22 years
Software	5 years

g. Leased assets

Leases in terms of which the Company and its subsidiaries assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. After initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The other leases are operating leases and are not recognized in the balance sheet.

h. Impairment

The carrying amounts of the Company's non-financial assets, except for inventories and deferred income and social contribution taxes, are reviewed at each reporting date for indication of impairment. If such indication exists, the asset's recoverable amount is determined. For goodwill and intangible assets with an undefined useful life, the recoverable value is estimated on an annual basis.

The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less selling expenses. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions as to the recoverability period of capital and the risks specific to the asset. For the purpose of impairment testing, the assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets or group of assets (the "cash generating unit" or "CGU"). For testing goodwill recoverable value, the amount of goodwill for expected future profitability was allocated to the logistics business segment CGU, as described in Note 30. That allocation reflects the lowest level in which the goodwill is monitored for internal purposes and is not greater than an operating segment determined under IFRS 8 and CPC 22.

Company's management did not identify any evidence that would justify the need for impairment on December 31, 2011 and 2010.

i. Employee benefits

Share-based payment transactions

The fair value of share-based payment awards is recognized at the grant date, as personnel expenses, with a corresponding increase in shareholders' equity, over the period when employees become unconditionally entitled to the benefits. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met, so that the amount ultimately recognized as an expense is based on the actual number of awards meeting these conditions at vesting date. For share-based payment awards with a non-market vesting condition, the fair value at grant date is measured to reflect such conditions and there is no change for differences between expected and actual benefits.

Post-employment benefits

Post-employment benefits are recognized as an expense when is provenly committed, without the possibility of retraction, to a formal detailed plan to terminate the employment contract before the normal retirement date, or to provide employment termination benefits as a result of an offer made to stimulate voluntary dismissals. Post-employment benefits arising from voluntary dismissals are recognized as an expense when the has made a voluntary dismissal offer, it is probable that the offer will be accepted, and the number of employees who will adhere to the program can be reliably estimated. Should the benefits be payable for more than twelve months from the reporting date, they are discounted to their present values.

Short-term employee benefits

Obligations for short-term employee benefits are measured on a non-discounted basis and incurred as expenses as the related service is rendered.

The liability is recognized at the amount expected to be paid under the cash bonus plans or short-term profit sharing if the Company has a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

Defined contribution plan

The Company and its subsidiaries provide to its employees benefits comprising mainly: Private pension plan with defined contribution managed by Brasilprev, according to Note 7-d.

j. Provisions

A provision is recognized if there is a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation.

k. Operating income

Service revenue is recognized in the statement of income as services are provided and is related, mainly, to quay, bonded warehouse and logistics operations. Quay operations refer basically to the loading and unloading of containers from ships and are recognized in the statement of income as each ship's operation is completed. Bonded warehouse operations are related to the storage of import or export loads. Storage revenue is recognized in the statement of income upon customs clearance and withdrawal of imported load by importing firm or upon shipping of exported load. Logistics operations refer mainly to the transport and storage in the Distribution Centers. Storage revenue is recognized in the income, semimonthly or monthly, according to the customer agreement, and freight revenue is recognized when there is a delivery of stored goods.

Income and expenses are recognized on the accrual basis.

l. Leases

Payments for operating leasing are charged to income on the straight-line basis over the lease period.

Minimum lease payments made under financial leasing are apportioned between financial expenses and reduction of the outstanding liability. Financial expenses are allocated in each period over the lease period in order to produce a continuous and periodic compounding interest rate over the remaining liability balance. Contingent lease payments are recorded by reviewing minimum lease payments over the remaining lease period upon confirmation of the lease adjustment.

m. Financial income and expenses

Financial revenues basically comprise income from interest on cash investments. Interest income is recognized in income under the effective interest method. The distributions received from investees recorded under the equity method reduce the amount of the investment.

Financial expenses include basically expenses with interest on loans and PIS and COFINS on interest on own capital. Borrowing costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized for in profit or loss using the effective interest rate method.

n. Income tax and social contribution on net income

The income and social contribution taxes, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$240 thousand for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carry forward and negative basis of social contribution limited to 30% of the annual taxable income.

The income and social contribution expense comprises current and deferred charges.

Current taxes are the taxes payable or receivable on the taxable income or loss for the year, at tax rates enacted or substantively enacted on the date of presentation of the financial statements, and any adjustments to taxes payable in relation to prior years.

Deferred taxes are recognized in relation to the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not business combination, and not affecting the accounts nor taxable profit or loss, and differences related to investments in subsidiaries and subsidiary entities when likely not to be reversed within a foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising from the initial recognition of goodwill. Deferred taxes are measured at tax rates expected to be applied to temporary differences when they are reversed, based on laws enacted or substantively decreed up to the reporting date.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets against tax liabilities, and the latter relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred income tax and social contribution asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

Deferred income and social contribution tax assets are reviewed at each reporting date and reduced when their realization is no longer probable.

o. Earnings per share

The basic earnings per share are calculated based on the result for the financial year attributable to the Company's controlling and non-controlling shareholders and the weighted average of outstanding common and preferred shares in the respective period. The diluted earnings per share are calculated based on the mentioned average of outstanding shares, adjusted by instruments that can potentially be converted into shares, with a dilution effect, in the periods presented, pursuant to CPC 41 – Income per share and IAS 33 – Income per share.

p. Segment information

An operating segment is a component of the Company and its subsidiaries. It performs business activities from which it can obtain revenues while incurring in expenses, including revenues and expenses with transactions with other components. All operating results of the operating segments are frequently reviewed by the Group's CEO for decisions regarding the resources to be allocated to the segment to be taken and to assess their performance, for which individual financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The unallocated items include mostly the corporate assets (mainly the Company's head office), income and social contribution tax assets and liabilities.

q. Statements of added value

The Company prepared individual and consolidated statements of added value in accordance with the rules of technical pronouncement CPC 09 – Statement of Added Value, which are presented as an integral part of the financial statements under BRGAAP applicable to publicly-held companies, whereas under IFRS they represent additional financial information.

r. New standards and interpretations not yet adopted

New Standards, amendments to Standards and interpretations are effective for annual periods started as of January 1st, 2011, and have not been applied to the preparation of these financial statements. None of these new Standards are expected to have a material effect on the Company's financial statements except for IFRS 9 Financial Instruments that may change classification and measurement of financial assets maintained by the Company and for IFRS 10 and IFRS 11, which may impact subsidiaries currently consolidated by the Company. The Company does not expect to adopt this Standard in advance and the impact of its adoptions has not been measured yet.

The CPC (Accounting Pronouncements Committee) has not yet issued pronouncements equivalent to the aforementioned IFRS, although that is expected to be done before the date when they are required to come into effect. The advanced adoption of IFRS pronouncements is conditioned to the prior approval by a regulatory act by the Brazilian Securities Commission ("CVM").

The Company has not estimated the extent of the impact of these new rules on its financial statements.

s. Adjustment to present value

Accounts subject to be discounted at present value are trade accounts receivable and accounts payable to suppliers. These accounts have not been stated at present value as maturities are in less than 60 days.

4. Financial Statements – Consolidated

The consolidated financial statements include information from the Company and the following subsidiaries:

		Ownership percentage	
	Country	12.31.2011	12.31.2010
Direct subsidiaries:			
Nara Valley Participações S.A. (1)	Brazil	-	100%
Terminal Portuário de Veículos S.A.	Brazil	100%	100%
Pará Empreendimentos Financeiros S.A. (1)	Brazil	100%	-
Union Armazenagem e Operações Portuárias S.A.	Brazil	100%	100%
Numeral 80 Participações S.A. (2)	Brazil	100%	100%
Nova Logística S.A. (2)	Brazil	100%	100%
Indirect subsidiaries:			
Pará Empreendimentos Financeiros S.A. (1)	Brazil	-	87.67%
Convicon Contêineres de Vila do Conde S.A.	Brazil	100%	87.67%

(1) On April 20, 2011, subsidiary Nara Valley acquired, pursuant to a share purchase and sales agreement and other covenants, 12.327% of shareholding interest of its direct subsidiary Pará Empreendimentos, for the amount of R$4,500, and it now holds 100% of interest.

On September 15, 2011, the Company completed the merger of subsidiary Nara Valley, approved in the Extraordinary Shareholders' Meeting, as explained in Note 1. Accordingly, its subsidiary Pará Empreendimentos became the Company's direct subsidiary.

(2) On December 19, 2011, according to Extraordinary General Meeting subsidiaries Santos-Brasil S.A. and Mesquita S.A. Transportes e Serviços were named Numeral 80 Participações S.A. and Nova Logística S.A. respectively.

5. Determination of the Fair Value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, additional information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a. Accounts receivable and other credits

The fair value of accounts receivable and other receivables is estimated as the present value of future cash flows, discounted at the market interest rate determined on financial statements' reporting date. Such fair value is determined for disclosure purposes.

b. Interest rate swap contracts

The fair value of interest rate swap contracts is based on brokers' quotations. These quotations are tested for reasonability through estimated future cash flows discount based on contract conditions and expiration and using market interest rates of a similar instrument on measurement date. Fair values reflect the instrument credit risk and include adjustments to consider the credit risk of the Group entity and the counterpart, if applicable.

c. Other non-derivative financial liabilities

The fair value that is determined for disclosure purposes is calculated based on the present value of principal and future cash flows, discounted at market interest rate on the date of presentation of the financial statements. For liability convertible debt securities, the market interest rate is calculated by referring to similar liabilities that do not have the conversion option. For financial leases, the interest rate is calculated by referring to similar lease agreements.

d. Share-based payment transactions

The fair value of employee's share options and the rights on the valuation of shares are measured using the Black-Scholes formula. Changes measurement variations include the share price on the measuring date, the instrument exercise price, the expected volatility (based on the average historical volatility, adjusted to expected changes due to publicly available information), average weighted life of the instruments (based on historical experience and on the general behavior of option holders), expected dividends and risk-free interest rate (based on governmental securities).

Out-of-market service and performance conditions inherent to transactions are not taken into consideration on fair value determination.

6. Operating Risk Management

Capital Management

The policy of Management is to maintain a solid capital base to maintain the confidence of investors, creditors and market and the future development of the business. The Management monitors the return on capital invested, considering the results of the economic activities of operational segments. Management also monitors the level of dividends for common and preferred shareholders.

Management strives to maintain a balance between the highest possible returns with more adequate levels of loans and the advantages and the assurance afforded by a healthy capital position. The objective is to achieve a return compatible with its capital cost reviewed annually through the WACC – Weighted Average Cost of Capital concept.

The debt/capital ratio at the end of the year is presented below:

	Parent company		Consolidated	
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Total liabilities	1,043,531	449,418	1,122,769	809,068
(-) Cash and cash equivalents and other investments	(250,580)	(11,522)	(294,854)	(107,513)
Net debt	792,951	437,896	827,915	701,555
Total shareholders' equity	1,285,652	1,214,461	1,285,652	1,213,709
Net debt/capital ratio	0.61677	0.36057	0.64397	0.57803

Other risks: credit, liquidity, and market risk, are presented in Note 27.

7. Related Party Transactions

a. Loan agreements – Parent company

	12.31.2011	12.31.2010
Current assets		
Convicon Contêineres da Vila do Conde S.A.	4,364	-
Non-current assets		
Convicon Contêineres da Vila do Conde S.A.	-	24,445
Current liabilities		
Santos-Brasil S.A.	-	40,933

On September 15, 2011, with the partial spin-off and merger of the spun-of portion of Santos-Brasil, the loan agreement in which the Company was the debtor was realized.

On October 20, 2011, pursuant to Minutes of Meeting of Board of Directors, Convicon's agreement was capitalized in the amount of R$32,257.

Loan agreement has as purpose the financing of working capital of its subsidiary Convicon, which matures on February 29, 2012 and remunerated at 112% of CDI (Interbank Deposit Certificate), equivalent to the cost of raising funds for working capital.

b. Rendering of port services

Operating branch Tecon Santos provided the port service of "Immediate delivery of containers" to subsidiary Nova Logística, in the period from January to December 2011, in the amount of R$3,141, referring to 24,579 moved containers. Billing price used was that of the market.

c. Remuneration of key personnel

Certain directors are signatories to the Confidentiality and non-Competition Agreement, approved by the Board of Directors. Upon termination, no benefits and obligations set out in this agreement.

The remuneration of key management personnel:

	Parent company		Consolidated	
	12.31.2011		12.31.2011	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	579	10,752	1,843	17,659
Other benefits	-	156	-	415
Stock option plan	-	3,651	-	3,772
Total	579	14,559	1,843	21,846

	Parent company		Consolidated	
	12.31.2011		12.31.2011	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Short-term benefits	54	221	1,674	15,762
Other benefits	-	11	-	319
Stock option plan	-	3,700	-	3,700
Total	54	3,932	1,674	19,781

Statutory directors and other directors are included in the executive board's amounts.

Directors have 0.01% of the Company's voting shares.

d. Employee benefits – Consolidated

The Company and its subsidiaries provide to its employees benefits comprising mainly: private pension plan with defined contribution managed by Brasilprev, language training, life insurance, medical care, basket of food staples, food card, meal tickets and the supply of ready meals. On December 31, 2011, benefits above represent the application of R$27,168 (R$20,921 in the equivalent period of 2010), corresponding to 2.42% and 2.43% of consolidated net operating revenue.

Operating branch Tecon Santos and subsidiaries Nova Logística and Union include the Profit Sharing Plan (PPR) in its human resources policies, and all employees with formal employment relationship not included in any other variable remuneration program offered by those companies are eligible. The goals and criteria for distribution of funds and awards are agreed to between the parties, including unions representing employees, with the goals of increased productivity, competitiveness and motivation and engagement among participants. In the year ended December 31, 2011, the Company recorded the amount of R$13,417.

e. Sureties and guarantees

The Company has guaranteed certain obligations of its subsidiaries as follows:

- Letter of Guarantee referring to Contract with CDP (Cia. de Docas do Pará), for Convicon, in the amount of R$330.
- Guarantor of the CD (Distribution Center) rent contract to Nova Logística, in the amount of R$840.
- Guarantor for the acquisition of trucks to Nova Logística, in the amount of R$1,016.
- Guarantor for the acquisition of forklifts – Reach Stacker, to Nova Logística, in the amount of USD1,370.
- Guarantor for the acquisition of semi-trailers to Nova Logística, in the amount of R$6,402.
- Guarantor for the acquisition of truck tractors to Nova Logística, in the amount of R$4,137.
- Guarantor for the acquisition of forklifts and pallet stackers to Nova Logística, in the amount of R$658.

f. Parent companies

The controlling group, structured in accordance with the Auction Bid PND/MT/CODESP No. 01/97, clause 5.2.2, is comprised of shareholders of International Markets Investments C.V., Multi STS Participações S.A. and Brasil Terminais S.A. There were no transaction with the controlling group.

8. Cash and Cash Equivalents and Other Investments

• Cash and cash equivalents

	Parent company		Consolidated	
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Cash and balance in banks	4,494	11,522	6,894	16,813
Interest earnings bank deposits	218,063	-	259,937	65,753
Cash and cash equivalents	222,557	11,522	266,831	82,566

• Other investments held for trading

	Parent company		Consolidated	
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Interest earning bank deposits	28,023	-	28,023	24,947

• Nature of investments

			Parent company	
Nature of interest earning bank deposits	Average rates % – CDI	Maturity	12.31.2011	12.31.2010
Investments held for trading:				
Bank deposit certificates (CDB)	102.79%	04.09.2014	105,409	-
Investment funds	101.87%	Undetermined	140,677	-
Total			246,086	-

			Consolidated	
Nature of interest earning bank deposits	Average rates % – CDI	Maturity	12.31.2011	12.31.2010
Investments held for trading:				
Bank deposit certificates (CDB)	102.79%	04.09.2014	105,409	24,947
Investment funds	101.68%	Undetermined	182,551	65,753
Total			287,960	90,700

Balance shown under other applications refers to liabilities applications which mature in more than 90 days.

Average investment rates presented above refer to remunerations obtained in the period from January to December 2011 and are related to the CDI rate. Investments in CDB's, although having long-term maturities, may be redeemed at any time provided for in the contract without prejudice to the remuneration already recognized and are part of the Company's daily cash management and, accordingly, stated as cash and cash equivalents in current assets.

9. Accounts Receivable

	Parent company	
	12.31.2011	12.31.2010
Current:		
Domestic	88,875	3,758
(-) Allowance for doubtful accounts	(839)	(58)
Total	88,036	3,700

	Consolidated	
	12.31.2011	12.31.2010
Current:		
Domestic	116,080	69,024
(-) Allowance for doubtful accounts	(1,494)	(540)
Total	114,586	68,484

The table below summarizes the balances receivable by maturity:

	Parent company	
	12.31.2011	12.31.2010
Loans falling due	45,671	2,167
Past due receivables – up to 60 days	31,570	1,404
Past due receivables – from 61 to 90 days	1,471	118
Past due receivables – from 91 to 180 days	2,826	29
Past due receivables – from 181 to 360 days	3,237	35
Past due receivables for more than 361 days	4,100	5
Total	88,875	3,758

	Consolidated	
	12.31.2011	12.31.2010
Loans falling due	66,790	46,654
Past due receivables – up to 60 days	36,334	17,788
Past due receivables – from 61 to 90 days	2,004	1,191
Past due receivables – from 91 to 180 days	3,193	1,892
Past due receivables – from 181 to 360 days	3,533	452
Past due receivables for more than 361 days	4,226	1,047
Total	116,080	69,024

Impairment

The allowance for doubtful accounts is recognized based on credits overdue for over 90 days, according to the historic loss, which totaled R$10,952 in the consolidated on December 31, 2011 (R$3,391, as of December 31, 2010). This amount does not include: (i) credit under negotiation; (ii) credits under legal discussion related to port customs terminals TRA's), as described in Note 18-a; and (iii) unidentified deposits, amounting to R$1,494 (R$540 as of December 31, 2010).

Overdue credits are written off as determined by Article 9, paragraph 1, item II of Law No. 9,430/96.

10. Court-ordered dept payments ("Precatórios") – Consolidated

	12.31.2011	12.31.2010
Current assets		
Court-ordered dept payments receivable	-	3,413
Non-current assets:		
Court-ordered dept payments receivable	3,623	-
Current liabilities:		
Court-ordered debt payments payable (a)	-	1,457
Non-current liabilities:		
Court-ordered debt payments payable (b)	1,457	-

(a) Classified in the balance sheet in the group of other accounts payable in current liabilities.

(b) Classified in the balance sheet in the group of other liabilities in current liabilities.

In 1993, subsidiary Nova Logística filed a collection lawsuit referring to storage services provided to and not paid by the São Paulo State Financial Department. In 2001, said lawsuit was finally judged valid to be received in ten annual installments and, on December 31, 2011, only one installment remained to be received, adjusted to inflation according to legal debt adjustment rate of the São Paulo State Justice Court and recognized in assets.

Nova Logística acquisition contract provides that received bonds' amount should be transferred to the former parent company, net of associated lawyer fees, for which a provision is recognized in liabilities.

11. Current Tax Assets

	Parent company	
	12.31.2011	12.31.2010
Withholding income tax – IRRF	3,275	4,691
Corporate income tax (IRPJ) and social contribution on net income (CSLL)	3,337	5,572
Other	26	14
Total short-term	6,638	10,277

	Consolidated	
	12.31.2011	12.31.2010
Withholding income tax – IRRF	3,478	5,160
Corporate income tax (IRPJ) and social contribution on net income (CSLL)	3,606	6,728
PIS/COFINS tax credits	1,608	3,485
Other	555	926
Total short-term	9,247	16,299

On December 31, 2011, the Company had recorded Withholding Income Tax (IRRF) credits totaling R$3,275 (R$4,691 as of December 31, 2010), arising mainly from short-term investments.

Consolidated income tax and social contribution credits referred mainly to the Company and amounted to R$3,337, and to subsidiary Pará Empreendimentos in the amount of R$269, and are the result of anticipated payments referring to prior year monthly calculations.

PIS and COFINS credits referred mainly to subsidiary Nova Logística, in the amount of R$1,472, R$941 of which arising from the lawsuit filed against the Federal Revenue Service of Brazil by former shareholders. To the extent these credits are used, the subsidiary returns offset amounts to mentioned shareholders.

12. Investments – Parent Company

a. Breakdown of balances

	12.31.2011	12.31.2010
Interest in subsidiaries	387,999	1,177,781

b. Movement of balances – as from December 31, 2010

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Nara Valley Participações S.A.	Pará Empreendimentos Financeiros S.A.	Nova Logística S.A.	Union Armazenagem e Operações Portuárias S.A.	Total
Balance at December 31, 2010	812,447	12	22,514	-	126,736	216,072	1,177,781
Merging of shares	(883,199)	-	(11,739)	(12,453)	-	-	(907,391)
Transfer of property, plant and equipment	(5,782)	-	-	-	-	-	(5,782)
Capital transfer	290	-	3,567	32,257	-	-	36,114
Advances for future capital increase	-	20	(77)	-	-	-	(57)
Equity in net income of subsidiaries	169,836	(28)	(8,796)	(2,573)	21,532	17,470	197,441
Intermediary dividends	(51,500)	-	-	-	-	-	(51,500)
Compulsory minimum dividends – prior year	-	-	-	-	(339)	(1,876)	(2,215)
Compulsory minimum dividends	(41,809)	-	-	-	(5,114)	(4,149)	(51,072)
Variation of interest in subsidiaries	-	-	(5,477)	-	-	-	(5,477)
Share option program	-	-	8	8	141	-	157
Balance at December 31, 2011	283	4	-	17,239	142,956	227,517	387,999

c. Information of the subsidiaries – position as of December 31, 2011

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Nara Valley Participações S.A.	Pará Empreendimentos Financeiros S.A.	Nova Logística S.A.	Union Armazenagem e Operações Portuárias S.A.
Capital	300	195	-	56,476	126,374	201,051
Number of shares held						
Common	207,060	194,926	-	56,475,951	115,935,256	204,269,217
Preferred	92,940	-	-	-	115,935,255	-
Shareholders' equity	283	4	-	17,239	142,956	227,517
Participation in capital	100%	100%	-	100%	100%	100%
Interest in the shareholders' equity	283	4	-	17,239	142,956	227,517

	Numeral 80 Participações S.A.	Terminal Portuário de Veículos S.A.	Nara Valley Participações S.A.	Pará Empreendimentos Financeiros S.A.	Nova Logística S.A.	Union Armazenagem e Operações Portuárias S.A.
Current assets	288	4	-	3,811	44,630	29,360
Non-current assets	-	-	-	29,942	167,328	206,559
Total assets	288	4	-	33,753	211,958	235,919
Current liabilities	5	-	-	11,512	40,863	8,379
Non-current liabilities	-	-	-	5,002	28,139	23
Total liabilities	5	-	-	16,514	69,002	8,402
Net income	582,827	-	-	22,516	133,957	54,877
Income (loss) for the year	169,836	(28)	(8,796)	(8,930)	21,532	17,470

Year end date for subsidiaries is the same as that of the Parent company.

d. Net assets for merger

d.1 On July 31, 2010, the Company merged its subsidiary Tecon Imbituba, pursuant to resolution taken at the Extraordinary General Meeting held on March 26, 2010, as corporate restructuring process in order to maximize operational, administrative and financial efficiency of its operations.

Assets and liabilities amounts assumed by the Company on July 31, 2010, arising from the merger, are as follows:

Current assets	
Cash and cash equivalents	243
Accounts receivable	694
Current tax assets	30
Prepaid expenses	66
	1,033
Non-current assets	
Judicial deposits	6
Operations with Swap	12
Other	6,061
Property, plant and equipment	194,158
Intangible	110,864
	311,101
Total assets	**312,134**
Current liabilities	
Loans and financing	(3,832)
Suppliers	(6,240)
Payroll and social charges	(391)
Taxes, duties and contributions	(1,527)
Deferred tax liabilities	(375)
Operations with Swap	(137)
Other accounts payable	(24)
	(12,526)
Non-current liabilities	
Loans and financing	(11,150)
Total liabilities	**(23,676)**
Total net assets	**288,458**

d.2 On October 13, 2010, subsidiary Santos Brasil Tecon was settled, pursuant to resolution taken at the Extraordinary General Meeting on that same date.

The values of assets and liabilities transferred to the Company on October 13, 2010, under the settlement are shown in the table below:

Current assets	
Cash and cash equivalents	21
	21
Total net assets	**21**

d.3 On December 31, 2010, the Company merged the portion of its subsidiary Union, pursuant to resolution taken at the Extraordinary General Meeting held on March 26, 2010, as corporate restructuring process in order to maximize operational, administrative and financial efficiency of its operations.

Assets and liabilities amounts assumed by the Company on December 31, 2010, arising from the merger, are as follows:

Current assets	
Cash and cash equivalents	9,156
Accounts receivable	2,198
Prepaid expenses	4
	11,358
Non-current assets	
Other	63
Property, plant and equipment	3,533
Intangible	24,040
	27,636
Total assets	**38,994**
Current liabilities	
Suppliers	(410)
Payroll and social charges	(29)
Other accounts payable	(13)
	(452)
Total liabilities	**(452)**
Total net assets	**38,542**

d.4 Assets and liabilities amount assumed by the Company on September 15, 2011, arising from the merger of Santos-Brasil spun-off portion, as described in Note 1, are as follows:

Current assets	
Cash and cash equivalents	98,776
Interest earnings bank deposits	27,109
Accounts receivable	61,747
Inventories	10,853
Current tax assets	59
Prepaid expenses	940
Operations with swap	1,109
Related party credits	69,167
	269,760
Non-current assets	
Judicial deposits	115,269
Deferred tax assets	40,307
Other	7,757
Property, plant and equipment	594,828
Intangible assets	192,353
	950,514
Total assets	**1,220,274**
Current liabilities	
Loans and financing	(38,473)
Suppliers	(19,099)
Payroll and social charges	(25,543)
Taxes, duties and contributions	(18,134)
Dividends payable	(1)
Operations with swap	(385)
Other accounts payable	(54)
	(101,689)
Non-current liabilities	
Loans and financing	(58,976)
Provision for contingencies	(100,161)
Deferred tax liabilities	(76,249)
	(235,386)
Total liabilities	**(337,075)**
Total net assets	**883,199**

d.5 Assets and liabilities amounts assumed by the Company on September 15, 2011, arising from the merger of Nara Valley, as explained in Note 1, are as follows:

Current assets	
Cash and cash equivalents	6
Current tax assets	21
	27
Non-current assets	
Intangible assets	25,266
	25,266
Total assets	**25,293**

Current liabilities	
Other accounts payable	(1,101)
	(1,101)
Non-current liabilities	
Provisions for loss on investment	(12,453)
	(12,453)
Total liabilities	**(13,554)**
Total net assets	**11,739**

13. Property, plant and equipment

				Parent company	
				Net amount	
	Annual depreciation rate (%)	Cost	Accumulated depreciation	12.31.2011	12.31.2010
Leasehold improvements	5.7/8.6	722,712	118,303	604,409	18,128
Cargo moving equipment	8.3	504,251	254,890	249,361	23,096
Construction in process (a)	(b)	96,307	-	96,307	242,735
Computer equipment	20	21,881	17,082	4,799	269
Land	-	30,022	-	30,022	-
Machinery, equipment and accessories	10	11,763	6,208	5,555	168
Facilities, furniture and fixtures	10	6,091	3,137	2,954	162
Vehicles	20	4,532	1,881	2,651	48
Other	10	229	156	73	13
Total		1,397,788	401,657	996,131	284,619

In the period from January 1st to December 31, 2011, the movement of the property, plant and equipment is presented in the chart below:

	Opening balance	Additions	Depreciation	Write-offs/Non--monetary effects	Merger (*)	Closing balance
Leasehold improvements	18,128	260,706	16,347	8,761	333,161	604,409
Cargo moving equipment	23,096	31,151	7,486	(5)	202,605	249,361
Construction in process (a)	242,735	(179,477)	-	(4,235)	37,284	96,307
Computer equipment	269	339	760	(35)	4,986	4,799
Land	-	22,440	-	-	7,582	30,022
Machinery, equipment and accessories	168	1,372	270	(1)	4,286	5,555
Facilities, furniture and fixtures	162	83	167	13	2,863	2,954
Vehicles	48	835	234	-	2,002	2,651
Other	13	8	12	5	59	73
Total	284,619	137,457	25,276	4,503	594,828	996,131

(*) According to Note 12-d.

In the period from January 1 to December 31, 2010, the movement of the property, plant and equipment is presented in the chart below:

	Opening balance	Merger (*)	Additions	Depreciation	Write-offs/ Non--monetary effects	Closing balance
Leasehold improvements	-	18,486	15	373	-	18,128
Cargo moving equipment	-	23,560	-	464	-	23,096
Construction in process (a)	-	154,966	87,796	-	(27)	242,735
Computer equipment	-	297	-	29	1	269
Machinery, equipment and accessories	-	153	19	4	-	168
Facilities, furniture and fixtures	-	160	8	6	-	162
Vehicles	-	56	-	7	(1)	48
Other	-	13	1	1	-	13
Total	-	197,691	87,839	884	(27)	284,619

(*) According to Note 12-d.

				Consolidated	
				Net amount	
	Annual depreciation rate (%)	Cost	Accumulated depreciation	12.31.2011	12.31.2010
Leasehold improvements	5.7/8.6	744,328	121,913	622,415	383,410
Cargo moving equipment	8.3	570,855	282,741	288,114	268,808
Construction in process (a)	-	116,676	-	116,676	283,579
Computer equipment	20	26,735	20,096	6,639	6,854
Land	-	56,447	-	56,447	34,007
Machinery, equipment and accessories	10	17,722	8,237	9,485	7,582
Facilities, furniture and fixtures	10	16,221	7,376	8,845	8,634
Vehicles	20	4,616	1,924	2,692	1,435
Real estate	2.2	25,181	3,049	22,132	22,638
Other	10	499	387	112	131
Total		1,579,280	445,723	1,133,557	1,017,078

In the period from January 1 to December 31, 2011, the movement of the property, plant and equipment is presented in the chart below:

	Opening balance	Additions/Transfer	Depreciation	Write-offs/Non--monetary effects	Closing balance
Leasehold improvements					
Cargo moving equipment	268,808	46,119	25,843	(970)	288,114
Construction in process (a)	283,579	(152,013)	-	(14,890)	116,676
Computer equipment	6,854	2,981	3,158	(38)	6,639
Land	34,007	22,440	-	-	56,447
Machinery, equipment and acessories	7,582	3,202	1,299	-	9,485
Facilities, furniture and fixtures	8,634	1,560	1,348	(1)	8,845
Vehicles	1,435	1,899	639	(3)	2,692
Real estate	22,638	-	506	-	22,132
Other	131	16	33	(2)	112
Total	1,017,078	195,272	71,650	(7,143)	1,133,557

In the period from January 1 to December 31, 2010, the movement of the property, plant and equipment is presented in the chart below:

	Opening balance	Additions/ Transfer	Depreciation	Write-offs/ Non--monetary effects	Closing balance
Leasehold improvements	384,918	28,832	30,332	(8)	383,410
Cargo moving equipment	283,037	10,898	24,308	(819)	268,808
Construction in process (a)	125,923	158,785	-	(1,129)	283,579
TEV – Terminal de Exportação de Veículos	44,103	-	-	(44,103)	-
Computer equipment	8,546	1,755	3,468	21	6,854
Land	34,007	-	-	-	34,007
Machinery, equipment and accessories	7,955	807	1,157	(23)	7,582
Facilities, furniture and fixtures	6,731	3,024	1,125	4	8,634
Vehicles	1,215	734	481	(33)	1,435
Real estate	23,144	-	506	-	22,638
Other	136	29	34	-	131
Total	919,715	204,864	61,411	(46,090)	1,017,078

(a) Amount added to the construction in progress group is net of transfers, upon entry of assets into the groups that represent them.

The cost of consolidated capitalized loans raised for construction in progress, in the amount of R$12,748 as of December 31, 2011 (R$14,542 as of December 31, 2010), were comprised of: (i) R$1,449 referring to loans and financing directly attributable to these property, plant and equipment items (R$101 as of December 31, 2010), and (ii) R$11,299 referring to those not directly attributable (R$14,441 as of December 31, 2010); These loans and financing average rate is 12.54% (9.00% in 2010).

The Company and its subsidiaries gave some of its equipment in guarantee of own equipment financing (Finame, Finimp and Lease). The acquisition amount of these assets was R$220,048. In addition to these guarantees, the Company also has a Rubber Tyred Gantry – RTG pledged in guarantee of ongoing labor lawsuit No. 369/2003 which, on December 31, 2011, was stated as R$1,622.

14. Intangible Assets

				Parent company	
				Net amount	
	Annual rate of amortization (%)	Cost	Accumulated amortization	12.31.2011	12.31.2010
Defined useful life					
Exploration rights (a)					
Tecon 1 Santos	4	129,791	73,116	56,675	-
Tecon Imbituba	4	121,700	17,781	103,919	108,786
Union	4	7,395	1,325	6,070	6,370
Goodwill in acquisitions (b)					
Shares of Santos-Brasil	7.2	321,264	199,460	121,804	-
Pará Empreendimentos	9.8	37,760	13,553	24,207	-
Union	4.5	18,983	2,147	16,836	17,664
Software					
Data processing systems	20	19,900	11,395	8,505	55
Other intangible assets					
Intangible assets under development		132	-	132	25
Subtotal		656,925	318,777	338,148	132,900
Undefined useful life					
Other (d)					
Projeto Barnabé-Bagres (Barnabé-Bagres project)	-	12,155	-	12,155	-
(-) Provision for write-off Projeto Barnabé-Bagres (Barnabé-Bagres project)	-	(12,155)	-	(12,155)	-
Subtotal		-	-	-	-
Total		656,925	318,777	338,148	132,900

In the period from January 1 to December 31, 2011, the movement of the intangible assets is presented in the chart below:

	Opening balance	Addition	Amortization	Write-offs/Non--monetary effects	Merger (*)	Closing Balance
Defined useful life						
Exploration rights (a)						
Tecon 1 Santos	-	-	1,515	-	58,190	56,675
Tecon Imbituba	108,786	-	4,867	-	-	103,919
General Load Terminal Imbituba	6,370	-	300	-	-	6,070
Goodwill in acquisitions (b)						
Shares of Santos-Brasil	-	-	3,254	-	125,058	121,804
Pará Empreendimentos	-	-	1,059	-	25,266	24,207
Union	17,664	-	828	-	-	16,836
Software						
Data processing systems	55	-	904	1,478	7,876	8,505
Other intangible assets						
Software						
Under development	25	41	-	(1,163)	1,229	132
Subtotal	132,900	41	12,727	315	217,619	338,148
Undefined useful life						
Other (d)						
Barnabé-Bagres project	-	-	-	-	12,155	12,155
(-) Provision for write-off Barnabé-Bagres project	-	-	-	-	(12,155)	(12,155)
Subtotal	-	-	-	-	-	-
Total	132,900	41	12,727	315	217,619	338,148

In the period from January 1 to December 31, 2010, the movement of the intangible assets is presented in the chart below:

	Opening balance	Addition	Amortization	Write-offs/Non--monetary effects	Merger (*)	Closing Balance
Defined useful life						
Exploration rights (a)						
Tecon Imbituba	-	-	2,029	-	110,815	108,786
General Load Terminal Imbituba	-	-	-	-	6,370	6,370
Goodwill in acquisitions (b)						
Union	-	-	-	-	17,664	17,664
Software						
Data processing systems	-	-	3	(28)	30	55
Other intangible assets						
Software						
Under development	-	-	-	-	25	25
Total	-	-	2,032	(28)	134,904	132,900

				Consolidated	
				Net amount	
	Annual rate of amortization (%)	Cost	Accumulated amortization	12.31.2011	12.31.2010
Defined useful life					
Exploration rights (a)					
Tecon 1 Santos	4	129,791	73,116	56,675	61,867
Tecon Imbituba	4	121,700	17,781	103,919	108,786
General Load Terminal Imbituba	4	7,395	1,325	6,070	6,370
TEV	4	223,493	17,879	205,614	214,553
Goodwill in acquisitions (b)					
Shares of Santos-Brasil	7.2	321,264	199,460	121,804	132,962
Pará Empreendimentos	9.8	37,760	13,553	24,207	27,838
Union	4.5	18,983	2,147	16,836	17,664
Software					
System data processing	20	27,532	16,397	11,135	10,475
Other intangible assets					
Software					
Under development		805	-	805	2,365
Subtotal		888,723	341,658	547,065	582,880
Undefined useful life					
Goodwill in acquisitions (c)					
Nova Logística	-	47,575	8,110 (*)	39,465	39,465
Other (d)					
Projeto Barnabé-Bagres (Barnabé-Bagres project)	-	12,155	-	12,155	12,155
(-) Provision for write-off Projeto Barnabé-Bagres (Barnabé-Bagres project)		(12,155)	-	(12,155)	(12,155)
Subtotal		47,575	8,110	39,465	39,465
Total		936,298	349,768	586,530	622,345

(*) Accumulated amortization up to December 31, 2008.

In the period from January 1 to December 31, 2011, the movement of the intangible assets is presented in the chart below:

	Opening balance	Additions	Amortization	Write-offsNon--monetary effects	Closing Balance
Defined useful life					
Exploration rights (a)					
Tecon 1 Santos	61,867	-	5,192	-	56,675
Tecon Imbituba	108,786	-	4,867	-	103,919
General Load Terminal Imbituba	6,370	-	300	-	6,070
TEV	214,553	-	8,939	-	205,614
Goodwill in acquisitions (b)					
Shares of Santos-Brasil	132,962	-	11,158	-	121,804
Pará Empreendimentos	27,838	-	3,631	-	24,207
Union	17,664	-	828	-	16,836
Software					
Data processing systems	10,475	100	3,869	4,429	11,135
Other intangible assets					
Software					
Under development	2,365	1,336	-	(2,896)	805
Subtotal	582,880	1,436	38,784	1,533	547,065

	Opening balance	Additions	Amortization	Write-offs/Non--monetary effects	Closing Balance
Undefined useful life					
Goodwill in acquisitions (c)					
Nova Logística	39,465	-	-	-	39,465
Other (d)					
Projeto Barnabé-Bagres (Barnabé-Bagres project)	12,155	-	-	-	12,155
(-) Provision for write-off Projeto Barnabé-Bagres (Barnabé-Bagres project)	(12,155)	-	-	-	(12,155)
Subtotal	39,465	-	-	-	39,465
Total	622,345	1,436	38,784	1,533	586,530

In the period from January 1 to December 31, 2010, the movement of the intangible assets is presented in the chart below:

	Opening balance	Additions	Amortization	Write-offs/Non--monetary effects	Closing Balance
Defined useful life					
Exploration rights (a)					
Tecon 1 Santos	67,059	-	5,192	-	61,867
Tecon Imbituba	113,655	-	4,869	-	108,786
General Load Terminal Imbituba	6,686	-	316	-	6,370
TEV	223,493	-	8,940	-	214,553
Goodwill in acquisitions (b)					
Shares of Santos-Brasil	144,120	-	11,158	-	132,962
Pará Empreendimentos	31,927	-	4,089	-	27,838
Union	18,543	-	880	1	17,664
Software					
Data processing systems	11,991	1,718	3,606	372	10,475
Other intangible assets					
Software					
Under development	33	2,332	-	-	2,365
Subtotal	617,507	4,050	39,050	373	582,880
Undefined useful life					
Goodwill in acquisitions (c)					
Nova Logística	36,133	3,333	-	(1)	39,465
Other (d)					
Projeto Barnabé-Bagres (Barnabé-Bagres project)	11,407	748	-	-	12,155
(-) Provision for write-off Projeto Barnabé-Bagres (Barnabé-Bagres project)	-	-	-	(12,155)	(12,155)
Subtotal	47,540	4,081	-	(12,156)	39,465
Total	665,047	8,131	39,050	(11,783)	622,345

a. Exploration rights

Exploration rights refer to the installments composing the amounts paid for the commercial exploitation of the following port facilities, Tecon 1 Santos, from November 29, 1997 (Note 1-a), Tecon Imbituba, from April 7, 2008 (Note 1-b) and Terminal de Carga Geral Imbituba, from February 13, 2006 (Note 1-d) and are amortized within the term of their respective lease agreements, all of them maturing in 25 years.

As per Note 1-d, subsidiary Union, was declared to be the winner of the bid of TEV and, at the execution of the agreement, made the initial payment of R$133,495, plus the bid costs amounting to R$4,711, and made the final payment on January 4, 2010 in the amount of R$85,287, assuming on that same date the operations of TEV through the Deed of Delivery Receipt of the Area.

b. Goodwill on acquisitions – with definite useful life

In 2006, former shareholders of subsidiary Santos-Brasil granted options to purchase its shares, which were exercised by third parties, with a goodwill of R$321,264. In the same year, subsidiary Santos-Brasil proceeded to reverse merger of those companies acquiring purchase options, including said goodwill. This goodwill was amortized until December 31, 2008 based on its tax use within 5 years, pursuant to applicable law. From January 1, 2009, according to the OCPC 02 – Clarifications on the Financial Statements of 2008, the goodwill based on expected future profitability for the term of the lease agreement of Tecon 1 Santos (Note 1-a) was considered with a definite useful life and its amortization will follow the residual term of the lease agreement.

The acquisition of Convicon was executed on April 9, 2008 – through its subsidiary Nara Valley – for the amount of R$45,000, which compared to the net book equity on the acquisition date, generated a goodwill of R$37,760. This transaction took place through the acquisition of 75% of the shares representing the capital stock of Pará Empreendimentos Financeiros S.A., which holds 100% of the shares representing the capital stock of Convicon.

The economic basis of goodwill on the acquisition of Convicon is the expectation of future profitability during the term of the lease agreement of Vila do Conde Container Terminal (Note 1-e) and is being amortized over the remaining term of the agreement.

The acquisition of 100% of the shares representing the capital of the Union, the leaseholder of General Cargo Terminal of Imbituba (Note 1-d) – through the subsidiary Tremarctos – was agreed by the amount of R$25,000, generating initial goodwill of R$19,332.

The economic basis of goodwill on the acquisition of Union is the expectation of future profitability for the duration of the lease agreement of the terminal abovementioned and is being amortized over the remaining term of the agreement.

c. Goodwill on acquisitions – with indefinite useful life

The acquisition of Nova Logística, formerly named Mesquita, (Note 1-c) was executed in November 1, 2007, for the amount of R$95,000, which compared to the net book equity on the acquisition date, generated goodwill of R$44,242.

The economic basis of goodwill on the acquisition of Nova Logística is the expectation of future profitability and, until December 31, 2008, was amortized based on their tax use in 5 years, pursuant to the applicable laws. From January 1, 2009, its amortization was ceased due to the fact that related operations do not have any definite term. However, its recovery is tested annually and when necessary a provision is recorded.

For purposes of impairment test, goodwill was allocated to the segment of the logistics business – Nova Logística, since it corresponds to the lowest level of the cash generating unit. The goodwill is followed for purposes of the internal Management, never above the Company's operating segments.

On December 31, 2011 the recovery was tested, considering the annual budget for the year of 2012 and a long term planning up to 2021, prepared for the subsidiary Nova Logística, which represents the segment of logistics business, with the following most relevant assumptions:

- volume growth of customs warehousing following the market growth, until reaching the installed capacity;
- volume growth in the business of Distribution Centers and Transportation;
- pricing policy to transfer the inflation costs, estimated at an average rate of 3.50% per year;
- obtaining gains of scale in the increase of fixed costs;
- nominal rate of discount of 14.52% applied in the concept of discounted cash flow, and having EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) as inflow and investment in fixed assets and working capital as outflow;
- on the reference date of December 31, 2011, the amount of operating assets was recorded, in which net value of goodwill is included.

The recovery test proved the economic return on operating assets including goodwill.

Assumptions sensitivity analysis

The estimated recoverable value of logistic unit is R$100,659 higher than the value of operating assets amounted to R$153,244 on December 31, 2011, in which goodwill is included. On December 31, 2010, it was USD144,504 higher. If there are any significant changes in those abovementioned assumptions, yet book value will still not exceed the recoverable value.

d. Other – Projeto Barnabé-Bagres

It refers to the amounts spent by subsidiary Santos-Brasil, with the studies and surveys for the preparation of project implementation of the Port Complex Barnabé-Bagres, whose purpose was to promote the use of the port potential in the left margin of Santos continental area, supported by economic feasibility studies, in view of expanding the Port of Santos. The project was presented by subsidiary Santos-Brasil and is under process of choice the Companhia Docas do Estado de São Paulo, which will grant the chosen project the right to be reimbursed of the expenses incurred, subject to review and approval of said authority. Management decided to record a provision for the write-off of this intangible asset until the project is chosen. Should the project be not chosen, provision will be written-off and deducted for income tax and social contribution on net income.

15. Loans and financing

				Parent company	
	Interest and commissions	Restatements	Amortization	12.31.2011	12.31.2010
Local currency:					
Promissory notes	4% p.a.	CDI	Sole	150,000	-
(-) Funding costs				(166)	-
Net amount raised				149,834	-
(+) Recognized interest and costs				15,832	-
Subtotal				165,666	-
CCE – Credit Suisse	3.50% p.a.	CDI	Quarterly	250,000	250,000
(-) Funding costs				(3,750)	(3,750)
Net amount raised				246,250	246,250
(+) Recognized interest and costs				3,429	3,260
(-) Debt amortization				(88,235)	(29,412)
Subtotal				161,444	220,098
NCE – Export credit notes	1.60% p.a.	CDI	Semi-annual	150,000	-
(-) Funding costs				(375)	-
Net amount raised				149,625	-
(+) Recognized interest and costs				924	-
Subtotal				150,549	-
Finame	3.70% p.a. to 6.00% p.a.	URTJLP	Monthly	203	-
Leasing	18.44% p.a. to 23.70% p.a.	-	Monthly	29	-
Subtotal				232	-
Total				477,891	220,098

	Interest and commissions	Restatements	Amortization	Parent company 12.31.2011	Parent company 12.31.2010
Foreign currency:					
FINIMP	Libor + from 2.25% to 3.53% p.a.	Exchange variation	Semi-annual	138,418	12,198
Darby Brazil Mezzanine		Exchange variation		342	-
Total				138,760	12,198
Overall total				616,651	232,296
(-) Short term installments				(305,830)	(64,557)
Long term installments				310,821	167,739

	Interest and commissions	Restatements	Amortization	Consolidated 12.31.2011	Consolidated 12.31.2010
Local currency:					
Finame	3.70% p.a. to 6.00% p.a.	URTJLP	Monthly	12,609	10,754
Banco do Estado do Pará	5% p.a.	Long Term Interest Rate (TJLP)	Monthly	2,112	2,570
Leasing	18.44% p.a. to 23.70% p.a.	-	Monthly	29	836
Working capital	31% of CDI	CDI	Sole	-	20,162
Promissory notes	4% p.a.	CDI	Sole	165,666	-
NCE – Export credit notes	1.60% p.a.	CDI	Semi-annual	150,549	-
CCE – Credit Suisse	3.50% p.a.	CDI	Quarterly	161,444	220,098
Subtotal				492,409	254,420
Foreign currency:					
FINIMP	Libor and Euro Libor + 1.75% to 6.31% p.a.	Exchange variation	Monthly/Quarterly/ Semi-annual	141,808	105,756
Darby Brazil Mezzanine		Exchange variation		342	303
Supplier Credit	from 5.50% to 6.4% p.a.	Exchange variation	Semi-annual	2,977	4,458
Leasing	5% p.a.	Exchange variation	Monthly	-	310
Subtotal				145,127	110,827
Total				637,536	365,247
(-) Short term installments				(312,073)	(127,153)
Long term installments				325,463	238,094

On September 10, 2009, the Company completed the process of issuing particular Banknote Export Credit (CEC), with the lender Banco de Investimentos Credit Suisse (Brasil) S.A. From this transaction, the Company raised funds of R$250,000, which were intended primarily for the payment of short-term debt and for working capital enhancement. The effective rate of uptake of these resources, considering funding costs in the amount of $3,750, is 10.30% pa.

Loans and financing in foreign currency have increased the interest of the Income Tax Withholding on consignment as contractual provision.

Guarantees

- ***Guarantees granted***

Financing	Maturity	Currency	Guarantees (*)
Finame	Dec/15	R$	Equipment object of transaction
Banco do Estado do Pará	Jun/14	R$	Bank guarantee
FINIMP	Jul/17	US$/ €	Equipment object of transaction
Darby Brazil Mezzanine	(**)	US$	None
Leasing	Jan/12	R$	Equipment object of transaction
Supplier Credit	Mar/14	€	*Stand By Letter Credit / Aval Santos Brasil Participações S.A.*
CCE – Credit Suisse	Sep/14	R$	Receivables
Promissory notes	Feb/12	R$	Surety

(*) According to Note 13.

(**) Payment is awaiting contract formalization for shipment.

Guarantees of Export Credit Notes and promissory notes were given by the subsidiary Santos-Brasil, represented by the ability to generate funds from operations of the subsidiary Tecon Santos, who composed the party split and incorporated subsidiary of that.

For Stand By Letter Credit guarantees and collateral signatures, the amount is limited to the contracted amount.

- ***Obtained guarantees***

The reference date of December 31, 2011, we did not have any warranty from outstanding transactions or any other existing operations.

On December 31, 2011, the long-term debt had the following maturity structure:

Financing/Year	2.013	2.014	2.015	2.016	2.017	Total
Finame	3,303	3,166	2,335	161	-	8,965
Banco do Estado do Pará	845	422	-	-	-	1,267
Supplier Credit	1,166	583	-	-	-	1,749
Finimp	39,963	22,941	13,376	10,814	4,943	92,037
CCE – Credit Suisse	58,106	43,579	-	-	-	101,685
NCE – Safra	59,880	59,880	-	-	-	119,760
Total	163,263	130,571	15,711	10,975	4,943	325,463

Loan and financing agreements have restrictive clauses that are calculated on an annual basis, that is, as of December 31, 2011, in relation to some financial indices that were complied with on that date. These indices are as follow:

Agreements	Indicators	Standard rate
FINIMP	Debt service coverage – ISCD 1	Above or equal to 1.40
	Ratio of Third parties' capital over Own Capital	Lower or equal to 1.50
	Ratio of Net Bank Debt over EBITDA	Lower or equal to 2.00
	Ratio of Shareholders' equity over Total Assets	Above or equal to 40%
Promissory notes and CCE – Credit Suisse	Ratio of Net Bank Debt over EBITDA	Lower than 2.00
	Ratio of EBITDA over Financial Expenses	Above or equal to 3.00

16. Debentures

	Interest and commissions	Restatements	Amortization	Parent company and Consolidated	
				12.31.2011	12.31.2010
Debentures	2.20% p.a.	CDI	Annual	100,000	100,000
(-) Costs of debentures				(1,350)	(1,350)
Net amount raised				98,650	98,650
(+) Recognized interest and costs				2,209	2,367
(-) Debt amortization				(33,333)	-
Total				67,526	101,017
(-) Short term installments				(34,344)	(34,953)
Long term installments				33,182	66,064

On March 8, 2010 the Board of Directors' Meeting was held and approved the execution of the 1st Public Issue of Not Convertible into Shares of Unsecured Debentures, confirmed at the Board of Directors' Meeting held on April 22 2010.

On April 30, 2010, the Company issued 100 debentures totaling $100,000, with maturity on April 30, 2013, remunerated at the average rate of DI plus 2.20% per year. The effective rate of uptake of these resources, considering funding costs in the amount of $1,350, is 10.17% pa.

The debentures, fully placed, generated financial charges for the year ended December 31, 2011, totaling R$10,991, recognized in income.

Debentures to the merger on September 15, 2011 had a personal guarantee of subsidiary Santos-Brasil, as a joint debtor of all obligations for the value placed, being represented by the ability to generate funds from operations of subsidiary Tecon Santos, which composed the split-off and merged party of said subsidiary.

This Indenture for the First Issuance of Debentures has restrictive clauses, which are calculated on an annual basis, regarding the maintenance of certain financial indices that are being complied with. These indices are as follow:

Agreements	Indicators	Standard rate
Debentures	Ratio of Net Debt over EBITDA Ratio of EBITDA over Financial Expenses	Lower or equal to 3.00 Above or equal to 1.00

17. Taxes in Installments – Consolidated

Subsidiary Nova Logística presented tax debts with payment in installments, as follows:

	12.31.2011	12.31.2010
Current	4.836	4.948

The amount of R$4,836 recorded in the short term refers to Refis pursuant to Law 11941/09, with adhesion to the program in November 2009, and was deferred in February 2010.

18. Provision for Tax, Labor, and Civil Risks, Judicial Deposits and Contingencies – Consolidated

The Company and its subsidiaries are exposed to certain risks represented in tax lawsuits and labor and civil claims for which there is a provision recognized in the financial statements, as they were evaluated as of remote likelihood of success, or because they are important for the Company's equity position.

Lawsuits for which a provision was recorded were considered by Management as adequate based on several factors, including (but not limited to) the opinion of the Company's legal advisors, nature of lawsuits and historic experience.

Provisioned amounts for contingences being discussed in court are as follows:

	12.31.2011	12.31.2010
CADE Lawsuit – Fine (a)	1,616	1,521
CADE Lawsuit – Billing TRA (a)	92,965	74,318
Labor provision (b)	11,272	7,118
Provision for Codesp lawsuit	1,047	971
Provision for the FAP lawsuit (c)	2,927	1,857
Other proceedings (d)	1,705	1,585
Total	111,532	87,370

The amounts of judicial deposits related to the contingencies which are being discussed were:

	12.31.2011	12.31.2010
CADE Lawsuit – Fine (a)	1,616	1,521
CADE Lawsuit – Billing TRA (a)	82,951	69,721
Labor proceedings (b)	7,608	3,065
Codesp lawsuit	1,047	971
Accidents Prevention Factor (FAP) Proceedings	1,920	-
Other proceedings (d)	1,562	1,444
Subtotal	96,704	76,722
Other judicial deposits (e)	37,160	34,562
Total	133,864	111,284

(a) Provisions related to CADE (Administrative Council of Economic Defense) refer to the lawsuit filed in the agency on the charge of possible actions not complying with the economic order, involving several companies exploring leased quays or private management, including operating branch Tecon Santos.

The matter under discussion referred to the legality of the charge made to Customs Port Terminal (TRAs) by container separation and delivery services. This lawsuit was judged and the Company was convicted to: (i) pay a pecuniary fine and (ii) discontinue the charge made to TRAs. Operating branch Tecon Santos filed a lawsuit and obtained an injunction to resume the charge through a judicial deposit for the full charged amount and a deposit of the full pecuniary fine amount applied by CADE, resulting in judicial deposits in the amount of R$74,796 and R$1,616, respectively. Operating branch Tecon Santos filed two other lawsuits to cancel the payment of taxes arising from billing: a lawsuit filed in Federal Courts, referring to PIS and COFINS, and the other lawsuit filed in the Courts of Guarujá, referring to ISSQN, with total deposited amount of R$8,155.

(b) Labor provision, net of the judicial deposit related to it refers to subsidiary Santos-Brasil, in the amount of R$7,608.

(c) This provision refers to the administrative objection filed with INSS regarding new social security contribution calculation system, based on the creation of a multiplying index denominated FAP (Prevention of Accidents Factor), that is calculated based mainly on the number of occupational accidents occurred in companies and employees on lease, in comparison with figures in companies engaged in the same economic activity (CNAE), which resulted in the increase of 72% in the last amount paid by its operating branch Tecon Santos. As the charge was maintained, an Injunction was filed and granted to suspend credit payment until objection is judged, to the Parent company and its subsidiaries Nova Logística, Convicon and Union. As funds were not provided, an injunction was filed requesting authorization for the judicial deposit and suspension of the tax credit payment. The injunction was accepted authorizing the full deposit of the Parent company's and its subsidiaries' credit of R$2,243, comprised of: (i) R$627 Nova Logística; (ii) R$34 – Convicon and (iii) R$23 – Union.

(d) Refer basically to voluntary payment of a fine of federal taxes of subsidiary Convicon, in the amount of R$1,705 covered by the judicial deposit.

(e) Judicial deposits classified as Other, related to the Parent company, are comprised as follows: (i) deposit referring to the expansion of PIS and COFINS calculation basis from 1999 to 2003, in the amount of R$1,159 and R$7,259, respectively, the provisions for which were reversed; (ii) discussion about CPMF on loan transfer during the merger, amounting to R$1,967; (iii) deposit referring to federal taxes that prevented the issuance of a Joint Tax Debt Certificate with Clearance Effects on Federal Taxes and Debts to the Federal Government, in the amount of R$9,105; (iv) INSS and IR deposit on Voluntary Termination Plan (PDV) and from the Non-salary Fund of Dockworkers Union of Santos, São Vicente (SINDESTIVA), Guarujá and Cubatão, in the amount of R$1,685 and (v) other deposits in the Tax and Civil spheres, in the amount of R$6,508. Judicial deposits classified as Other related (i) to subsidiary Nova Logística, refer to fiscal executions of federal taxes that prevented obtaining the Tax Debt Clearance Certificate , in the amount of R$9,424 and (ii) to subsidiary Convicon, refer to an appeal regarding FGTS, in the amount of R$53.

Lawsuits referring to subsidiary Nova Logística, mentioned in (b) and (d), the origin of which is prior to acquisition date, as contractual definition, will be the responsibility of its former shareholders. Accordingly, an equivalent amount was recognized in non-current assets, as accounts receivable of former shareholders – Nova Logística.

Changes in the reserve for contingencies, in the quarter ended December 31, 2011, are as follow:

	Opening balance	Addition to provision	Reversal	Closing balance
CADE Lawsuit – fine	1,521	95	-	1,616
CADE Lawsuit – billing TRA	74,318	18,647	-	92,965
Labor provision	7,118	5,923	1,769	11,272
Provision for Codesp lawsuit	971	76	-	1,047
Provision for Prevention of Accidents Factor (FAP)	1,857	1,070	-	2,927
Other proceedings	1,585	167	47	1,705
Total	87,370	25,978	1,816	111,532

The Company and its subsidiaries have other administrative and legal lawsuits in progress, which have bee considered by legal advisors as presenting a possible risk and financial losses were measured at R$187,746. There are other lawsuits that could not be evaluated with reasonable security and, in both situations, no provision for losses was recorded in the financial statements.

19. Classification of Lease – Consolidated

a. Financial lease

The Company has 7 assets under financial lease agreements. The contracts are effective for up to three years, containing purchase option clauses.

Assets listed below are included in property, plant and equipment.

Net book value from depreciation of assets obtained through financial leasing agreements:

	12.31.2011
Computer equipment	448
Data processing systems	566
Total	1,014

On December 31, 2011, the Company recognized as interest the amount of R$145 on expenses, and R$467 as depreciation expenses.

At December 31, 2011, the minimum future payments were segregated as follows:

	Present value of minimum payments	Interest	Minimum future payments
From one to five years	29	-	29

b. Operational lease

The Company, by means of its branches, and its subsidiaries have concession agreements and lease installment to be recognized in the statement of income at the accrual method, starting as of the next year, are as follows:

Agreement/year	2012	2013	2014	2015 to 2035	Total
Tecon Santos	29,815	29,815	29,815	206,220	295,665
Tecon Imbituba	3,050	3,050	3,050	57,950	67,100
Union – TEV	2,583	2,583	2,583	44,557	52,306
Convicon	758	758	758	2,021	4,295
Total	36,206	36,206	36,206	310,748	419,366

The Company and its subsidiaries also have rent contracts for administrative and operating areas (Distribution Center of subsidiary Nova Logística) that, in the year ended December 31, 2011 generated expenses of R$9,716.

20. Shareholders' Equity – Parent Company

a. Capital

	Common shares		Preferred shares	
	2011	2010	2011	2010
Issued on January 1	452,567,461	452,567,461	203,208,988	203,208,988
Exercise of stock options	1,016,969	-	4,067,876	-
Issued on December 31	453,584,430	452,567,461	207,276,864	203,208,988
Authorized with no par value	453,584,430	452,567,461	207,276,864	203,208,988

Of total shares, 207,998,345 were outstanding on that date, being 41,599,669 common shares and 166,398,676 preferred shares; represented by 41,599,669 units.

Units are share deposit certificates, nominative, registered and with no par value, free and exempt from any burden or encumbrance, each of them representing a common share and four preferred shares.

On March 31, 2011, capital was increased with exercised options, as explained in note 24, by the amount of R$2,837, of which R$284 was paid up in March 2011 and R$2,553 in April 2011. 294,546 common shares and 1,178,184 preferred shares were issued.

On April 30, 2011, capital was increased with exercised options, as explained in note 24, by the amount of R$8,682. 690,792 common shares and 2,763,168 preferred shares were issued.

On May 31, 2011, capital was increased with exercised options, as explained in note 24, by the amount of R$132. 13,762 common shares and 55,048 preferred shares were issued.

On August 31, 2011, capital was increased with exercised options, as explained in note 24, by the amount of R$172. 17,869 common shares and 71,476 preferred shares were issued.

As provided for in the Company's Bylaws, the disposal of shareholding control, both through a single transaction or through successive transactions, should be contracted under suspensive or resolutive condition that the acquirer is obliged to make a public offering, following conditions and terms provided in prevailing law and Corporate Governance Regulation Level 2 of BOVESPA, for the acquisition of all shares of other shareholders of the Company so as to ensure them an equal treatment to that given to the selling controlling shareholder.

The company is authorized to increase its capital regardless of the Annual Shareholders' Meeting decision, up to the limit of 2,000,001,000 shares, through resolution of the Board of Directors, which will define the conditions for issuance and placement of said securities.

Each common share entitles holders to one vote on general meeting resolutions. Preferred shares are not assured to receive dividends.

b. Capital reserve

• Share purchase option plan

Represented by the accounting record of the stock option plan (Note 24), in compliance with the determinations of Technical Pronouncement CPC 10 – Share-based payments, approved by CVM Resolution 562/08.

• Others

The merger of shares, pursuant to Note 1, the value of the equity of the former subsidiary Santos-Brasil, the base date of December 31, 2006, was taken to the capital stock account of the Company as provided in the Protocol and Justification Merger of Shares. The value of net income, equity in the former subsidiary Santos-Brasil, represented by the results of its operations in the period between that date and the base date of the merger, in October 2007, net of distributions made to shareholders, R$28,923, was classified in this group of Capital Reserve.

On April 30, 2010, the Company made the purchase of an indirect stake of its subsidiary Pará, in its direct subsidiary Nara Valley, ranging from 75% shareholding to 87.67%. This operation resulted in the change in interest in the amount of R $4,548.

On April 20, 2011, subsidiary Nara Valley acquired, pursuant to a share purchase and sales agreement and other covenants, 12.327% of shareholding interest of its direct subsidiary Pará Empreendimentos, for the amount of R$4,500, and it now holds 100% of interest. This operation resulted in the change in interest in the amount of R $5,478.

c. Profit reserve

- Legal reserve

In compliance with article 193 of Law 6404/76, the reserve was recorded at the rate of 5% of the net income for the year, up to the limit of 20% of the capital.

- Reserve for investment and expansion

Represented by Management proposals for the retention of net income for the year, and prior years, remaining balances, after retentions provided for in the law or approved by shareholders to face investment plans in subsidiaries' expansion, according to Capital Budgets.

d. Remuneration to shareholders

Shareholders are entitled to minimum dividends of 25% of adjusted net income, in accordance with corporate law and Company by-laws.

Statement of shareholder's remuneration for the year ended December 31, 2011:

	%	12.31.2011
Net income for the year		246,562
Formation of legal reserve		(12,328)
Adjusted net income (a)		**234,234**
Compulsory minimum dividends	25.0%	58,558
Remuneration to shareholders		
Interim dividends attributable to minimum		
mandatory dividends, paid in advance in the course of the year 2011 (b)		90,000
Interest on own capital attributable to dividends		
required, early in the course of the year 2011 (c)		72,868
Withholding income tax on interest on capital (d)		(9,306)
Additional dividends proposed (e)		**24,519**
Net remuneration to shareholders (b + c – d + e)	76.0%	**178,081**
Gross remuneration to shareholders (b + c + e)	80.0%	**187,387**
The interim dividends and interest on own capital paid and credited by class action were:		
Common shares		105,398
Preferred shares		48,164
Total		153,562
Additional dividends proposed		**24,519**
Quantity of common shares		453,584,430
Unit value of additional dividends per share		R$0.037102090
Quantity of preferred shares		207,276,864
Unit value of additional dividends per share		R$0.037102090
Profit retention		**46,847**

21. Operating Income

Reconciliation between gross revenue for tax purposes and the revenues presented in the statement of income for the year:

	Parent company		Consolidated	
	12.31.2011	**12.31.2010**	**12.31.2011**	**12.31.2010**
Gross tax income	314,117	4,344	1,278,736	982,655
Deductions from revenue				
Sales tax	26,921	415	121,356	88,180
Other	7,708	145	32,710	28,942
Total accounting revenue	279,488	3,784	1,124,670	865,533

22. Other Operating Income and Expenses

	Parent company		Consolidated	
	12.31.2011	**12.31.2010**	**12.31.2011**	**12.31.2010**
Other operating income:	110	3	899	553
Reimbursement of ISS on cancelled invoices	66	-	1,325	76
Gain (loss) in the sale of assets	290	323	290	667
Adjustment of advances for dredging fund	173	-	525	377
Judicial deposits adjustment	20	-	792	648
Others				
	659	326	3,831	2,321
Total				
Other operating expenses:	-	-	-	2,378
Loss on investment reimbursement - TEV	4,295	-	4,835	12,730
Non-viable projects	87	-	873	671
Other				
	4,382	-	5,708	15,779
Total				

The amount of R$2,378 presented in 2010 refers to the loss resulting from the difference between original amounts invested in TEV and amounts refunded by CODESP.

23. Financial Income and Expenses Recognized in the Statement of Income

	Parent company		Consolidated	
	12.31.2011	**12.31.2010**	**12.31.2011**	**12.31.2010**
Financial income	9,031	4,818	20,802	15,901
Yield of interest earning bank deposit	3,123	3,040	-	-
Interest on loan (*)	43,494	27,803	51,589	51,618
Exchange and monetary gains	24,291	50,879	25,282	54,172
Swap transaction fair value	1,460	668	2,515	2,112
Other				
Total	81,399	87,208	100,188	123,803
Financial expenses				
Interest	46,653	35,880	50,387	42,434
Interest on loan (*)	4,437	505	-	-
Monetary and foreign exchange variations in liabilities	48,370	15,229	62,621	37,834
Financial Transactions Tax (IOF) on loan transactions	753	571	1,376	1,043
Fair value of the swap transaction	30,714	40,324	31,324	43,813
Other	330	154	1,447	1,836
Total	131,257	92,663	147,155	126,960
Financial income (loss)	(49,858)	(5,455)	(46,967)	(3,157)

(*) As per Note 7-a.

24. Share Based Payment

In the Extraordinary Shareholders' Meeting held on September 22, 2006, shareholders of the then subsidiary Santos-Brasil approved the Stock Option Plan for management and high level employees. At a Special General Meeting, held on January 9, 2008, the Plan was transferred to the Company.

The plan is managed by the Board of Directors or, at the board's discretion, by a committee comprised by three members, being at least one of them a member (holder or alternate) of that board.

The Board of Directors or the Committee periodically creates Share Option Plans (Programs), with shares grouped into Units (note 20-a), where the Beneficiaries who will be granted the options are defined, as well as the number of Company's units that each beneficiary will be entitled to subscribe or acquire upon option exercise, subscription price, initial grace period during which the option may not be exercised, and limit dates for total or partial exercise. Terms and conditions are defined in a Share Purchase Option Contract, entered into by the Company and each Beneficiary.

Prices of Units to be acquired by Beneficiaries upon option exercise (Exercise Price) are equivalent to the average value of Units in the last 30 trading session of BOVESPA, prior to the option grant date, and may be added of inflation adjustment based on a price index variation and also of interest, at the discretion of the Board of Directors or the Committee, which may also grant to Beneficiaries a discount of up to 15% in Exercise Price.

The Company's Units that were acquired within the Plan may only be disposed of if the minimum unavailability period defined in the Program for each batch of Units, is complied with. This period should never be lower than three years, counting as of exercise date of each annual batch.

On December 31, 2011, prevailing Programs were those listed in the table below:

Software	Exercise prices (*)	Number of granted units	Grace periods	Exercise terms	Options values (*)	Number of exercised units	Number of overdue/ expired units	Number of units – balance
	R$/Unit				R$/Unit			
10.20.06 – Program 2006	20.70	231,493			10.70	34,200	197,293	-
- 1st Annual Lot		77,164	10.20.07	10.20.09		-	77,164	-
- 2nd Annual Lot		77,164	10.20.08	10.20.10		-	77,164	-
- 3rd Annual Lot		77,165	10.20.09	10.20.11		34,200	42,965	-
08.13.07 – Program 2007	25.67	342,572			12.02	-	233,671	108,901
- 1st Annual Lot		114,191	08.13.08	08.13.10		-	114,191	-
- 2nd Annual Lot		114,191	08.13.09	08.13.11		-	114,191	-
- 3rd Annual Lot		114,190	08.13.10	08.13.12		-	5,289	108,901
02.28.08 – Program 2008	22.23	456,331			10.22	142,199	165,748	148,384
- 1st Annual Lot		152,110	02.28.09	02.28.11		-	152,110	-
- 2nd Annual Lot		152,110	02.28.10	02.28.12		71,098	6,819	74,193
- 3rd Annual Lot		152,111	02.28.11	02.28.13		71,101	6,819	74,191
02.28.08 – Supplementary Program 2008	22.23	1,115,760			7.17	-	1,115,760	-
- Annual Lot		1,115,760	with no grace period	02.28.11		-	1,115,760	-

Software	Exercise prices (*)	Number of granted units	Grace periods	Exercise terms	Options values (*)	Number of exercised units	Number of overdue/ expired units	Number of units – balance
	R$/Unit				R$/Unit			
01.27.09 – Program 2009	6.59	1,170,153	01.27.10	01.27.12	3.64	755,258	31,205	383,690
- 1st Annual Lot		390,051	01.27.11	01.27.13		377,629	9,981	2,441
- 2nd Annual Lot		390,051	01.27.12	01.27.14		377,629	9,981	2,441
- 3rd Annual Lot		390,051				-	11,243	378,808
01.27.10 – Program 2010	15.35	605,201	03.09.11	03.09.13	6.77	85,312	18,474	501,415
- 1st Annual Lot		201,734	03.09.12	03.09.14		85,312	5,635	110,787
- 2nd Annual Lot		201,734	03.09.13	03.09.15		-	6,419	195,315
- 3rd Annual Lot		201,733				-	6,420	195,313
04.19.11 – Program 2011	21.71	535,278	01.02.12	01.02.14	9.12	-	8,858	526,420
- 1st Annual Lot		178,426	01.02.13	01.02.15		-	2,952	175,474
- 2nd Annual Lot		178,426	02.01.14	02.01.16		-	2,952	175,474
- 3rd Annual Lot		178,426				-	2,954	175,472
Total options granted		4,456,788				1,016,969	1,771,009	1,668,810

(*) Original amounts on options grant programs' dates.

Grace period reflect conditions established in Programs, according to which options may be exercised in 3 annual batches, each equivalent to 33.3333% of total option granted in each Program.

Annual batches exercise prices will be adjusted at IGP-M/FGV, at the lowest permitted periodicity, up to the options exercise dates.

Exercise terms reflect the period of 24 months, counted as of the end of annual batches' initial grace periods.

Costs of granted options are calculated during their respective grant period, based on options values determined by the Black-Scholes evaluation method on the dates of the Programs. In the lack of a history of forfeiture rate for the exercise of options, for the calculation above, it was considered that 100% of options will be exercised.

As determined by Technical Pronouncement CPC 10 – Share-based Payment, approved by CVM Resolution no. 562/08, the company and its subsidiaries recognized, to the extent services were provided in share-based payment transactions, the effect in the statement of income for the year ended December 31, 2011, in the amount of R$4,014 (R$4,269 on December 31, 2010), as explained in note 20-b.

Of options prevailing up to December 31, 2011, those that were exercised represented a dilution in the interest of shareholders of 0.77%; those that were not exercised, in case they were fully exercised, would represent a dilution of the interest of current shareholders by 1.25%.

25. Income and Social Contribution Taxes

a. Reconciliation of IRPJ and CSLL – current and deferred

IRPJ and CSLL reconciliation recognized in income is as follows:

	Parent company		Consolidated	
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Income before taxation	**191,977**	**121,587**	**299,533**	**206,474**
Exclusion of equity in investees	(197,441)	(149,304)	-	-
Adjusted income before taxation	**(5,464)**	**(27,717)**	**299,533**	**206,474**
I - Base Amount – IRPJ and CSLL	**(1,881)**	**(9,448)**	**101,817**	**70,177**
- Rate of 15% for IRPJ and 9% for CSLL	(1,311)	(6,652)	71,888	49,554
- Additional rate of 10 % IRPJ with deduction of R$240	(570)	(2,796)	29,929	20,623
II - Effects of permanent additions and exclusions of expenses and revenues	**(19,883)**	**(2,702)**	**(18,706)**	**(267)**
- Permanent additions				
- Variable compensation of Directors	1,814	-	1,844	1,884
- Share purchase option plan	1,311	1,451	1,365	1,451
- Other	1,767	82	2,860	633
- Permanent exclusions				
- Interest on own capital paid	(24,775)	(4,235)	(24,775)	(4,235)
III - Effects of tax incentives	**-**	**-**	**(714)**	**(1,325)**
- Tax incentives	-	-	(714)	(1,325)
IV - EFFECTIVE RATE				
- Adjusted IRPJ and CSLL (I + II + III)	**(21,764)**	**(12,150)**	**82,397**	**68,585**
- Effective rate	**N/A**	**43,8%**	**27,5%**	**33,2%**
V - Effects of deferred IRPJ and CSLL	**(32,821)**	**21,701**	**(29,097)**	**27,762**
- Non-recognition of tax losses and temporary differences (1)	-	21,701	3,724	30,474
- Initial recognition of tax losses ad temporary differences	(32,821)	-	(32,821)	(2,712)
VI - Extraordinary adjustments	**-**	**-**	**(103)**	**(1,102)**
- IRPJ and CSLL for the prior year	-	-	(103)	(1,102)
Effect of IRPJ and CSLL on profit figures (IV + V + VI)	**(54,585)**	**9,551**	**53,197**	**95,245**

(1) Refers to the Company and subsidiaries Union and Convicon, for which no deferred tax credits were recognized as they do not fulfill criteria for this recognition.

b. Composition of deferred tax assets and liabilities

Deferred IRPJ and CSLL are recognized to reflect future tax effects attributable: (I) tax losses and tax losses, which have no statute of limitations, but have their use limited to 30% of annual taxable income, (II) temporary differences between the tax basis of accounts of income and their records accounting on an accrual basis, and (III) the effects generated by adopting the Tax Regime (RTT).

With the incorporation of the subsidiary Santos-Brasil, on September 15, 2011, the Company began accounting books the deferred tax assets, represented by their tax losses and the temporary differences.

Up to December 31, 2011, only deferred tax credit on tax losses, temporary differences and RTT applicable to the Company and the subsidiary Nova Logística. Deferred tax liabilities are always recognized for the Company and all subsidiaries. In the Company, deferred tax liabilities on Swap transactions were recognized.

	Parent company			
	12.31.2011		31.12.2010	
	IRPJ	CSLL	IRPJ	CSLL
Assets				
Tax losses and the negative social contribution base	31,747	11,429	-	-
Timing differences				
Provision for contingencies	27,175	9,783	-	-
Other provisions	10,202	3,673	-	-
Total	69,124	24,885	-	-

	Consolidated			
	12.31.2011		31.12.2010	
	IRPJ	CSLL	IRPJ	CSLL
Assets				
Tax losses and the negative social contribution base	31,747	11,429	1,213	437
Timing differences				
Provision for contingencies	27,332	9,839	21,582	7,770
Other provisions	11,746	4,229	8,334	3,001
Transitory Tax Regime – RTT				
Effects of Transitory Tax Regime	-	-	534	193
Total	70,825	25,497	31,663	11,401

	Parent company			
	12.31.2011		31.12.2010	
	IRPJ	CSLL	IRPJ	CSLL
Liabilities				
Timing differences				
Swap transaction	-	-	3,784	1,362
Effects of Transitory Tax Regime				
Amortization of goodwill	30,451	10,962	-	-
Depreciation	36,335	13,081	4,002	1,441
Other	1,246	448	2,639	950
Total	68,032	24,491	10,425	3,753

	Consolidated			
	12.31.2011		31.12.2010	
	IRPJ	CSLL	IRPJ	CSLL
Liabilities				
Timing differences				
Swap transaction	-	-	3,784	1,362
Effects of Transitory Tax Regime				
Amortization of goodwill	37,611	13,540	31,210	11,236
Depreciation	38,022	13,688	24,876	8,955
Other	1,423	512	2,790	1,006
Total	77,056	27,740	62,660	22,559

Deferred taxes referring to RTT were recognized in the Company and in subsidiaries Nova Logística and Convicon, mainly through the effect of goodwill amortization and the new depreciation criterion for load equipment and properties.

The realization of temporary differences depends on the conclusion of accounting facts related to lawsuits that originated them.

According to the CPC Pronouncement 32 – Income Tax, approved by CVM Resolution 599/09, the Company founded the accounting of tax credits in the expectation of generating future taxable income, determined on a technical study approved by the Administration and reviewed by the Audit Committee. If there are relevant factors that modify the projections, these are reviewed during the next year.

Thus, the deferred tax assets of the subsidiary New Logistics, relating to tax losses and negative basis of social contribution recorded on December 31, 2011, and maintained the expectation of future taxable income of the technical study prepared on December 31, 2011, had the its implementation designed as follows:

	IRPJ	CSLL	Total
2012	12,995	4,678	17,673
2013	18,752	6,751	25,503
Total	31,747	11,429	43,176

c. Expense (income) with current and deferred income and social contribution taxes

	Parent company			
	12.31.2011		31.12.2010	
	IRPJ	CSLL	IRPJ	CSLL
Deferred income and social contribution taxes				
Tax losses and the negative social contribution base	(31,747)	(11,429)	-	-
Timing differences	(11,523)	(4,148)	658	237
Transitory Tax Regime – RTT	3,134	1,128	6,365	2,291
	(40,136)	(14,449)	7,023	2,528
Total expense (income) income and social contribution tax expense	(40,136)	(14,449)	7,023	2,528

	Consolidated			
	12.31.2011		31.12.2010	
	IRPJ	CSLL	IRPJ	CSLL
Tax is recognized in income (loss)				
Current expense				
For the year	63,812	22,996	46,615	16,053
	63,812	22,996	46,615	16,053
Deferred income and social contribution taxes				
Tax losses and the negative social contribution base	(30,534)	(10,992)	2,956	1,830
Timing differences	(12,944)	(4,660)	(11,602)	(4,177)
Transitory Tax Regime – RTT	18,712	6,736	33,729	12,142
Other	52	19	(1,692)	(609)
	(24,714)	(8,897)	23,391	9,186
Total income tax and social contribution expense	39,098	14,099	70,006	25,239

26. Earnings per Share

a. Basic earnings per share

The result per basic share was calculated with a basis on the result of the period attributable to the controlling and non-controlling shareholders of the Company in the year ended at December 31, 2011 and the respective average quantity of outstanding common and preferred shares this year, in comparison with the same period in 2010 according to the chart below:

	12.31.2011			12.31.2010		
	Common	Preferred	Total	Common	Preferred	Total
Net income	169,229	77,333	246,562	77,319	34,717	112,036
Weighted average of shares	452,491	206,777	659,268	452,567	203,209	655,776
Basic earnings per share	0.37399	0.37399	0.37399	0.17084	0.17084	0.17084

b. Diluted earning per share

On the income for the period attributable to the Company's controlling and minority shareholders for the years ended December 31, 2011 and 2010, diluted income per share was calculated as follows:

	12.31.2011			12.31.2010		
	Common	Preferred	Total	Common	Preferred	Total
Net income	169,343	77,385	246,562	77,319	34,717	112,036
Weighted average of shares	452,491	206,777	659,268	452,567	203,209	655,776
Possible effects of share option subscription	587	2,350	2,937	955	3,819	4,774
Diluted earnings per share	0.37244	0.37244	0.37244	0.16961	0.16961	0.16961

27. Financial Instruments

The Company and its subsidiaries maintain operations with financial instruments. The management of these instruments is done through operating strategies and internal controls, aimed at assuring liquidity, profitability and security. The contracting of financial instruments with the objective of offering protection is performed by means of a periodic analysis of the risk exposure that Management intends to cover (exchange rate, interest rate, etc, which is approved by the Board of Directors. The control consists of the continuous monitoring of the agreed conditions versus the conditions prevailing in the market. The Company and its subsidiaries do not invest in derivatives or any other risk assets on a speculative basis. The results obtained from such operations are consistent with the policies defined by Company's management.

The estimated realization values of the financial assets and liabilities of the Company and its subsidiaries maintain operations with financial instruments were determined through information available in the market and appropriate valuation methodologies. Judgments were required in the interpretation of the market data in order to estimate the most adequate realization values. Consequently, the estimates below do not necessarily indicate the values that could be realized in the current exchange market.

Derivatives are initially recognized at their fair value, and respective transaction costs are recognized in the result when incurred.

a. Classification of financial instruments

The classification of financial instruments is presented in the table below, and there are no financial instruments classified in other categories besides those informed:

	Parent company		Consolidated	
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Assets				
Fair value through the statement of income				
Cash and cash equivalents	222,557	11,522	266,831	82,566
Interest earnings bank deposits	28,023	-	28,023	24,947
Swap – BTG Pactual	3,178	-	3,315	-
Swap – Credit Suisse	5,916	11,600	5,916	11,600
Subtotal	259,674	23,122	304,085	119,113
Loans and receivables				
Accounts receivable	88,036	3,700	114,586	68,484
Loan receivable	4,364	24,445	-	-
Court-ordered dept payments receivable	-	-	3,623	3,413
Subtotal	92,400	28,145	118,209	71,897
Liabilities				
Fair value through the statement of income				
Swap – BTG Pactual	-	203	-	1,214
Swap – Itaú	52	5,988	53	8,457
Subtotal	52	6,191	53	9,671
Amortized cost				
Export Credit Notes - CCE	161,444	220,098	161,444	220,098
Debentures	67,526	101,017	67,526	101,017
Debits with related parties	-	40,933	-	-
Loans and financing in foreign currency and Leasing	138,760	12,198	145,127	110,827
Loans and financing in national currency and Leasing	232	-	14,750	34,322
Suppliers	40,491	12,242	55,459	53,301
NCE – Export credit notes	165,666	-	150,549	-
Promissory notes	150,549	-	165,666	-
Court-ordered debt payments payable (a)	-	-	1,457	1,457
Subtotal	724,668	386,488	761,978	521,022
Overall total	1,076,794	443,946	1,184,325	721,703

(a) In fiscal 2010 the writ was classified on the balance sheet in the group of other payables in current liabilities in 2011 it was classified in the group balance sheet in other liabilities.

b. Fair value

For financial assets without an active market or public quotation, Management established the fair value through valuation techniques. These techniques include the use of recent operations contracted with third parties, and reference to other instruments that are substantially similar, the analysis of discounted cash flows and the swap pricing model that makes the greatest possible use of information generated by the market and has the minimum amount of information possible generated by the management of the actual entity.

b.1 – Derivative financial instruments

The Company holds derivative financial instruments to hedge risks relating to interest rate and foreign exchange.

All derivative financial instruments held at December 31, 2011 were concluded in the market counter with counterparties of large financial institutions.

Derivative financial instruments are presented in the balance sheet at fair value in account asset or liability, respectively. Derivative financial instruments are classified as "fair value through profit or loss." The periodic variation of the quarterly fair value of derivatives is recognized as financial income or expense in the period in which they occur.

The fair value of derivatives is obtained by the model of future cash flows in accordance with the contractual rates, discounted to present value using market rates. We used information and forecasts for the dollar, LIBOR and CDI, disclosed by BM&F.

On April 1, 2011, the Company entered into the first addendum to the Swap – Credit Suisse contract, to eliminate foreign exchange risk of the transaction. In this addendum, terms and conditions referring to the contract short position adjustment, previously determined as foreign exchange variation + Libor + 7.95% p.a., were changed to 108.75% of CDI.

Transactions with existing derivative financial instruments or that produced financial effects for the year ended December 31, 2011 are as follows: Column "Receipts (payments)" shows the amounts received or paid for settlements made during the year ended December 31, 2011, and column "Cost" shows the effect recognized in financial income or expenses associated to settlements and fair value variation of derivatives in the year ended December 31, 2011.

						Parent company			
						Fair value		Banco Credit Suisse (*)	
Identification	Nominal value	Maturity	Purpose	Receipts (payments)	Cost	Dec/11	Dec/10	Asset	Liability
Swap of CDI + Pre	250,000	Set/14	Associated to CCE transaction	8,448	9,746	5,916	11,600	100% CDI + 3.5% p.a.	108.75% CDI

(*) Carried out having as the CCE transaction as its object, note 15.

Swap maturities are simultaneous with financing principal and/or interest installment maturities.

						Fair value		Banco BTG Pactual (*)	
Identification	Nominal value	Maturity	Purpose	Receipts (payments)	Cost	Dec/11	Dec/10	Asset	Liability
Foreign exchange variation Swap + Coupon - CDI	23.104	Jun/12	Associated to the foreign exchange variation	(200)	2.131	3.178	(203)	Foreign exchange + exchange coupon	100% CDI

(*) Carried out having hedge transaction as its object.

Swap maturities are simultaneous with financing principal and/or interest installment maturities.

						Fair value		Banco Itaú (*)	
Identification	Nominal value	Maturity	Purpose	Receipts (payments)	Cost	Dec/11	Dec/10	Asset	Liability
Foreign exchange variation Swap + Coupon - CDI	55,424	Dec/11	Associated to the foreign exchange variation	(9,984)	(4,281)	(52)	(5,988)	Foreign exchange + exchange coupon	100% CDI

(*) Carried out having hedge transaction as its object.

Swap maturities are simultaneous with financing principal and/or interest installment maturities.

Identification	Nominal value	Maturity	Purpose	Receipts (payments)	Cost	Consolidated Fair value Dec/11	Dec/10	Banco Credit Suisse (*) Asset	Liability
Swap of CDI + Pre	250,000	Sep/14	Associated to CCE transaction	8,448	9,746	5,916	11,600	100% CDI + 3.5% p.a.	108.75% CDI

(*) Carried out having as the CCE transaction as its object, note 15.

Swap maturities are simultaneous with CCE financing maturities, with no Swap with embedded option, "trigger".

Identification	Nominal value	Maturity	Purpose	Receipts (payments)	Cost	Fair value Dec/11	Dec/10	Banco BTG Pactual (*) Asset	Liability
Foreign exchange variation Swap + Coupon - CDI	24,102	Jun/11	Associated to the foreign exchange variation	(1,192)	3,315	3,315	(1,214)	Foreign exchange + exchange coupon	100% CDI

(*) Carried out having hedge transaction as its object.

Swap maturities are simultaneous with financing principal and/or interest installment maturities.

Identification	Nominal value	Maturity	Purpose	Receipts (payments)	Cost	Fair value Dec/11	Dec/10	Banco Itaú (*) Asset	Liability
Foreign exchange variation Swap + Coupon - CDI	56,378	Dec/11	Associated to the foreign exchange variation	(14,036)	(6,551)	(53)	(8,457)	Foreign exchange + exchange coupon	100% CDI

(*) Carried out having hedge transaction as its object.

Swap maturities are simultaneous with financing principal and/or interest installment maturities.

b.2 – Other financial instruments

Taking as a base the interest rate projections of BM&F and Bloomberg, a pricing model was prepared applied individually to each transaction.

Loans, Financing and Debentures – We considered the future stream of payments based on contractual conditions and forecasts for currencies and interest rates of the BM&F and Bloomberg, discounted to present value of fees obtained through the yield curve market, based on information obtained from the same sources mentioned above, the BM&F and Bloomberg were not considered to own credit risk, as well as possible banking spread because they are considered irrelevant.

Accordingly, the market value of a security corresponds to its maturity value brought to present value by the discount factor (referring to the maturity date of the installment) obtained from the market interest curve in Reais.

Interest earning bank deposits – Investments in investment funds and CDB's are shown at their fair value, owed to their classification in the or fair value category based on results.

As of December 31, 2011, the market value from "non derivative" financial instruments obtained through the method above, presented for statement purposes only, are as follows:

	Parent company	
	12.31.2011	
	Book value	Fair value
Assets		
Cash and cash equivalents	222,557	222,557
Interest earnings bank deposits	28,023	28,023
Accounts receivable	88,036	88,036
Swap transactions	9,094	9,094
Loan receivable	4,364	4,364
Total	352,074	352,074
Liabilities		
Loans and financing	616,651	592,809
Debentures	67,526	81,984
Suppliers	40,491	40,491
Dividends and interest on own capital payable	63,620	63,620
Swap transactions	52	52
Total	788,340	778,956

	Consolidated	
	12.31.2011	
	Book value	Fair value
Assets		
Cash and cash equivalents	266,831	266,831
Interest earnings bank deposits	28,023	28,023
Accounts receivable	114,856	114,856
Operations with Swap	9,231	9,231
Total	418,941	418,941
Liabilities		
Loans and financing	637,536	607,084
Debentures	67,526	81,984
Dividends and interest on own capital payable	63,620	63,620
Suppliers	55,459	55,459
Operations with Swap	53	53
Total	824,194	808,200

c. Assets and liabilities in foreign currency – Consolidated

There were only liability balances denominated in foreign currency, as follows:

	Parent company		
	Amount (in R$)		
	12.31.2011	12.31.2010	Currency
Nature of balance			
Financing – Darby Brazil Mezzanine Holdings LLC	342	303	US$
Financing – Finimp	125,079	80,754	US$
Financing – Finimp	13,339	25,002	€
Leasing	-	310	US$
Total	138,760	110,827	

	Consolidated		
	Amount (in R$)		
	12.31.2011	12.31.2010	Currency
Nature of balance			
Financing – Darby Brazil Mezzanine Holdings LLC	342	303	US$
Financing – Finimp	128,469	80,754	US$
Financing – Finimp	13,339	25,002	€
Supplier Credit	2,977	4,458	€
Leasing	-	310	US$
Total	145,127	110,827	

d. Fair value hierarchies

The charts below present derivative financial instruments recorded at fair value, using the discounted cash flow method.

	Parent company			
	12.31.2011			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	4,494	218,063	-	222,557
Interest earnings bank deposits	-	28,023	-	28,023
Financial liabilities derivatives				
Swap – BTG Pactual	-	3,178	-	3,178
Swap – CCE	-	5,916	-	5,916
Swap – Itaú	-	(52)	-	(52)

	Consolidated			
	12.31.2011			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	6,894	259,937	-	266,831
Interest earnings bank deposits	-	28,023	-	28,023
Financial liabilities derivatives				
Swap – BTG Pactual	-	3,315	-	3,315
Swap – CCE	-	5,916	-	5,916
Swap – Itaú	-	(53)	-	(53)

There was no transfer of assets or liabilities between levels of the fair value hierarchy for the year ended December 31, 2011. The non--derivative financial instruments classified as fair value through income have basically level 2 hierarchy.

e. Credit risk

The credit policies determined by Management and are aimed at minimizing any problems resulting from default by its clients. This objective is achieved by management through the careful selection of its customer portfolio that considers the ability to pay (credit analysis) and diversification (spreading risk). The allowance for doubtful accounts as at December 31, 2011, was R$1,494, representing 1.28% of the outstanding accounts receivable balance. As of December 31, 2010, this allowance was R$540, equivalent to 0.78%.

Moreover, aiming to minimize the credit risks linked to financial institutions, Management aims to diversify its operations in high class institutions.

	Parent company		Consolidated	
	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Assets				
Cash and cash equivalents	222,557	11,522	266,831	82,566
Interest earnings bank deposits	28,023	-	28,023	24,947
Accounts receivable	88,036	3,700	114,586	68,484
Operations with Swap	9,094	11,600	9,231	11,600
Loan receivable	4,364	-	-	-
Total	352,074	26,822	418,671	187,597

f. Liquidity risk

The liquidity risk refers to the possibility of a mismatch between the maturities of assets and liabilities, which may result in inability to meet obligations at established terms.

The Company's general policy calls for maintaining adequate liquidity levels to ensure its ability to meet present and future obligations and make use of opportunities.

Management considers that the Company has no liquidity risk, considering their ability to generate cash in the concept of EBITDA and its capital structure with low participation of third party capital.

In addition, the Company periodically analyzes mechanisms and tools that allow it to obtain funding to reverse positions that might impair its liquidity.

	Parent company			
	12.31.2011	Up to 1 year	From 1 to 3 years	From 3 to 5 years
Liabilities				
Export Credit Notes – CCE	161,444	58,314	103,130	-
Debentures	67,526	34,344	33,182	-
Suppliers	40,491	40,491	-	-
Promissory notes	165,666	165,666	-	-
Dividends and interest on own capital payable	63,620	63,620	-	-
NCE – Export credit notes	150,549	30,789	119,760	-
Loans and financing in local currency	232	232	-	-
Loans and financing in foreign currency	138,760	49,385	74,284	15,091
Operations with Swap	52	52	-	-
Total	788,340	442,893	330,356	15,091

	Consolidated			
	12.31.2011	Up to 1 year	From 1 to 3 years	From 3 to 5 years
Liabilities				
Export Credit Notes – CCE	161,444	58,314	103,130	-
Debentures	67,526	34,344	33,182	-
Suppliers	55,459	55,459	-	-
Promissory notes	165,666	165,666	-	-
Dividends and interest on own capital payable	63,620	63,620	-	-
NCE – Export credit notes	150,549	30,789	119,760	-
Loans and financing in local currency	14,750	4,518	10,071	161
Loans and financing in foreign currency	145,127	51,341	78,029	15,757
Swap operations	53	53	-	-
Total	824,194	464,104	344,172	15,918

g. Market risk

Our political management of market risks include, among others, development studies and economic-financial analysis evaluating the impact of different scenarios in the market positions, and reports that monitor the risks to which we are subject.

The Company's results are subject to variations, resulting from the effects of foreign exchange rate volatility on transactions liked to foreign currencies, mainly the US dollar and Euro, which closed the year ended December 31, 2011 appreciated in relation to Brazilian Real by 8.34% and 7.99%, respectively, in relation to December 31, 2010.

The Company maintains constant mapping of risks, threats and opportunities, with a basis on the projection of the scenarios and their impacts on the Company's results. In addition, any other risk factors and the possibility of conducting hedge transactions for said risks is also analyzed.

The Company uses financial instruments to protect the oscillations of short-term liabilities denominated in foreign currency loans and financing relating to such operations are not used for speculative purposes and are characterized by financial instruments of high correlation with the liabilities to which they are linked. Including the transactions involving derivative financial instruments.

Foreign exchange exposure

	Parent company		
	USD	EUR	Currency
Loans and financing	125,079	13,339	BRL
(-) Hedge instruments	(48,322)	-	BRL
Net exposure	76,757	13,339	

The Company's policy is to manage its exposures considering the flows expected for the next semester. Thus, the net exposure shown above relate to higher depreciation, the period stipulated in the policy.

Sensitivity analysis of foreign currency variations

The Company and its subsidiaries have loans financing denominated in foreign currency and Management considers them as the only financial instruments that may offer relevant coverage risks.

In the chart below we considered three risk scenarios for the currency indexes of these financial liabilities, whereas the probable scenario is that adopted by the Company and its subsidiaries. In addition to this scenario, CVM, through Instruction No. 475, determined the presentation of another two scenarios with deterioration of 25% and 50% of the risk variables considered, for which December 31, 2011 was appointed the base date.

		Parent company - Equity balances		
Operation	**Risk**	**Scenario**	**Cenário II**	**Cenário III**
Financial liabilities				
Loans and financing	US$/Euro	138,760	177,949	213,539
Swap – BTG Pactual (gain)	US$/CDI	(3,234)	(10,046)	(16,857)
Swap Itaú (gain)	US$/CDI	(4)	(6,336)	(12,667)
Rates				
US$		1.88	2.34	2.81
Euro		2.42	3.03	3.63

		Consolidated - Equity balances		
Operation	**Risk**	**Scenario Likely I**	**Scenario II**	**Scenario III**
Financial liabilities				
Loans and financing	US$/Euro	145,127	186,093	223,311
Swap – BTG Pactual (gain)	US$/CDI	(3,373)	(10,478)	(17,584)
Swap Itaú (gain)	US$/CDI	(4)	(6,675)	(13,345)
Rates				
US$		1.88	2.34	2.81
Euro		2.42	3.03	3.63

The Management did not consider these interest rates as risk variables, understanding that they do not tend to present relevant fluctuations.

h. Interest rate risk

Balances exposed to interest rate volatility are as follows:

	Parent company		Consolidated	
	12.31.2011	**12.31.2010**	**12.31.2011**	**12.31.2010**
Assets				
Cash and cash equivalents	222,557	11,522	266,831	82,566
Interest earnings bank deposits	28,023	-	28,023	24,947
Operations with Swap	9,094	11,600	9,231	11,600
Total	259,674	23,122	304,085	119,113
Liabilities				
Export Credit Notes – CCE	161,444	220,098	161,444	220,098
Debentures	67,526	101,017	67,526	101,017
Loans and financing in foreign currency	138,760	12,198	145,127	110,827
Loans and financing in local currency	232	-	14,750	34,322
NCE – Export credit notes	150,549	-	150,549	-
Promissory notes	165,666	-	165,666	-
Operations with Swap	52	6,191	53	9,671
Total	684,229	339,504	705,115	475,935

Sensitivity analysis of interest rates

The Company manages this risk by weighting the contracting of floating and fixed rates, therefore, Management understands that these rates' volatility would not materially affect its income.

28. Insurance Coverage

On December 31, 2011, the following insurance policies were valid:

	Parent company		
	Coverage	Currency	Maturity
BRANCH – TECON IMBITUBA			
Port Operator Insurance (SOP)			
Civil Liability	20,000	US$	Mar/2012
Movable property and real estate	10,000	US$	Mar/2012
Employer Civil Liability (RCE)	1,000	US$	Mar/2012
Civil Liability – Moral damages	1,000	US$	Mar/2012
Revenue Loss due to Blockage of Berth and Channel	600	US$	Mar/2012
Fleet			
Vehicle Fleet Insurance (3 vehicles) (RCV)	175	R$	Oct/2012
Vehicle Fleet Insurance (3 vehicles) (APP)	10	R$	Oct/2012
BRANCH – TECON SANTOS			
Port Operator Insurance (SOP)			
Civil Liability	20,000	US$	Mar/2012
Movable property and real estate	17,850	US$	Mar/2012
Employer Civil Liability (RCE)	1,000	US$	Mar/2012
Civil Liability – Moral damages	1,000	US$	Mar/2012
Transportation of goods	2,000	US$	Mar/2012
Passenger Transportation in Vessels – RC and Pain and Suffering	1,000	US$	Mar/2012
Revenue Loss due to Blockage of Berth and Channel	600	US$	Mar/2012
Managers and Directors			
Civil Liability – D&O	30,000	R$	Jun/2012
Nominated Risks – Offices			
Santos and São Paulo	3,700	R$	Apr/2012
Fleet			
Vehicle Fleet Insurance (48 vehicles) (RCV)	175	R$	Oct/2012
Vehicle Fleet Insurance (48 vehicles) (APP)	10	R$	Oct/2012

	Consolidated		
	Coverages	Currency	Maturity
BRANCH – TECON IMBITUBA			
Port Operator Insurance (SOP)			
Civil Liability	20,000	US$	Mar/2012
Movable property and real estate	10,000	US$	Mar/2012
Employer Civil Liability (RCE)	1,000	US$	Mar/2012
Civil Liability – Moral damages	1,000	US$	Mar/2012
Revenue Loss due to Blockage of Berth and Channel	600	US$	Mar/2012
Fleet			
Vehicle Fleet Insurance (3 vehicles) (RCV)	175	R$	Oct/2012
Vehicle Fleet Insurance (3 vehicles) (APP)	10	R$	Oct/2012
BRANCH – TECON SANTOS			
Port Operator Insurance (SOP)			
Civil Liability	20,000	US$	Mar/2012
Movable property and real estate	17,850	US$	Mar/2012

	Parent company		
	Coverage	Currency	Maturity
Employer Civil Liability (RCE)	1,000	US$	Mar/2012
Civil Liability – Moral damages	1,000	US$	Mar/2012
Transportation of goods	2,000	US$	Mar/2012
Passenger Transportation in Vessels – RC and Pain and Suffering	1,000	US$	Mar/2012
Revenue Loss due to Blockage of Berth and Channel	600	US$	Mar/2012
Managers and Directors			
Civil Liability – D&O	30,000	R$	Jun/2012
Nominated Risks- Offices			
Santos and São Paulo	3,700	R$	Apr/2012
Fleet			
Vehicle Fleet Insurance (48 vehicles) (RCV)	175	R$	Oct/2012
Vehicle Fleet Insurance (48 vehicles) (APP)	10	R$	Oct/2012
NOVA LOGÍSTICA			
Port Operator Insurance (SOP)			
Civil Liability	50,000	US$	Mar/2012
Movable property and real estate	17,000	US$	Mar/2012
Employer Civil Liability (RCE)	1,000	US$	Mar/2012
Civil Liability – Moral damages	1,000	US$	Mar/2012
Transportation of goods	2,000	US$	Mar/2012
Broad Civil Liability for CD São Bernardo do Campo	50,000	US$	Mar/2012
Broad Civil Liability for CD Jaguaré	30,000	US$	Mar/2012
Electrical damages	250	US$	Mar/2012
Cargo Road Transportation – RCTR-C	4,000	R$	Jun/2012
Cargo Robbery and Deviation – RCF-DC	2,000	R$	Jun/2012
Optional Civil Liability Insurance			
RCF – Material damages	200	R$	Oct/2012
RCF – Bodily Injury	700	R$	Oct/2012
RCF – Moral damages	90	R$	Oct/2012
CONVICON			
Port Operator Insurance (SOP)			
Civil Liability	20,000	US$	Mar/2012
Movable property and real estate	5,000	US$	Mar/2012
Employer Civil Liability (RCE)	1,000	US$	Mar/2012
Civil Liability – Moral damages	1,000	US$	Mar/2012
Revenue Loss due to Blockage of Berth and Channel	600	US$	Mar/2012
Optional Civil Liability Insurance			
RCF – Material damages	500	R$	Oct/2012
RCF – Bodily Injury	500	R$	Oct/2012
RCF – Moral damages	100	R$	Oct/2012
Fleet			
Vehicle Fleet Insurance (3 vehicles) (RCV)	175	R$	Oct/2012
Vehicle Fleet Insurance (3 vehicles) (APP)	10	R$	Oct/2012
UNION			
Port Operator Insurance (SOP)			
Civil Liability	20,000	US$	Mar/2012
Movable property and real estate	1,000	US$	Mar/2012
Employer Civil Liability (RCE)	1,000	US$	Mar/2012
Civil Liability – Moral damages	1,000	US$	Mar/2012
Revenue Loss due to Blockage of Berth and Channel	600	US$	Mar/2012

The risk assumptions, given their nature, are out of the scope of the auditing of the financial statements, and therefore were not examined by our independent auditors.

29. Capital Commitment

There are requests (purchase orders) linked to the future acquisition of property, plant and equipment items in the amount of R$14,096 (R$59,979 at December 31, 2010) which are not recorded in these financial statements, as they were not considered as established commitments.

30. Operating Segments

Information by operating segment is presented in the statements below that are part of this note, in compliance with IAS 22 – Segment Information.

The definition of operating segments and the structure of statements, follow the management model already used in monitoring the managers of business units, along with their managers and reporting to the Statutory Board. Likewise they are presented at the Board of Directors' Meeting.

The accounting policies used in the segment information are the same used in the financial statements and consolidated, pursuant to Note 3.

• ***Operating segments are***:

Container Port Terminals, representing the aggregation of results and capital employed business units: (I) Tecon Santos, (ii) Tecon Imbituba, including the General Cargo Terminal and (iii) Tecon Vila do Conde, whose contexts are operating in Notes No. 1-a, a, b, 1-1-and. Their activities are a port operator to load and unload container ships and bonded in the primary zone including mainly the storage of cargoes handled in their docks.

The aggregation of container port terminals is performed by units to deal with similar economic characteristics, and also similar: (I) the nature of production processes, (ii) the type or class of customer for their services, (iii) methods used to provide the services and (iv) nature of the regulatory environment.

Logistics, with business units in Santos, Guarujá, Sao Bernardo do Campo and Imbituba, with operational context described in Note 1-c, includes also the activities of road, center distribution and transmission distribution, in synergy with the container port terminals.

Vehicle Terminal, with business unit at the Port of Santos and history described in Note 1-d, comprises the activities of loading and unloading of vehicles on ships of the trade flow of export and import activities patio, especially customs warehousing.

• ***Statements are::***

Statement of income up to the EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization, representing the performance of operating units, portrayed by ledger accounts under the direct management of the administrators. In this demonstration is also presented the EBIT – Earnings Before Interest and Taxes;

Statement of Employed Capital Stock, representing the financial accounts of the operating assets, net of liabilities related to the claims of the operation, under the direct management of the directors of the units.

In addition to the information of the operating segments are highlighted in its own column in the statements, the information of corporate activities that cannot be allocated to operating segments, i.e., related values: (I) central government, (ii) the financial management and (iii) to direct taxes on income. They are also in the corporate group, the values related to the award by the result, including the plan of share-based compensation.

The quoted statements for the periods referred to in these financial statements are as follows.

Consolidated Statement of Income by Operating Segment – 12.31.2011

Accounts	Port terminals	Logistics	Vehicles terminal	Corporate	Eliminations	Consolidated
Gross operating income	997,501	216,146	65,089	-	-	1,278,736
Deductions from revenue	(112,670)	(31,184)	(10,212)	-	-	(154,066)
Net operating income	884,831	184,962	54,877	-	-	1,124,670
Cost of services rendered	(473,933)	(123,554)	(29,009)	-	-	(626,496)
Variable/fixed costs	(395,563)	(117,996)	(19,929)	-	-	(533,488)
Depreciation/amortization	(78,370)	(5,558)	(9,080)	-	-	(93,008)
Gross income (loss)	410,898	61,408	25,868	-	-	498,174
Operating expenses	(60,582)	(27,347)	(332)	(63,413)	-	(151,674)
Sales expenses	(16,987)	(14,041)	(66)	-	-	(31,094)
Administrative and general expenses	(44,160)	(12,645)	(311)	(44,160)	-	(101,276)
Depreciation/amortization	(1,460)	(372)	-	(15,594)	-	(17,426)
Others	2,025	(289)	45	(3,659)	-	(1,878)
EBIT	350,316	34,061	25,536	(63,413)	-	346,500
Depreciation/amortization	79,830	5,930	9,080	15,594	-	110,434
EBITDA	430,146	39,991	34,616	(47,819)	-	456,934
Financial income (loss)	-	-	-	(46,967)	-	(46,967)
Income and social contribution taxes	-	-	-	(53,197)	-	(53,197)
Minority interest	-	-	-	226	-	226
Net income	N/A	N/A	N/A	N/A	N/A	246,562

Consolidated Statement of Income by Operating Segment – 12.31.2010

Accounts	Port terminals	Logistics	Vehicles terminal	Corporate	Eliminations	Consolidated
Gross operating income	787,188	165,486	30,577	-	(596)	982,655
Deductions from revenue	(88,647)	(23,912)	(4,618)	-	55	(117,122)
Net operating income	698,541	141,574	25,959	-	(541)	865,533
Cost of services rendered	(391,310)	(105,056)	(21,957)	-	541	(517,782)
Variable/fixed costs	(322,295)	(100,974)	(12,888)	-	541	(435,616)
Depreciation/amortization	(69,015)	(4,082)	(9,069)	-	-	(82,166)
Gross income (loss)	307,231	36,518	4,002	-	-	347,751
Operating expenses	(53,518)	(20,664)	(120)	(63,818)	-	(138,120)
Sales expenses	(12,986)	(9,976)	(17)	-	-	(22,979)
Administrative and general expenses	(37,088)	(10,640)	(103)	(35,557)	-	(83,388)
Depreciation/amortization	(1,397)	(375)	-	(16,523)	-	(18,295)
Others	(2,047)	327	-	(11,738)	-	(13,458)
EBIT	253,713	15,854	3,882	(63,818)	-	209,631
Depreciation/amortization	70,412	4,457	9,069	16,523	-	100,461
EBITDA	324,125	20,311	12,951	(47,295)	-	310,092
Financial income (loss)	-	-	-	(3,157)	-	(3,157)
Income and social contribution taxes	-	-	-	(95,245)	-	(95,245)
Minority interest	-	-	-	807	-	807
Net income	N/A	N/A	N/A	N/A	N/A	112,036

On December 31, 2011, revenues from a client of the Port Terminal segment represented approximately R$231,152 (R$140,300 on December 31, 2010), representing 24.9% of total consolidated gross income.

Consolidated Statement of Capital Invested per Operating Segment – 12.31.2011

Accounts	Port terminals	Logistics	TEV	Corporate	Elimination	Consolidated
Invested capital						
Current assets	96,869	17,766	9,675	309,135	(1,058)	432,387
Cash and cash equivalents	-	-	-	266,831	-	266,831
Other	96,869	17,766	9,675	42,304	(1,058)	165,556
Non-current assets	1,304,065	160,947	206,559	669,770	(387,999)	1,953,342
Long-term assets	126,782	9,980	8	96,484	-	233,254
Investment	-	-	-	387,999	(387,999)	-
Property, plant and equipment	1,001,897	108,285	935	22,440	-	1,133,557
Intangible assets	175,386	42,682	205,616	162,847	-	586,531
Current liabilities	(96,536)	(30,707)	(2,874)	(5,185)	1,058	(134,244)
Suppliers	(43,379)	(10,432)	(1,740)	(534)	627	(55,458)
Other	(53,157)	(20,275)	(1,134)	(4,651)	431	(78,786)
Non-current liabilities	(110,436)	(1,073)	(23)	(104,796)	-	(216,328)
Provision for contingencies	(110,436)	(1,073)	(23)	-	-	(111,532)
Other	-	-	-	(104,796)	-	(104,796)
Total	1,193,962	146,933	213,337	868,924	(387,999)	2,035,157
Capital sources						
Current assets	-	-	-	-	-	(7,831)
Other	-	-	-	-	-	(7,831)
Non-current assets	-	-	-	-	-	(14,861)
Long-term assets	-	-	-	-	-	(14,861)
Current liabilities	-	-	-	-	-	410,137
Indebtedness	-	-	-	-	-	346,418
Dividends/JSCP (Interest on Own Capital)	-	-	-	-	-	63,620
Other liabilities	-	-	-	-	-	99
Non-current liabilities	-	-	-	-	-	362,060
Indebtedness	-	-	-	-	-	358,647
Other liabilities	-	-	-	-	-	3,413
Shareholders' equity	-	-	-	-	-	1,285,652
Total	N/A	N/A	N/A	N/A	N/A	2,035,157

Consolidated Statement of Capital Invested per Operating Segment – 12.31.2010

Accounts	Port terminals	Logistics	Vehicles terminal	Corporate	Eliminations	Consolidated
Invested capital						
Current assets	63,527	18,471	3,174	118,716	(2,008)	201,880
Cash and cash equivalents	-	-	-	107,513	-	107,513
Other	63,527	18,471	3,174	11,203	(2,008)	94,367
Non-current assets	1,223,374	145,821	215,425	1,381,645	(1,169,020)	1,797,245
Long-term assets	105,315	9,443	-	43,064	-	157,822
Investment	-	-	-	1,177,781	(1,177,781)	-
Property, plant and equipment	912,869	94,583	865	-	8,761	1,017,078
Intangible assets	205,190	41,795	214,560	160,800	-	622,345
Current liabilities	(77,380)	(27,137)	(1,862)	(7,633)	2,007	(112,005)
Suppliers	(40,107)	(12,859)	(821)	(241)	727	(53,301)
Other	(37,273)	(14,278)	(1,041)	(7,392)	1,280	(58,704)
Non-current liabilities	(85,851)	(1,507)	(12)	(80,115)	(5,104)	(172,589)
Provision for contingencies	(85,851)	(1,507)	(12)	-	-	(87,370)
Other	-	-	-	(80,115)	(5,104)	(85,219)
Total	1,123,670	135,648	216,725	1,412,613	(1,174,125)	1,714,531
Capital sources						
Current assets	-	-	-	-	-	(7,479)
Other	-	-	-	-	-	(7,479)
Non-current assets	-	-	-	-	-	(16,173)
Long-term assets	-	-	-	-	-	(16,173)
Current liabilities	-	-	-	-	-	219,156
Indebtedness	-	-	-	-	-	162,106
Dividends/JSCP (Interest on Own Capital)	-	-	-	-	-	40,957
Other liabilities	-	-	-	-	-	16,093
Non-current liabilities	-	-	-	-	-	305,318
Indebtedness	-	-	-	-	-	304,158
Other liabilities	-	-	-	-	-	1,160
Non-controlling interest	-	-	-	-	-	(752)
Shareholders' equity	-	-	-	-	-	1,214,461
Total	N/A	N/A	N/A	N/A	N/A	1,714,531

Board of Directors

Richard Klien (Chairman)

Verônica Valente Dantas (Vice-President)

Marcos Nascimento Ferreira

Maria Amalia Delfim de Melo Coutrim

José Raul Sant'Anna

Andreas Klien

Alcides Lopes Tápias (Independent)

Hans Jurgen Friedrich Peters (Independent)

Wallim Cruz de Vasconcellos Junior (Independent)

Alternate Members

Fabio Perrone Campos Mello

João Mendes de Oliveira Castro

Eduardo de Britto Pereira de Azevedo

Norberto Aguiar Tomaz

Itamar Benigno Filho

Guido Vinci

Executive Board

Antônio Carlos Duarte Sepúlveda - Chief Executive Officer

Washington Cristiano Kato - Economic-Financial Director of Finances and Relations with Investors

Caio Marcelo Morel Correa - Chief Operating Officer

Mauro Santos Salgado - Commercial Director

Fiscal Council

Gilberto Braga (Chairman)

Leonardo Guimarães Pinto

Antonio Carlos Pinto de Azeredo

Eduardo Grande Bittencourt

Alternate Members

Marcello Martins Rodrigues

Marcelo de Freitas Lapa Santos

Mauro Ormeu Cardoso Amorelli

Alexandre Luiz Oliveira de Toledo

Luiz Carlos Quene TC/CRC 1SP192166/O-6
Controllership Director

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